

# ANNUAL REPORT 2019



**BOARD OF DIRECTORS**

Dr. M. Manickam *Chairman*  
Sri. M. Balasubramaniam  
*Vice Chairman and Managing Director*  
Sri. M. Srinivaasan  
Dr. A. Selvakumar  
Sri. P.S. Gopalakrishnan  
Smt. Priya Bhansali  
Sri. K.P. Ramakrishnan  
Dr S Veluswamy *Director (Finance & Operations)*

**COMPANY SECRETARY**

Sri. S. Venkatesh

**REGISTERED OFFICE**

**SAKTHI FINANCE LIMITED**  
CIN : L65910TZ1955PLC000145  
62, Dr. Nanjappa Road  
Coimbatore - 641 018  
Phone : (0422) 2231471 - 74, 4236200  
E-mail : sakthif\_info@sakthifinance.com  
investors@sakthifinance.com  
Website: www.sakthifinance.com

**REGISTRARS AND SHARE TRANSFER AGENT**

**SKDC CONSULTANTS LIMITED**  
"Kanapathy Towers", Third Floor  
1391/A-1, Sathy Road, Ganapathy  
Coimbatore - 641 006  
Phone : (0422) 4958995, 2539835-836  
Fax : (0422) 2539837  
E-mail : info@skdc-consultants.com

**DEBENTURE TRUSTEE**

Catalyst Trusteeship Limited  
"Catalyst House"  
Plot No. 5, Bhusari Colony (Right)  
Paud Road, Pune - 411 038  
Tel : (020) 25280081  
Fax : (020) 25280275  
E-mail : dt@ctltrustee.com

**BANKERS**

State Bank of India  
The Lakshmi Vilas Bank Ltd  
Central Bank of India  
Indian Overseas Bank  
The Karnataka Bank Ltd  
Bank of India  
Canara Bank  
AU Small Finance Bank Ltd

**CHIEF FINANCIAL OFFICER**

Sri. M.K. Vijayaraghavan

**STATUTORY AUDITORS**

M/s. P.K. Nagarajan & Co  
Chartered Accountants  
Coimbatore

**INTERNAL AUDITOR**

Sri B. Muralidharan FCA  
Chartered Accountant

**SECRETARIAL AUDITORS**

M/s. S. Krishnamurthy & Co  
Company Secretaries  
Chennai / Coimbatore

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## NOTICE TO MEMBERS

NOTICE is hereby given that the Sixty Second Annual General Meeting ("AGM") of the members of the Company will be held on **Monday, 23rd September 2019 at 12.15 p.m at Smt. Padmavathi Ammal Cultural Centre, 1548, Avinashi Road, Peelamedu, Coimbatore - 641 004** to transact the following business.

You are requested to make it convenient to attend the meeting.

### ORDINARY BUSINESS

#### 1. Adoption of Financial Statements

To consider and if thought fit, to pass the following resolution, as an **Ordinary Resolution**:

**RESOLVED THAT** the Audited Financial Statements for the financial year ended 31st March 2019 and the attached Reports of the Board of Directors and Auditors be and are hereby considered and adopted.

#### 2. Confirmation of Interim and *pro rata* Dividend on Preference Shares

To consider and if thought fit, to pass the following resolution, as an **Ordinary Resolution**:

**RESOLVED THAT** an Interim Dividend of ₹ 10 per share on 3,02,450 numbers of 10% Redeemable Cumulative Preference Shares of ₹ 100 each and ₹ 9 per share on 15,00,000 numbers of 9% Redeemable Cumulative Preference Shares of ₹ 100 each respectively, for the year ended 31st March 2019, declared by the Board of Directors on 29th March 2019, on *pro rata* basis out of the profits of the company for the said year pursuant to Section - 123(3) of the Companies Act 2013, be and is hereby confirmed.

#### 3. Declaration of dividend on Equity Shares

To consider and if thought fit, to pass the following resolution, as an **Ordinary Resolution**:

**RESOLVED THAT** a dividend of ₹ 1 per equity share as recommended by the Board of Directors, be declared for the financial year ended 31st March 2019 on 5,00,00,000 numbers of equity shares of ₹ 10 each out of the profits of the company for the said financial year as well as the previous financial years and the said dividend be paid to those shareholders whose names stand on the Register of Members in case the shares are held in physical form and also to the beneficial holders of the dematerialised shares as per the details provided by the Depositories in case the shares are held in the electronic form, as on **Monday, 16th September 2019**.

#### 4. Re-appointment of Sri M Srinivaasan (DIN : 00102387), Director retiring by rotation, as a Director

To consider and if thought fit, to pass the following resolution, as an **Ordinary Resolution**:

**RESOLVED THAT** Sri M Srinivaasan, holding DIN:00102387, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company.

### SPECIAL BUSINESS

#### 5. Re-appointment of Dr A Selvakumar (DIN : 01099806) as an Independent Director

To consider and if thought fit, to pass the following Resolution as a **Special Resolution**:

**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules 2014 and the rules made thereunder, read with Schedule IV to the Act and Regulation 16(1)(b) and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**"), as amended from time to time, Dr A Selvakumar (DIN : 01099806), who was appointed as an Independent Director at the fifty seventh Annual General Meeting of the Company and who holds office up to 26th September 2019 and who is eligible for re-appointment as an Independent Director and who meets the criteria of independence as provided in Section 149(6) of the Act read with the rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations and who has submitted a declaration

to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years commencing from 27th September 2019 to 26th September 2024.

**6. Re-appointment of Sri P S Gopalakrishnan (DIN : 00001446) as an Independent Director**

To consider and if thought fit, to pass the following Resolution as a **Special Resolution**:

**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act 2013 ("**the Act**"), the Companies (Appointment and Qualification of Directors) Rules 2014 and the rules made thereunder, read with Schedule IV to the Act and Regulation 17(1A) and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**"), as amended from time to time, Sri P S Gopalakrishnan (DIN : 00001446), who was appointed as an Independent Director at the fifty seventh Annual General Meeting of the Company and who holds office up to 26th September 2019 and who is eligible for re-appointment and who meets the criteria of independence as provided in Section 149(6) of the Act read with the rules framed thereunder and Regulation 16(1)(b) of Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years commencing from 27th September 2019 to 26th September 2024.

**7. Appointment of Dr S Veluswamy (DIN : 05314999) as a Director (Finance and Operations) and payment of remuneration**

To consider and if thought fit, to pass the following resolutions as **Ordinary Resolutions**:

**RESOLVED THAT** Dr S Veluswamy (DIN : 05314999), who has been appointed as an Additional Director of the Company by the Board of Directors with effect from 29th May 2019 in terms of Section 161(1) of the Companies Act 2013 and Article 68 of the Articles of Association of the Company and who holds office till the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company and the period of his office shall be liable to retire by rotation.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act 2013 ("**the Act**") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, read with Schedule V to the Act (including any statutory modification(s) or re-enactment for the time being in force) and the Articles of Association of the Company, the approval of the Company be and is hereby given to the appointment and terms of remuneration of Dr S Veluswamy (DIN : 05314999) as Director (Finance and Operations) ("**D(F&O)**") of the Company for a period of five years with effect from 29th May 2019 to 28th May 2024 upon the terms and conditions set out in the Statement annexed to the Notice convening the Sixty Second Annual General Meeting within the overall limits of Section 197 of the Act with liberty to the Board of Directors (the '**Board**' which term includes a duly constituted Committee of the Board of Directors) to grant increments and to alter and vary the terms and conditions of the said appointment as it may deem fit and in such manner as may be agreed to between the Board and D(F&O).

**RESOLVED FURTHER THAT** where in any financial year during the currency of tenure of his appointment, the Company has no profits or its profits are inadequate, the Company will pay the above remuneration and perquisites and allowances as specified under Section II of Part-II of Schedule V to the Act or in accordance with any statutory modifications or re-enactments thereof.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.



## 8. Issue of Secured or Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") and / or other Debt Securities on Private Placement basis

To consider and if thought fit, to pass the following resolutions, as **Special Resolutions**:

**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act 2013 ("**the Act**") read with the Companies (Prospectus and Allotment of Securities) Rules 2014 and the Companies (Share Capital and Debentures) Rules 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008 ("**Debt Regulations**"), the rules, regulations, guidelines and circulars as amended from time to time, the Memorandum and Articles of Association of the Company and subject to such other requirements as may be prescribed by regulatory authorities from time to time, the approval of the members of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "**the Board**" which shall be deemed to include the committee duly constituted / authorised committee of the Board) to offer, issue and allot, in one or more series or tranches, Secured or Unsecured Non-Convertible Debentures ("**NCDs**"), Subordinated Bonds and / or other Debt Securities on private placement basis, listed/ unlisted, at any time during the period of one year commencing from the date of this Annual General Meeting up to an amount not exceeding ₹ 750 crores, within the overall borrowing limits of the Board of Directors.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to:

- a. decide whether to issue any tranche as secured or unsecured;
- b. decide whether to list any of the tranches;
- c. finalise the other terms and conditions including the rate of interest, tenor and security cover thereof, the consideration of the issue, utilisation of the issue proceeds and all matters connected to it;
- d. decide on the timing of each tranche;
- e. decide on the persons to whom it can be issued, including companies, bodies corporate, statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension / provident funds and individuals or such other person / persons; and
- f. do all such acts, deeds and things and give such directions and further to execute such documents, deeds, instruments and writings as may be deemed necessary, proper and desirable or expedient to give effect to the above Resolution.

### NOTES:

1. The relevant Statement as required under Section 102 of the Companies Act 2013 setting out the material facts in respect of Special Business under Item Nos 5 to 8 is annexed.
2. The relevant details of Directors seeking re-appointment / appointment under Item Nos 4 to 7, pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**") and as required under Secretarial Standard - 2 on General Meetings issued by the Institute of Company Secretaries of India are also annexed.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE AND SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS A PROXY ON BEHALF OF NOT EXCEEDING FIFTY MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN TEN PER CENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS.**
4. The proxy form duly stamped and executed should be deposited at the Registered Office of the Company not less than forty eight hours before the time fixed for the commencement of the meeting. A proxy form is attached. Proxies submitted on behalf of the companies, societies etc. must be supported by an appropriate resolution/authority as applicable.
5. In case of joint holders attending the AGM, only such joint holder who is higher in order of name will only be entitled to vote.

6. Members are requested to bring their attendance slip along with the copy of their Annual Report to the meeting.
7. All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m and 1.00 p.m. up to the date of the AGM.
8. A route map showing directions to reach the venue of the Sixty Second AGM is given at the end of the Notice.

**9. Record Date and Dividend**

- a. **Monday, 16th September 2019** has been fixed as the Record Date for payment of dividend to the equity shareholders.
- b. The dividend as recommended by the Board of Directors, if approved at the AGM, will be paid on or before 22nd October 2019 to those persons or their mandatees whose names appear as Beneficial Owners as at the end of the business hours on **Monday, 16th September 2019** in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the equity shares held in electronic form.

**10. Payment of Dividend through electronic means**

- a. Shareholders are requested to provide Bank Account details such as Name of Account holder, Account Number, IFS Code and name of bank and branch to facilitate electronic transfer of dividend amount. The details may please be provided well in time in the form given in the Annual Report which will be sent to the members of the company.
- b. Members holding shares in electronic form are informed that Bank particulars registered against their respective depository account will be used by the company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. **The members have to advise such changes only to their depository participant.**

**11. Transfer to Investor Education and Protection Fund ("IEPF")**

**a. Transfer of unclaimed dividend**

In accordance with Sections 124, 125 of the Companies Act 2013, all unclaimed dividends up to the financial year ended 31st March 1997 and for the years ended 31st March 2007 and 2011 which remained unclaimed for a period of seven years have been transferred to the Investor Education and Protection Fund ("IEPF") of the Central Government. Members who have not encashed their dividend warrant(s) for the said years are requested to forward their claims to Registrar of Companies, No.7, AGT Business Park, First Floor, Phase II, Avinashi Road, Civil Aerodrome Post, Coimbatore - 641 014 in the prescribed form.

The unclaimed dividends in respect of the following years will be transferred to IEPF on various dates as detailed below:

<b>Financial Year</b>	<b>Due date for credit to IEPF</b>
2011-12: Dividend on Equity Shares	27th September 2019
2012-13: Dividend on Equity Shares	26th September 2020
2013-14: Dividend on Equity Shares	27th September 2021
2014-15: Dividend on Equity Shares	28th September 2022
2015-16: Dividend on Equity Shares	29th October 2023
2016-17: Dividend on Equity Shares	29th October 2024
2017-18: Dividend on Equity Shares	24th October 2025

Members who have not encashed their dividend warrants for the above years are requested to make their claims to the Company without delay.

**b. Transfer of shares to IEPF**

The members may note that in case dividend is **not claimed for seven consecutive years**, besides transfer of the unclaimed dividend to IEPF, the Company shall transfer the shares in respect of which the dividend was so unclaimed to the dematerialized account of IEPF under Section 124(5) of the Companies Act 2013 and the IEPF Rules. Accordingly, the Company has transferred 3,79,028 equity shares of ₹ 10 each to the dematerialized account of IEPF authority during the financial year 2018-19.

The Company had sent individual notices to all the members whose shares were due to be transferred to IEPF Authority and had also published newspaper advertisement in this regard. The details of such unclaimed dividends and shares for the financial years are available on the company's **website at [www.sakthifinance.com](http://www.sakthifinance.com)** and on the website of Ministry of Corporate Affairs at **<https://www.iepf.gov.in>**.

**c. Claim from IEPF Authority**

Members whose shares, unclaimed dividends etc. which have been transferred to the IEPF dematerialised account or the Fund, as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in e-Form IEPF-5 (available on **[www.iepf.gov.in](http://www.iepf.gov.in)**) along with requisite fee as decided by the IEPF Authority from time to time. The Member can file only one consolidated claim in a financial year as per the IEPF Rules. No claim shall lie against the Company in respect of the dividend/shares so transferred.

**12. THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) HAS MANDATED THE SUBMISSION OF PERMANENT ACCOUNT NUMBER (PAN) BY EVERY PARTICIPANT IN SECURITIES MARKET. MEMBERS HOLDING SHARES IN ELECTRONIC FORM ARE, THEREFORE, REQUESTED TO SUBMIT THE PAN TO THEIR DEPOSITORY PARTICIPANTS WITH WHOM THEY ARE MAINTAINING THEIR DEMAT ACCOUNTS. MEMBERS HOLDING SHARES IN PHYSICAL FORM SHALL SUBMIT THEIR PAN DETAILS PARTICULARLY WITH THE PHOTO COPY OF PAN CARD TO THE COMPANY / REGISTRAR.**

**13. SEBI HAD, BY ITS NOTIFICATION NOS. SEBI/LAD-NRO/GN/2018/24 DATED 8TH JUNE 2018 AND SEBI/LAD-NRO/GN/2018/49 DATED 30TH NOVEMBER 2018, MANDATED THAT THE SECURITIES OF LISTED COMPANIES CAN BE TRANSFERRED IN DEMATERIALIZED FORM ONLY (EXCEPT IN CASE OF TRANSMISSION OR TRANSPOSITION OF SHARES), WITH EFFECT FROM 1ST APRIL 2019. IN VIEW OF THIS, MEMBERS HOLDING SHARES IN PHYSICAL FORM ARE REQUESTED TO CONSIDER CONVERTING THEIR HOLDINGS TO DEMATERIALIZED FORM TO ELIMINATE ALL RISKS ASSOCIATED WITH PHYSICAL SHARES AND FOR EASE OF PORTFOLIO MANAGEMENT. MEMBERS CAN CONTACT DEPOSITORY PARTICIPANTS FOR ASSISTANCE IN THIS REGARD.**

14. Members holding shares:

a. in physical form are requested to:

- i. intimate to the Company's Registrars and Share Transfer Agent, SKDC Consultants Limited, "Kanapathy Towers", Third Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006, the changes, if any, in their registered address at an early date.
- ii. consolidate their holdings into a single folio in case they hold shares under multiple folios with the identical order of name.

b. in electronic form are requested to intimate to the respective Depository Participants, the changes, if any, in their registered addresses at an early date.

15. Members are requested to quote their Folio Number/Client ID/DP ID in all their correspondences.

**16. UPDATION OF MEMBER'S DETAILS**

The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Act requires the Company/ Registrar and Transfer Agents to record additional details of Members, including their PAN details, e-mail address, bank details for payment of dividend etc. A form for capturing the additional details is appended at the end of this Annual Report.

Members holding shares in physical form are requested to submit the filled in form to the Company or RTA. Members holding shares in electronic form are requested to submit the details to their respective Depository Participants.

17. Electronic copy of the Notice of 62nd AGM along with the Annual Report for the year 2019 is being sent to all the members whose e-mail IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a physical copy of it. For members who have not registered their e-mail ID, physical copies of the Annual Report for the year 2019 is being sent in the permitted mode.
18. Members may also note that the Notice of 62nd AGM along with the Annual Report for the year 2019 will also be made available on the Company's website [www.sakthifinance.com](http://www.sakthifinance.com) for their download. The physical copies of the documents will also be available at the Company's Registered Office in Coimbatore for inspection during normal business hours on any working day. Even after registering for e-communication, members are entitled to receive such communication and documents in physical form, upon making a request for it, by post at free of cost. For any communication, the shareholders may also send requests to the Company's investors e-mail id: [investors@sakthifinance.com](mailto:investors@sakthifinance.com).

### VOTING THROUGH ELECTRONIC MEANS

In compliance with the provisions of Section 108 of the Companies Act 2013 read with Rule 20 and 21 of the Companies (Management and Administration) Rules 2014, as amended from time to time and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote at the Sixty Second AGM by electronic means and the business may be transacted through remote e-Voting services provided by Central Depository Services (India) Limited ("CDSL").

The instructions for shareholders voting electronically are as under:

- The e-voting period begins on **Friday, 20th September 2019 (9.00 a.m)** and ends on **Sunday, 22nd September 2019 (5.00 p.m)**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, **Monday, 16th September 2019**, may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- The shareholder should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Click on Shareholders
- Now enter your User ID:
  - For CDSL : 16 digits beneficiary ID
  - For NSDL : 8 character DP ID followed by 8 Digits Client ID
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in dematerialised form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- If you are first time user, follow the steps given below:

For members holding Shares in Demat form and Physical form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income tax Department (applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number which is printed on Admission Slip indicated in the PAN field.</li> </ul>
Dividend Bank Details or Date of Birth (DOB)	Enter the Dividend Bank Details or date of Birth (in dd/mm/yyyy format) as recorded in your dematerialized account or in the Company records in order to log in. If both the details are not recorded with the depository or company, please enter the members ID/Folio Number in the dividend bank details field as mentioned in instruction (d).



- h. After entering these details appropriately, click on "SUBMIT" tab.
- i. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in dematerialised form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the dematerialised holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- j. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- k. Click on the EVSN for "Sakthi Finance Limited" on which you choose to vote.
- l. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same, the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- m. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- n. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- o. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- p. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- q. If a dematerialised account holder has forgotten the changed password, then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- r. **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- s. **Note for Non-Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details, a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify it.
- t. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

#### Other instructions

- The voting rights of the members shall be in proportion to their shares held in the paid-up equity share capital of the Company as on the cut-off date, **Monday, 16th September 2019**.
- Mr. K. Murali Mohan, Chartered Accountant (Membership No. 14328) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

- The facility of voting through Ballot Paper shall also be made available at the venue of AGM. The Members who have not cast their vote earlier by remote e-voting can exercise the right to vote on the resolutions at the AGM venue by being present in person/proxy.
- A Member can opt only for one mode of voting i.e. either through remote e-voting or by Ballot at the AGM. If a Member casts votes by both these modes, then voting done through e-voting shall prevail and vote through Ballot shall be treated as invalid.
- The Results declared along with Scrutinizer's Report shall be placed on the Company's website **www.sakthifinance.com**, notice board of the Company and on the website of CDSL **www.evoting.cdsl.com** within two days of the passing of the Resolutions at the Sixty Second AGM of the Company viz. on or before **Wednesday, 25th September 2019** and communicated to BSE Limited, where the equity shares of the Company are listed.

By Order of the Board  
For Sakthi Finance Limited

**S Venkatesh**  
Company Secretary  
FC5 7012

5th August 2019  
Coimbatore

### STATEMENT OF MATERIAL FACTS UNDER SECTION 102 OF THE COMPANIES ACT 2013

The following Statement sets out all material facts relating to the business mentioned under Item Nos. 5 to 8 of the accompanying Notice dated 5th August 2019.

#### Item No.5

Dr A Selvakumar (DIN : 01099806) has been a Non-Executive, Independent Director of the Company since 2001. He is also the Chairman of Audit Committee as well as member of Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee etc. of the Company. He was appointed as a Non-Executive, Independent Director by the members at the Fifty Seventh AGM of the Company held on 27th September 2014, for a term up to five consecutive years from 27th September 2014 to 26th September 2019, not liable to retire by rotation. Dr A Selvakumar is due for retirement from his first term as an Independent Director on 26th September 2019 as per Section 149(6) of the Companies Act 2013 ("**the Act**").

As per Section 149(10) and (11) of the Act, an Independent Director can hold office for a term up to five consecutive years on the Board of a Company and can be re-appointed on passing of a Special Resolution by the Company and disclosure of such appointment in the Board's Report. Dr A Selvakumar fulfils the requirements of an Independent Director as laid down under Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**").

Accordingly, Dr A Selvakumar is eligible for reappointment for a second term on the Board of the Company as an Independent Director, not liable to retire by rotation, from 27th September 2019 to 26th September 2024, subject to the approval of Members by a Special Resolution at the ensuing AGM.

The Board of Directors, based on the recommendations of Nomination and Remuneration Committee, propose the re-appointment of Dr A Selvakumar as an Independent Director. Pursuant to Section 160 of the Act, the Company has received a notice in writing, from a member proposing the re-appointment of Dr A Selvakumar for the office of Independent Director under Section 149 of the Act.

Based on the performance evaluation of Dr A Selvakumar and as per the recommendations of Nomination and Remuneration Committee, given his professional qualifications, rich experience and expertise in systems applications for nearly four decades and his contributions to the deliberations and discussion at meeting of the Board, the Board of Directors is of the opinion that Dr A Selvakumar's continued association would be of immense benefit to the company and it is desirable to continue to avail the services of Dr A Selvakumar as an Independent Director for a second term of office.

The Company has also received from Dr A Selvakumar:

- a. consent in writing to act as Director in Form DIR 2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules 2014;

- b. intimation in Form DIR 8 in terms of Rule 14 of the Companies (Appointment and Qualification of Directors) Rules 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act 2013, confirming his eligibility for such re-appointment; and
- c. a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act.

Dr A Selvakumar has also confirmed that he satisfies the Fit and Proper criteria as prescribed in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit-taking Company (Reserve Bank) Directions 2016.

Further as per Regulation 25(8) of the Listing Regulations, Dr A Selvakumar has confirmed that he is not aware of any circumstance or situation which exists or may reasonably be anticipated that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence. Dr A Selvakumar has also confirmed that he is not debarred from holding the office of a Director by virtue of any SEBI Orders or any such Authority pursuant to SEBI Circular dated 20th June 2018 circulated by BSE Limited relating to enforcement of SEBI Orders regarding appointment of Directors by listed companies.

In the opinion of the Board and based on the Board's evaluation, Dr A Selvakumar fulfils the conditions specified in the Act, Rules made thereunder and Listing Regulations for his re-appointment as an Independent Director of the Company and he is independent of the management of the Company. A copy of the draft letter for the re-appointment of Dr A Selvakumar as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the registered office of the Company during normal business hours on any working day up to **Monday, 23rd September 2019**.

Dr A Selvakumar holds a Master's Degree in Engineering from Guindy Engineering College, Chennai. He has also received a Doctorate Degree in Engineering from Concordia University, Montreal, Canada. He was working as a Project In-charge at Naval Engineering Test Establishment in Canada. He has nearly four decades of experience and expertise in the field of systems applications and has immense knowledge in that field. At present, he is heading a software company.

In compliance with Section 149 read with Schedule IV to the Act and Regulation 16 of the Listing Regulations and other applicable regulations, if any, the re-appointment of Dr A Selvakumar as an Independent Director is placed for the approval of the members by way of a Special Resolution.

Accordingly, the Board of Directors recommend the Special Resolution as set out in Item No 5 of the accompanying Notice for the consideration and approval of the members.

Except Dr A Selvakumar, none of the Directors or Key Managerial Personnel ("**KMP**") of the Company and their relatives is concerned or interested, financially or otherwise, in the Special Resolution set out above.

#### **Item No.6**

Sri P S Gopalakrishnan (DIN : 00001446) has been a Non-Executive, Independent Director of the Company since 2006. He is also the Chairman of Nomination and Remuneration Committee, Corporate Social Responsibility Committee of the Company. He was appointed as a Non-Executive, Independent Director by the members at the Fifty Seventh AGM held on 27th September 2014, for a term up to five consecutive years from 27th September 2014 to 26th September 2019, not liable to retire by rotation. Sri P S Gopalakrishnan is due for retirement from his first term as an Independent Director on 27th September 2019 as per Section 149(6) of the Companies Act 2013 ("**the Act**").

As per Section 149(10) and (11) of the Act, an Independent Director can hold office for a term up to five consecutive years on the Board of a Company and can be re-appointed on passing of a Special Resolution by the Company and disclosure of such appointment in the Board's report. Sri P S Gopalakrishnan fulfils the requirements of an Independent Director as laid down under Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**").

Accordingly, Sri P S Gopalakrishnan is eligible for reappointment for a second term on the Board of the Company as an Independent Director, not liable to retire by rotation, for a period of 5 years from 27th September 2019 to 26th September 2024, subject to the approval of Members by a Special Resolution at the ensuing AGM.

The Board of Directors, based on the recommendations of Nomination and Remuneration Committee, propose the re-appointment of Sri P S Gopalakrishnan as an Independent Director. Pursuant to Section 160 of the Act the Company has received a notice in writing, from a member proposing the re-appointment of Sri P S Gopalakrishnan for the office of Independent Director under Section 149 of the Act.

Based on the performance evaluation of Sri P S Gopalakrishnan and as per the recommendations of Nomination and Remuneration Committee, given his rich and varied experience in banking and finance, gained over a period of more than five decades in banking sector and his contributions to the deliberations and discussion at meeting of the Board, the Board of Directors is of the opinion that Sri P S Gopalakrishnan's continued association would be of immense benefit to the company and it is desirable to continue to avail the services of Sri P S Gopalakrishnan as an Independent Director for a second term of office.

The Company has received from Sri P S Gopalakrishnan:

- a. consent in writing to act as Director in Form DIR 2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules 2014;
- b. intimation in Form DIR 8 in terms of Rule 14 of the Companies (Appointment and Qualification of Directors) Rules 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act, confirming his eligibility for such re-appointment; and
- c. a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act.

Sri P S Gopalakrishnan has also confirmed that he satisfies the Fit and Proper criteria as prescribed in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Further as per Regulation 25(8) of the Listing Regulations, Sri P S Gopalakrishnan has confirmed that he is not aware of any circumstance or situation which exists or may reasonably be anticipated that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence. Sri P S Gopalakrishnan has also confirmed that he is not debarred from holding the office of a Director by virtue of any SEBI Orders or any such Authority pursuant to SEBI Circular dated 20 June 2018 circulated by BSE Limited relating to enforcement of SEBI Orders regarding appointment of Directors by listed companies.

In the opinion of the Board and based on the Board's evaluation, Sri P S Gopalakrishnan fulfils the conditions specified in the Act, Rules made thereunder and Listing Regulations for his re-appointment as an Independent Director of the Company and he is independent of the management of the Company. A copy of the draft letter for the re-appointment of Sri P S Gopalakrishnan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the registered office of the Company during normal business hours on any working day up to Monday, 23rd September 2019.

Sri P S Gopalakrishnan holds a Graduate Degree in Commerce and Law. He is an Associate Member of the Institute of Bankers, London, He is also a Fellow of Economic Development Institute of World Bank, Washington. He was former Chairman of IFCI Limited, Indian Overseas Bank and Oriental Bank of Commerce. He has rich and varied experience in banking and finance, gained over a period of nearly five decades in banking sector. In view of his experience, expertise, deep knowledge and performance evaluation, it is proposed that he be re-appointed for another term of 5 years to hold office from 27th September 2019 to 26th September 2024.

Further, as per Regulation 17(1A) of the Listing Regulations, appointment or continuation of a Non-Executive Director who has attained the age of 75 years also requires approval of members of the Company by way of Special Resolution. As Sri P S Gopalakrishnan is 83 years old, this statement may also treated as an appropriate disclosure under the Listing Regulations.

In compliance with Section 149 read with Schedule IV to the Act and Regulation 16 of the Listing Regulations and other applicable regulations, if any, the re-appointment of Sri P S Gopalakrishnan as an Independent Director is placed for the approval of the members by way of a Special Resolution.

Accordingly, the Board of Directors recommend the Special Resolution as set out in Item No 6 of the accompanying notice for the consideration and approval of the members.

Except Sri P S Gopalakrishnan, none of the Directors or Key Managerial Personnel ("**KMP**") or their relatives, is concerned or interested, financially or otherwise, in the Special Resolution set out above.

#### Item No.7

The Board of Directors, upon the recommendation of Nomination and Remuneration Committee and Audit Committee, appointed Dr S Veluswamy (DIN : 05314999) as an Additional Director (Executive, Non-Independent) with effect from 29th May 2019 in terms of Section 161(1) of the Companies Act 2013 ("**the Act**") and other applicable provisions of the Act and as Director (Finance and Operations) for a period of five years with effect from 29th May 2019, subject to the approval of members. He will be a Key Managerial Personnel ("**KMP**") of the Company under Section 203 of the Act.

In terms of Section 161(1) of the Act, Dr S Veluswamy holds office only up to the date of ensuing Annual General Meeting ("**AGM**"). The Company has received a notice in writing pursuant to Section 160 of the Act from a member proposing the appointment of Dr S Veluswamy for the office of Director of the Company.

Dr S Veluswamy has given the following documents:

- consent in writing to be a Director in Form DIR-2; and
- intimation in Form DIR - 8 to the effect that he is not disqualified under Section 164(4) of the Act.

Dr S Veluswamy has confirmed that he satisfies the Fit and Proper criteria as prescribed in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit - taking Company (Reserve Bank) Directions 2016.

Dr S Veluswamy has also confirmed that he is not debarred from holding the office of a Director by virtue of any SEBI Orders or any such Authority pursuant to SEBI Circular dated 20th June 2018 circulated by BSE Limited relating to enforcement of SEBI Orders regarding appointment of Directors by listed companies.

The terms and conditions relating to the appointment and remuneration of Dr S Veluswamy as Director (Finance and Operations) are given below:

Sl No	Particulars	Details
1	Tenure of Appointment	For a period of five years with effect from 29th May 2019 to 28th May 2024
2	Salary	₹ 1.75 lakh per month
3	Perquisites and Allowances	₹ 1.75 lakh per month
	<b>Total</b>	<b>₹ 3.50 lakh per month</b>

#### Minimum Remuneration

Where in the event of absence or inadequacy of profits in any financial year during the currency of tenure of his appointment, that the Company will pay remuneration by way of Salary including perquisites and allowances as specified under Section II of Part II of Schedule V to the Act or in accordance with any statutory modification(s) or re-enactments thereof.

Dr S Veluswamy joined the Company in the year 1990 as Company Secretary of the Company. He was appointed as General Manager (Operations) in the year 2007. He was subsequently elevated as Senior President (Operations) in 2011 and also served as CFO of the Company from November 2014 to November 2015. He was appointed as Chief Executive Officer ("**CEO**") of the Company in August 2018 and continued to hold this position till May 2019. He relinquished his position as CEO with effect from 29th May 2019.

Dr S Veluswamy holds a Master's Degree in Commerce from Madras University. He is also an Associate Member of The Institute of Company Secretaries of India. He has also received a Doctorate Degree in



Commerce from Bharathiyar University. He has nearly three decades of experience in secretarial, business operations and finance etc of the Company. In view of his professional qualifications, experience, expertise and his significant contribution to the company's growth, his appointment to the Board would be of immense benefit to the Company and it is desirable to continue to avail the services of Dr S Veluswamy as Director (Finance and Operations).

The profile and specific areas of expertise of Dr S Veluswamy are given in the Annexure to the Notice.

A copy of the draft letter for the appointment of Dr S Veluswamy as Director (Finance and Operations) and an Agreement setting out the terms and conditions would be available for inspection without any fee by the Members at the registered office of the Company during normal business hours on any working day up to Monday, 23rd September 2019.

In compliance with the provisions of Sections 196, 197, 203 and other applicable provisions of the Act, read with Schedule V to the Act, the approval of the Members is sought for the appointment and terms of remuneration of Dr S Veluswamy as Director (Finance and Operations) as set out above.

Accordingly, the Board of Directors recommend the Ordinary Resolution as set out in Item No 7 of the Notice for the consideration and approval of the members.

Except Dr S Veluswamy, none of the Directors or Key Managerial Personnel ("**KMP**") or their relatives, is concerned or interested, financially or otherwise, in the Ordinary Resolution.

#### **Item No.8**

As per the provisions of Section 42 of the Act read with the Companies (Prospectus and Allotment of Securities) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), a company which offers or make an invitation to subscribe to Non-Convertible Debentures (**NCDs**) and other debt securities on private placement basis, is required to obtain prior approval of the members by way of a Special Resolution, which can be obtained once a year for all the offers and invitations for such NCDs during the year.

Borrowings through NCDs, Subordinated bonds and other debt securities, issued on private placement basis form significant source of funds for the Company. The borrowings of the Company presently aggregate approximately to ₹ 870 crore, of which Secured or Unsecured NCDs, Subordinated bonds and other debt securities, privately placed, aggregate approximately to ₹ 297 crore as on 30th June 2019.

The Company expects to borrow an amount not exceeding ₹ 750 crore by way of NCDs, Subordinated bonds and other debt securities during a period of one year commencing from the date of passing of this resolution. The issue proceeds are expected to be used to fund the hire purchase finance operations of the Company and for general corporate purposes.

Hence, the approval of the Members is being sought by way of a Special Resolution for the proposed issue of NCDs, Subordinated bonds and other debt securities on private placement basis. Further, Members are requested to authorise the Board (including any committee thereof) to offer and issue NCDs, Subordinated bonds and other debt securities on private placement basis, in one or more series or tranches, within the overall borrowing limits of the Company, as approved by the members from time to time.

Accordingly, the Board of Directors recommend the Special Resolution as set out in Item No 8 of the Notice for the consideration and approval of the members.

None of the Directors or Key Managerial Personnel or their relatives, is concerned or interested, financially or otherwise, except to the extent of NCDs, Subordinated bonds and other debt securities that may be subscribed to by them, their relatives or companies/firms in which they are interested.

By Order of the Board  
For Sakthi Finance Limited

**S Venkatesh**  
Company Secretary  
FCS 7012

5th August 2019  
Coimbatore

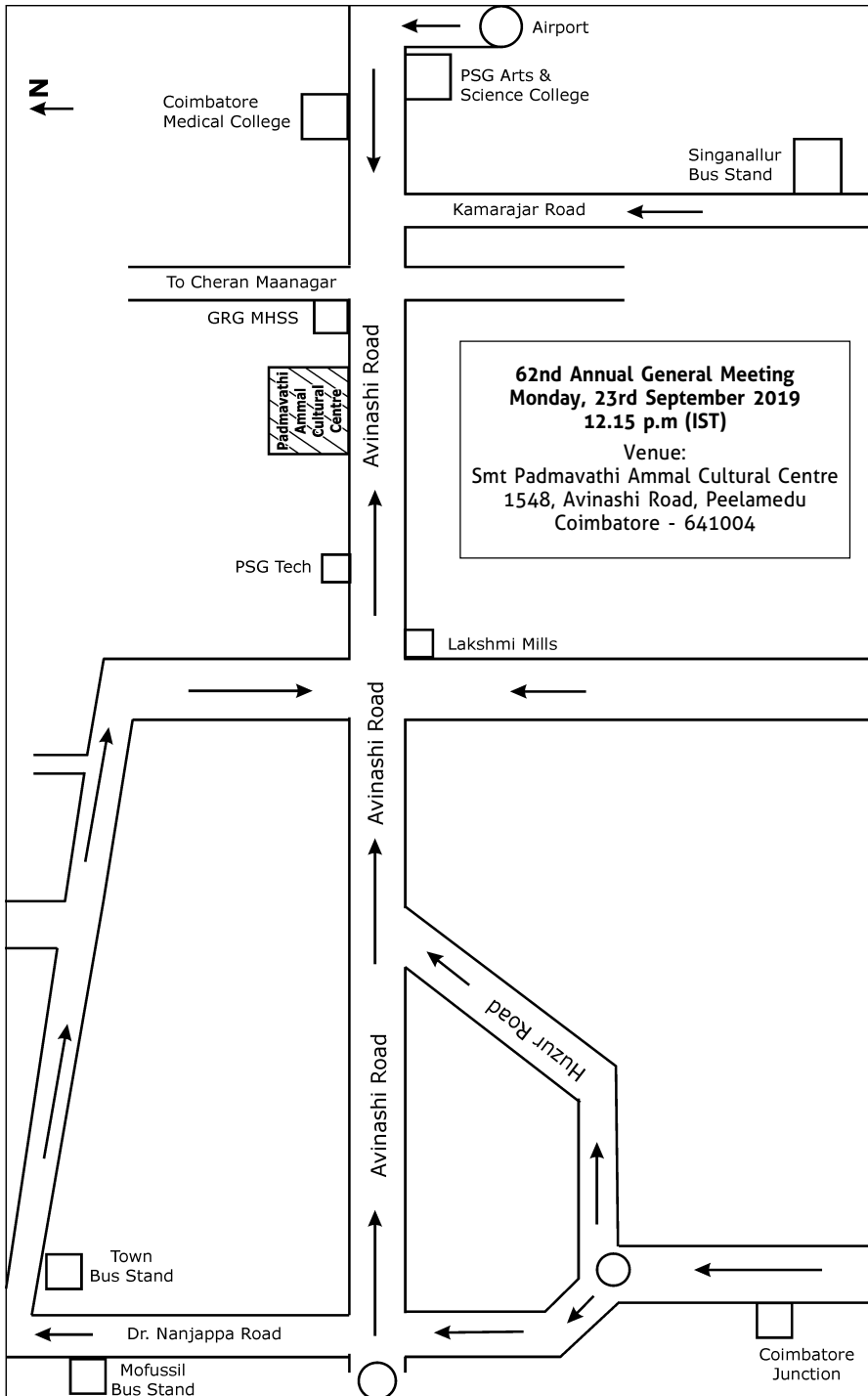
**DETAILS OF DIRECTORS SEEKING REAPPOINTMENT/ APPOINTMENT AT  
THE SIXTY SECOND ANNUAL GENERAL MEETING**  
(Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements)  
Regulations 2015 and Secretarial Standard 2 on General Meetings)

Name of the Director	<b>Sri M Srinivaasan</b>	<b>Dr A Selvakumar</b>
Item No	4	5
Director Identification Number (DIN)	00102387	01099806
Date of birth and age	2nd September 1966, 52 years	30th April 1955, 64 years
Date of appointment on the Board	18th April 1994	30th March 2001
Qualification	B.E., M.B.A	M E., Ph.D
Number of Board Meetings attended during the year out of 7 meetings	5	7
Expertise in specific functional areas	He holds a Bachelor's degree in Engineering and a Post Graduate Degree in Business Administration. He has got rich and varied experience in sugar industry. At present, he is the Managing Director of Sri Chamundeswari Sugars Limited	He holds a Master's Degree in Engineering from Guindy Engineering College, Chennai. He received a Doctorate Degree in Engineering from Concordia University, Montreal, Canada. He was working as a Project in-charge at Naval Engineering Test Establishment in Canada. He has nearly four decades of experience and expertise in the field of systems applications and has immense knowledge in that field. At present, he is heading a software company
Directorships held in other companies	<p><b>Listed Public Companies</b></p> <ol style="list-style-type: none"> <li>1. Sakthi Sugars Limited (Non-executive, Non-independent)</li> </ol> <p><b>Unlisted Public Companies</b></p> <ol style="list-style-type: none"> <li>2. A B T Limited</li> <li>3. Sakthi Auto Component Limited</li> <li>4. Sakthi Properties (Coimbatore) Limited</li> <li>5. Sri Chamundeswari Sugars Limited</li> <li>6. The Gounder And Company Auto Limited</li> </ol> <p><b>Private Limited Companies</b></p> <ol style="list-style-type: none"> <li>7. Chamundeswari Enterprises Private Limited</li> <li>8. Nachimuthu Industrial Association (Section 8 Company)</li> <li>9. SCSL Agro Industries Private Limited</li> </ol>	<p><b>Unlisted Public Companies</b></p> <ol style="list-style-type: none"> <li>1. Sri Chamundeswari Sugars Limited</li> <li>2. Sri Sakthi Textiles Limited</li> </ol> <p><b>Private Limited Companies</b></p> <ol style="list-style-type: none"> <li>3. Bison Agro Farms Private Limited</li> <li>4. Founderpassion Foundation</li> <li>5. Vetriva Sports Academy Private Limited</li> </ol>

Membership / Chairmanship of committees across public companies	<b>Audit Committee: Member:</b> Sakthi Finance Limited	<b>Audit Committee: Chairman</b> Sakthi Finance Limited <b>Stakeholder's Relationship Committee: Member</b> Sakthi Finance Limited
No of equity shares held	2,51,355	300
Last drawn Remuneration (Sitting Fees)	₹ 1.40 lakh	₹ 3.80 lakh
Relationship with other directors	Brother of Dr M Manickam, Chairman and Sri. M. Balasubramaniam, Vice Chairman and Managing Director	None

Name of the Director	<b>Sri P S Gopalakrishnan</b>	<b>Dr S Veluswamy</b>
Item No	6	7
Director Identification Number (DIN)	00001446	05314999
Date of birth and age	23 August 1935, 83 years	20 June 1959, 60 years
Date of appointment on the Board	12 December 2006	29 May 2019
Qualification	B.Com, LLB, AIB (London), Fellow of Economic Development Institute of World Bank, Washington	M Com, ACS, Ph.D
Number of Board Meetings attended during the year out of 7 meetings	6	NA
Expertise in specific functional areas	He was Former Chairman of IFCI Ltd., Indian Overseas Bank and Oriental Bank of Commerce. He has rich and varied experience in banking and finance, gained over a period of nearly five decades in banking and financial sector.	He holds a Master's Degree in Commerce from Madras University. He is also an Associate Member of The Institute of Company Secretaries of India. He also received a Doctorate Degree in Commerce from Bharathiyar University. He has nearly three decades of experience in secretarial, business operations and finance etc of the Company. He had already served as CFO of the Company from November 2014 to November 2015
Directorships held in other companies	<b>Listed Public Companies</b> 1. Dharani Sugars and Chemicals Limited (Independent Director) 2. Kothari Sugars and Chemicals Limited (Independent Director) <b>Unlisted Public Companies</b> 3. Shriram General Insurance Company Limited	<b>Unlisted Public Companies</b> 1. ABT Finance Limited 2. ABT Foods Limited 3. ABT Foods Agrovet Limited 4. Sakthifinance Commercial Vehicle and Infrastructure Limited 5. Sakthifinance Financial Services Limited <b>Private Limited Companies</b> 6. Sakthi Pelican Insurance Broking Private Limited
Membership / Chairmanship of committees across public companies	<b>Audit Committee: Chairman:</b> 1. Dharani Sugars and Chemicals Ltd 2. Kothari Sugars and Chemicals Ltd <b>Stakeholders' Relationship Committee: Chairman:</b> 3. Kothari Sugars and Chemicals Ltd	Nil
No of equity shares held	Nil	Nil
Last drawn Remuneration	₹ 2.00 lakh (Sitting Fees)	₹ 32.20 lakh (as CEO)
Relationship with other directors	None	None

### Route Map to the venue of 62nd Annual General Meeting





## BOARD'S REPORT

To the Members

Your Directors are pleased to present their Sixty Second Annual Report together with the audited financial statements of the company for the year ended 31st March 2019.

### 1. FINANCIAL PERFORMANCE

(₹ lakh)

Particulars	2018-19	2017-18
<b>Profit before tax</b>	<b>1,674.71</b>	1,853.95
Less: Provision for Taxation:		
- Current Tax	<b>583.30</b>	839.28
- Deferred tax	<b>(104.94)</b>	(180.23)
- Net provision for tax (earlier years)	-	2.27
<b>Profit after tax</b>	<b>1,196.35</b>	1,192.63
Surplus brought forward from previous year	<b>1,016.61</b>	1,087.19
Transfer from General Reserve	-	1,000.00
Transfer from Revaluation Reserve	<b>43.24</b>	43.24
<b>Amount available for appropriation</b>	<b>2,256.20</b>	<b>3,323.06</b>
<b>Appropriations</b>		
Transfer to Statutory Reserve	<b>239.27</b>	238.53
Interim Dividend on Preference Shares (FY 2019)	<b>137.71</b>	110.61
Tax on Preference Dividend (FY 2019)	<b>28.31</b>	22.51
Dividend on Equity Shares paid (FY 2018)	<b>500.00</b>	500.00
Tax on Equity Dividend (FY 2018)	<b>102.78</b>	101.80
Transfer to Debenture Redemption Reserve	-	1,333.00
<b>Balance carried over to Balance Sheet</b>	<b>1,248.13</b>	1,016.61
<b>Total</b>	<b>2,256.20</b>	<b>3,323.06</b>

### 2. BUSINESS

During the financial year, the company disbursed an amount of ₹ 57,747 lakh in hire purchase financing operations as against ₹ 54,964 lakh during the previous financial year. The collection efficiency has been good. Your directors hope to achieve better business disbursements and profitability during the current financial year.

### 3. CHANGE IN NATURE OF BUSINESS, IF ANY

During the year, there was no change in the nature of business of the company.

### 4. DIVIDEND

#### Preference Shares

Your Directors have, at their meeting held on 29th March 2019, declared a *pro rata* interim dividend of ₹ 10 per share on 10% Redeemable Cumulative Preference Shares of ₹ 100 each and ₹ 9 per share on 9% Redeemable Cumulative Preference Shares of ₹ 100 each respectively for the financial year ended 31st March 2019 amounting to ₹ 137.71 lakh. The dividend distribution tax on the above is ₹ 28.31 lakh.

#### Equity Shares

Your Directors are pleased to recommend a dividend of ₹ 1 per equity share (10% on the face value of equity shares of ₹ 10 each) for the year ended 31st March 2019 amounting to ₹ 500.00 lakh. The dividend distribution tax works out to ₹ 102.78 lakh.

Equity Dividend recommended for the financial year 2018-19, if approved by the members, will be recognized as a liability during the financial year 2019-20.

#### 5. TRANSFER TO RESERVES

No amount has been transferred to General Reserve from the current year profits.

#### 6. CHANGE IN THE CAPITAL

During the year, the Company has increased the Authorised Share Capital from ₹ 100 crores consisting of 7,00,00,000 Equity Shares of ₹ 10 each and 30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each to ₹ **130 Crores** consisting of 10,00,00,000 Equity Shares of ₹ 10 each and 30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each.

Further, during the year, the Company allotted 6,65,000 number of 9% Redeemable Cumulative Preference Shares of ₹ 100 each aggregating to ₹ 665 lakh and redeemed 3,02,450 numbers of 10% Redeemable Cumulative Preference Shares of ₹ 100 each aggregating to ₹ 302.45 lakh. Accordingly, the paid-up share capital stands increased to ₹ **6,500 lakh** from ₹ 6,137.45 lakh.

#### 7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**"), a report on Management Discussion and Analysis, which forms part of this report, is set out in **Annexure 1**.

#### 8. PUBLIC ISSUE OF NON-CONVERTIBLE DEBENTURES

##### a. Redemption of Secured, Redeemable, Non-Convertible Debentures ("NCDs")

As per the terms and conditions of the Public Issue Prospectus dated 18th February 2015, your company has fully redeemed the Secured, Redeemable, Non-Convertible Debentures issued under Options VI, VII and VIII aggregating to ₹ **3,647.90 lakh**. The repayment was made on 30th March 2019 to the respective Debenture holders and thus the entire NCDs were fully redeemed.

Further, as per the terms and conditions of the Public Issue Prospectus dated 30th March 2016, your company has redeemed Secured, Redeemable Non-Convertible Debentures issued under Options III, IV and V aggregating to ₹ **2,014.94 lakh**. The repayment was made on 18th May 2019 to the respective Debenture holders.

##### b. Public Issue of Secured and Unsecured, Redeemable, Non-Convertible Debentures for ₹ 15,000 lakh

During the current financial year, the Company made a Public Issue of Secured and Unsecured, Redeemable, Non-Convertible Debentures ("**NCDs**") of ₹ 1,000 each up to ₹ 10,000 lakh, with an option to retain over-subscription up to ₹ 5,000 lakh, aggregating to ₹ 15,000 lakh. The NCD issue opened on 10th April 2019 and closed on 9th May 2019. The Company received a subscription of ₹ 12,813 lakh. The Company made allotment of 11,77,000 NCDs aggregating to ₹ **11,770 lakh** to the eligible allottees on 15th May 2019. The NCDs have been listed and admitted for trading with BSE Limited with effect from 17th May 2019.

#### 9. ALLOTMENT AND REDEMPTION OF REDEEMABLE, CUMULATIVE PREFERENCE SHARES ON PRIVATE PLACEMENT BASIS

##### a. Allotment

During the year, your company has issued and allotted 6,65,000 number of 9% Redeemable Cumulative Preference Shares of ₹ 100 each for an amount of ₹ **665 lakh**.

##### b. Redemption

During the year, your company redeemed 3,02,450 numbers of 10% Redeemable Cumulative Preference Shares of ₹ 100 each for an amount of ₹ **302.45 lakh**.

#### 10. DEPOSITS

The total deposits with the company as at 31st March 2019 stood at ₹ **17,588.07 lakh** as against ₹ 16,296.73 lakh as at the end of the previous year.

As at the end of the financial year 2019, 405 public deposits aggregating to ₹ 315.69 lakh were due for repayment, but remained unclaimed. The Company has been regularly reminding the depositors about the maturity and out of the said deposits, 177 deposits amounting to ₹ 157.62 lakh have since been claimed and paid / renewed as per their instructions.

#### **11. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND ("IEPF")**

During the year 2018-19, your Company has transferred unclaimed dividend, unclaimed matured debentures and deposits, including interest, amounting to ₹ 16.21 lakh to IEPF. Further, the Company has also transferred to IEPF 3,79,028 equity shares of ₹ 10 each in respect of which dividend has remained unclaimed for seven consecutive years.

#### **12. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

##### **a. Cessation**

Sri M K Vijayaraghavan, Chief Financial Officer ("**CFO**") of the Company has relinquished from the position of CFO with effect from 29th May 2019. The Board places on record its sincere appreciation for the valuable contributions made by Sri M K Vijayaraghavan as CFO during his tenure with the Company.

Further, Dr S Veluswamy, Chief Executive Officer ("**CEO**") has also relinquished from the position of CEO with effect from 29th May 2019.

##### **b. Appointment**

Based on the recommendations of Nomination and Remuneration Committee and Audit Committee, the Board of Directors appointed Dr S Veluswamy as an Additional Director (Executive, Non-Independent) with effect from 29th May 2019. The Board of Directors also appointed him as a Director (Finance and Operations) of the Company with effect from 29th May 2019 for a period of 5 years, liable to retire by rotation. As an Additional Director, he holds office up to the ensuing Annual General Meeting ("**AGM**"). His appointment is subject to the approval of members at the ensuing AGM.

##### **c. Retirement by rotation**

In accordance with the provisions of Section 152(6) of the Companies Act 2013, Sri M Srinivasan, Director (DIN: 00102387) will retire by rotation at the ensuing AGM of the Company and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

##### **d. Continuation of Directorship**

In terms of Regulation 17(1A) of the Listing Regulations as amended on 9th May 2018, Sri P S Gopalakrishnan, Non-Executive Independent Director, who is aged 83 years, will be continuing as an Independent Director till the end of his present tenure, i.e., up to 26th September 2019, which has been recommended by Nomination and Remuneration Committee and Board of Directors and approved by the members at the AGM held on 24th September 2018.

##### **e. Re-appointment of Independent Directors**

Pursuant to the provisions of Section 149(10) and (11) of the Companies Act 2013, the Members of the Company had, appointed Dr. A Selvakumar and Sri P S Gopalakrishnan as Independent Directors at the AGM held on 27th September 2014, to hold office for five consecutive years for a term up to 26th September 2019. They are eligible for re-appointment as Independent Director for the second term.

Based on the recommendation of the Nomination and Remuneration Committee and their experience and expertise, performance evaluation exercise, skill sets they possess and significant contributions made by Dr. A. Selvakumar and Sri P S Gopalakrishnan to the deliberations and discussion at meeting of the Board, the Board of Directors recommended their re-appointments, for the second term of five consecutive years from 27th September 2019 to 26th September 2024 for the approval of the Members at the ensuing AGM by way of Special Resolutions and they are not liable to retire by rotation.

#### **f. Key Managerial Personnel**

In terms of Section 203 of the Companies Act 2013, Sri M Balasubramaniam, Vice Chairman and Managing Director, Dr S Veluswamy, Director (Finance and Operations) and Sri S Venkatesh, Company Secretary are the Key Managerial Personnel ("**KMPs**") of the Company.

#### **g. Remuneration Policy**

Company's policy on Director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Act are covered in the Corporate Governance Report which forms part of the Board's Report. The policy on remuneration is set out in **Annexure 2**. Further, information about elements of remuneration package of individual directors is provided in the extract of Annual Return as required under Section 92(3) of the Act and is enclosed as **Annexure 3** in the prescribed form MGT-9, which forms part of this Report.

#### **h. Number of Meetings of the Board**

Seven (7) meetings of the Board of Directors of the Company were held during the year. For details of the meetings, please refer to Corporate Governance Report, which forms part of this Report.

#### **i. Independent Directors' Declaration**

Dr A Selvakumar, Sri P S Gopalakrishnan, Smt. Priya Bhansali and Sri K P Ramakrishnan, who are Independent Directors, have submitted declarations that each of them meet the criteria of independence as provided in sub-section (6) of Section 149 of the Act and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**"). Further, there has been no change in the circumstances which affect their status as independent directors during the year.

#### **j. Code of Conduct for Directors and Senior Management**

The Directors and members of the Senior Management have confirmed compliance with the Code of Conduct. A declaration to this effect has been signed by Vice Chairman and Managing Director and forms part of the Annual Report.

#### **k. *Inter se* relationship amongst Directors**

Except Dr M Manickam, Chairman, Sri M Balasubramaniam, Vice Chairman and Managing Director and Sri M Srinivaasan, Director, who are related to each other as brothers, none of the other Directors is related to each other within the meaning of the term "relative" as per Section 2(77) of the Act read with the Listing Regulations.

#### **l. Performance Evaluation**

In terms of the requirements of the Act and Listing Regulations, the Board has carried out an annual performance evaluation of the individual Directors, Committees of the Board and the Board as a whole.

The evaluation was carried out based on a structured questionnaire which includes performance criteria such as performance of duties and obligations, independence of judgment, level of engagement and participation, contribution in increasing the Board's over-all effectiveness etc. Your directors have expressed their satisfaction on functioning and performance of Individual Directors, Board and its Committees.

### **13. AUDIT COMMITTEE**

The present Audit Committee has three non-executive directors as members of which two are Independent Directors. The composition of the Committee is given below:

- a. Dr A Selvakumar, Chairman
- b. Sri M Srinivaasan, Member
- c. Sri K P Ramakrishnan, Member

#### **14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

During the financial year 2018-19, the company has not given / provided any loans, guarantee and securities to parties mentioned in Section 185 of the Act 2013. Hence the provisions of Section 186 of the Act is not applicable to the Company.

#### **15. TRANSACTIONS WITH RELATED PARTIES**

The Company has entered into contracts or arrangements with the related parties in the ordinary course of business and these are on arm's length basis only. There are no contract or arrangement entered into with Related Party(ies) during the year which requires to be disclosed in Form AOC-2 under Sections 188(1) and 134(h) of the Act.

#### **16. INTERNAL CONTROL**

The information about internal controls is set out in the Management Discussion and Analysis Report which forms part of this Report.

#### **17. RISK MANAGEMENT**

The Risk Management is overseen by the Risk Management Committee of the Company. The Committee oversees the Company's processes and policies for determining risk tolerance against established levels. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuous basis. For details, please refer to the Management Discussion and Analysis Report which forms part of the Board's Report.

#### **18. WHISTLE BLOWER POLICY / VIGIL MECHANISM**

The Company has formulated a Whistle Blower Policy / Vigil Mechanism for Directors and employees to report their genuine concerns. During the year, no complaint has been received in this regard. For details, please refer to Corporate Governance Report which forms part of this Report.

#### **19. CORPORATE GOVERNANCE REPORT**

As required under Regulation 34(3) and Schedule V to the Listing Regulations, a report on Corporate Governance and a certificate from the auditors of the company regarding compliance of the conditions of Corporate Governance form part of the Annual Report and is set out in **Annexure-4**.

#### **20. DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013**

The Company has put in place a Sexual Harassment Prevention Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013. An Internal Compliance Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this Policy. During the year 2018-19, there were no complaints received in this regard by the ICC.

#### **21. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has put in place necessary internal financial controls which are adequate and are operating effectively. The controls are adequate for ensuring the orderly and efficient conduct of the business, completeness of accounting records and timely preparation of reliable financial information, besides adherence to the Company's policies, safeguarding of assets, prevention and detection of frauds and errors, accuracy, etc.

#### **22. DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134(5) of the Act, your directors confirm, to the best of their knowledge and belief that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;



- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the financial year;
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. they have prepared the annual accounts on a going concern basis;
- e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **23. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The CSR Policy of the Company and the details about the initiatives taken by the Company on CSR during the year as per the Companies (Corporate Social Responsibility Policy) Rules 2014 have been disclosed in **Annexure - 5**. Further, details regarding composition of Corporate Social Responsibility Committee and other particulars are provided in the Corporate Governance Report which forms part of this report.

### **24. AUDITORS**

#### **a. Statutory Auditors**

M/s P K Nagarajan & Co., Chartered Accountants (ICAI Regn. No. : 016676S) were appointed as statutory auditors of the Company at the 60th Annual General Meeting to hold office up to the conclusion of the 65th Annual General Meeting, subject to ratification of appointment by the members, every year. The Ministry of Corporate Affairs has, by its Notification dated 7th May 2018, dispensed with the requirement of ratification of Auditor's appointment by the members, every year. Hence, the resolution relating to ratification of Auditor's appointment is not included in the Notice of the ensuing Annual General Meeting.

They have confirmed their independence and eligibility under Section 141 of the Companies Act 2013, the rules framed under the Act and listing regulations.

M/s. P K Nagarajan & Co, Chartered Accountants, have audited the accounts of the company for the year 2018-19 and submitted their report thereon. There has been no qualification, reservation, adverse remarks or disclaimer given by the Auditors in their report.

#### **b. Secretarial Auditors**

Pursuant to Section 204 of the Companies Act 2013, your Directors appointed M/s. S Krishnamurthy & Co, Company Secretaries, to undertake the Secretarial Audit of your company for the year 2018-19. The Secretarial Audit Report for the financial year 31st March 2019 is set out in **Annexure-6**.

There were no qualifications, reservations, observations or adverse remarks made by the Auditors in their report.

#### **c. Cost Records and Cost Audit**

Maintenance of cost records and requirements of cost audit as prescribed under the provisions of Section 148(1) of the Act is not applicable for the business activities carried out by the company.

## 25. PARTICULARS REQUIRED UNDER SECTION 134 OF THE COMPANIES ACT 2013

Particulars as required under Section 134(3)(m) of the Companies Act 2013 read with Companies (Accounts) Rules 2014 are given below:

- a. The Company has no activity involving conservation of energy or technology absorption;
- b. The Company does not have any Foreign Exchange Earnings; and
- c. Foreign Exchange Outgo : ₹ 146.92 lakh

## 26. PARTICULARS OF EMPLOYEES

The disclosures in terms of Section 197(12) of the Companies Act 2013 read with rule 5(1), (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 relating to remuneration is enclosed as **Annexure 7**.

## 27. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT

There are no significant and material orders passed by the regulators or courts or tribunals affecting the going concern status of your company and its operations in future.

## 28. MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments which occurred between the end of the financial year of the company and the date of this report affecting the Company's financial position.

## 29. EXTRACT OF ANNUAL RETURN

The extract of Annual Return as provided under sub-section (3) of Section 92 of the Companies Act 2013 is enclosed as **Annexure - 3** in the prescribed Form MGT-9 and forms part of this Report.

## 30. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF NON-EXECUTIVE DIRECTORS

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company.

## 31. SECRETARIAL STANDARDS COMPLIANCE

Your Directors confirm that the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India in relation to Board and General Meetings.

## 32. ACKNOWLEDGEMENT

Your Directors wish to place on record the valuable guidance and excellent co-operation extended by the members, banks, financial institutions, rating agencies, Reserve Bank of India and other regulatory authorities. The Board of Directors wish to convey their sincere thanks to the depositors and debenture holders of the company for their continued patronage. They also wish to appreciate the excellent services rendered by the employees of the company.

We pray the Goddess SAKTHI to continue to shower Her blessings and to guide us in all our endeavours.

For and on behalf of the Board

5th August 2019  
Coimbatore

**M Manickam**  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDIAN ECONOMY

Indian Economy continues to grow as one of the world's fastest major economy. The Gross Domestic Product ("GDP") for the last quarter was lower at 5.8 per cent. This was due to negative growth in agricultural and slow-down in manufacturing sector.

However, for the year 2018-19, the GDP was lower at 6.8 per cent as against 7.2 per cent in the previous year.

International Monetary Fund ("IMF") and World Bank have projected that India's GDP will grow to 7.3 per cent and 7.5 per cent respectively.

### OPPORTUNITIES

During the year 2018-19, the Commercial Vehicle ("CV") industry ended with an overall growth of 5 per cent.

The CV Segment registered a growth of 17.55 per cent in April - March 2019 as compared to the corresponding period during last year. Medium and Heavy Commercial Vehicles ("M & HCVs") grew by 14.66 per cent while Light Commercial Vehicle ("LCV") grew by 19.46 per cent in April - March 2019 over the comparative period during last year.

The CV Industry is likely to grow along with the rising GDP, accelerated spending on roads and infrastructure by government.

Your company, being a pre-owned commercial vehicle financier, concentrates on this segment in a major way. The progress of Southwest monsoon is likely to improve the prospects of agriculture, which will, in turn, increase the rural demand for pre-owned vehicles. This may augur well for CV industry and consequently will improve the business prospects of your company.

### THREATS

NBFC sector witnessed a turmoil with defaults committed by AAA rated companies in August 2018 which was followed by many down grades of NBFCs by rating agencies. This changed the market perception of NBFCs and consequently not only the cost of funds to this sector went up but also liquidity of small & medium players was constricted. This was quite an unexpected development for the entire NBFC sector. The increasing interest rates, fuel prices, the Government's move to BS VI implementation with effect from 1st April 2020 may continue to pose threats to CV industry to which our company caters to.

However, both the Government & RBI have recognized the important role played by NBFCs and are taking measures to ease the liquidity position, *inter alia*, through instructions to banks, liberalising the ECB norms etc.

### BALANCE OF PAYMENTS POSITION

The Current Account Deficit, as a percentage of GDP, increased to 2.1 per cent for the financial year ended 2019 as against 1.8 per cent in 2018.

#### Fiscal Deficit

The Central Government intends to keep the deficit at 3.3 per cent of GDP for the current fiscal year, compared to 3.4 per cent of GDP in the interim budget. The core sectors of the economy showed a slower growth of 5.1 per cent in May 2019 as against 6.3 per cent registered in April 2019.

The retail inflation grew to a seven months high of 3.05 per cent in May 2019 as against 2.99 per cent in April 2019. Vegetable and pulses were the major drivers of food inflation, which have an impact on the retail inflation.

### OUTLOOK

The International Monetary Fund ("IMF") has projected that India is expected to grow to 7.3 per cent while the World Bank expects India to grow to 7.5 per cent in fiscal 2020. This, they expect, can be achieved with the continued implementation of structural & financial sector reforms and efforts to reduce the public debt remains essential to secure the economy's growth prospects.

The Society of Indian Automobile Manufacturers' Association ("SIAM") has predicted a single digit growth for the overall vehicles growth during 2019-20.

Your company continues to focus on financing of pre-owned CVs only, by increasing its presence in newer geographies with larger network of branches to increase its operations and profitability.

### PERFORMANCE AND FINANCIAL REVIEW

For the year 2018-19, your company disbursed an amount of ₹ **57,747 lakh** in Hire Purchase financing operations as against ₹ 54,964 lakh in the corresponding previous financial year. The total deposits held by the company as on 31st March 2019 stood at ₹ **17,588.07 lakh**.

The gross income for the financial year 2018-19 stood at ₹ **16,768.47 lakh** and the net profit after tax for the year was at ₹ **1,196.35 lakh**. The company accounted towards depreciation and amortization an amount of ₹ **352.51 lakh** in the statement of profit and loss.

### KEY FINANCIAL RATIOS

The following are the Key Financial Ratios of the Company for the financial year 2018-19 as compared to the financial year 2017-18.

Ratios	March 2019 (%)	March 2018 (%)	Variance (%)
Return on Net Worth	<b>7.56</b>	7.90	-4.30
<b>CRAR (Refer Note 1 below):</b>	<b>22.35</b>	17.22	29.79
- Tier I Capital	<b>13.22</b>	13.20	0.15
- Tier II Capital	<b>9.13</b>	4.02	127.11

Notes:

1. Due to the issue and allotment of Sub-ordinated Debt
2. There are no significant changes in other key financial ratios of the Company for the financial year 2018-19 as compared to the financial year 2017-18.

### RISKS AND CONCERNS

Your Company, like any other NBFC, is also exposed to normal industry risks such as credit, market, interest and operational risks. Your company takes pro-active and prudent risk management practices to mitigate these risks. The risk management policies are periodically reviewed by the Risk Management Committee and Audit Committee so that they are in line with your Company's strategic needs.

### INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

Your company has sound and adequate system of internal controls to monitor and regulate all the activities. Further, your company adheres strictly with all internal control policies and procedures and other regulatory requirements.

### HUMAN RESOURCES DEVELOPMENT

For the year 2018-19, your Company had a very harmonious and cordial relationship with all its employees. There were 479 employees on the rolls of the company as on 31st March 2019. Your company's human resources policy aims to establish and build a strong performance and competency-driven culture with higher sense of accountability and responsibility among its employees. Your Company takes concrete steps to strengthen the organizational competency through various training programmes for various levels on a regular basis for all its employees.

For and on behalf of the Board

5th August 2019  
Coimbatore

**M Manickam**  
Chairman

### Cautionary Statement

*Certain statements made in the Management Discussion and Analysis Report describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from forward-looking statements contained in this report due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, change in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy.*

## **POLICY ON REMUNERATION**

*The Remuneration policy of the Company is in consonance with the industry practices and aims to attract, retain, develop and motivate a high performance workforce. The policy ensures equality, fairness and consistency in rewarding the employees on the basis of performance. The details of Policy on remuneration for Directors, Key Managerial Personnel and other employees of the Company is given below.*

*"In order to identify, attract, retain and motivate competent persons, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company, the Board of Directors of the Company, as recommended by the Nomination and Remuneration Committee ("**NR Committee**"), has adopted a charter on appointment and remuneration as enumerated in Section 178 of the companies Act 2013 on 9th August 2014. The policy provides a framework for remuneration to the members of the Board of Directors, Key Managerial Personnel ("**KMP**") and other employees of the Company.*

### **A. Criteria for selection/appointment of and Remuneration to Non-Executive Directors**

#### **i. Criteria of selection**

- a. The Non-Executive Directors shall be persons of integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of finance, banking, accounts, taxation and general management.
- b. In the case of Independent Directors, that the candidate, in addition to the requirements under (a) above, should satisfy the criteria of independence as stipulated in the Companies Act 2013 and the Listing Regulations.
- c. The Nomination and Remuneration Committee while recommending a candidate for appointment as a Director, shall consider and get itself satisfied about:
  - The candidate is qualified for appointment under Section 164 of the Companies Act 2013.
  - Attributes / criteria regarding qualification and experience in relevant field
  - Personal, Professional or business standing
  - Requirement with respect to Board's diversity
- d. In the case of re-appointment, the performance evaluation of the Director and his level of participation will be considered.

#### **ii. Remuneration to Non-Executive Directors**

The Non-Executive Directors are entitled to receive remuneration by way of sitting fees for each meeting of the Board or Committee of Board attended by them of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014. They are also entitled for reimbursement of expenses in connection with participation in the Board / Committee Meetings.

The Independent Directors of the Company are not entitled for Stock Option Scheme of the Company, if any.

### **B. Criteria for selection/appointment of and Remuneration to Executive Directors**

#### **i. Criteria for selection/appointment**

The NR Committee shall identify persons of integrity having relevant experience, expertise and leadership quality for appointment for the position of Executive Director viz. Managing Director etc. The NR Committee shall ensure that the identified persons also fulfil the conditions like age limit under the Companies Act 2013 and other applicable laws, if any.

## ii. Remuneration

The Managing Director will be paid such remuneration and perquisites as may be mutually agreed upon at the time of appointment or re-appointment between the Company and the Managing Director, taking into consideration the profitability of the Company and the overall limits prescribed under the Companies Act 2013.

The remuneration of Managing Director of the Company consists of fixed remuneration and variable portion by way of commission not exceeding 5% of the net profit calculated in accordance with the Companies Act 2013.

## C. Criteria for selection/appointment of and Remuneration to Senior Management Personnel

Based on the criticality of the role and responsibility of the Key Managerial Personnel (KMP), the NR Committee decides on the required qualifications, experience and attributes for the position and on the remuneration based on the industry benchmark and the current compensation trend in the market. The remuneration consists of fixed components like salaries, perquisites and a variable component comprising annual bonus, if declared. Based on the selection criteria laid as above and remuneration, the Committee identifies persons and recommends to the Board for consideration and appointment.

In respect of other Senior Management Employees, the NR Committee will recommend to the Board, all remuneration, in whatever form, payable to them for its approval.

Senior Management means Officers/Personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising members of Management, one level below the Chief Executive Officer/ Managing Director, including Company Secretary, Chief Financial Officer and the functional heads.

Annual increments are given on time scale basis and further increase to deserving employees based on the performance review.



## FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

as on the financial year ended 31st March 2019

(Pursuant to Section 92(3) of the Companies Act 2013 and Rule 12(1) of the Companies (Management and Administration) Rules 2014)

### I REGISTRATION AND OTHER DETAILS

i	CIN	L65910TZ1955PLC000145
ii	Registration Date	30th March 1955
iii	Name of the Company	Sakthi Finance Limited
iv	Category/Sub-category of the Company	Non-banking Financial Company
v	Address of the Registered Office and contact details:	
	Registered Office	62, Dr Nanjappa Road Post Box No.3745, Coimbatore - 641 018 Tel: (0422) 2231471-74, 4236200 E-Mail: sakthif_info@sakthifinance.com
	Head Office (Contact Details)	As above
vi	Whether listed company	Yes
vii	Name, Address and contact details of the Registrar and Share Transfer Agent, if any	SKDC Consultants Limited "Kanapathy Towers" Third Floor, No.1391/A-1, Sathy Road Ganapathy, Coimbatore - 641 006 Tel : (0422) 4958995, 2539835-836 Fax : (0422) 2539837 E-mail : info@skdc-consultants.com

### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl No	Name and Description of main products/services	NIC Code of the Product / Service	% to total turnover of the company
1	Finance for Commercial Vehicles and other loans	64920 - Other Credit Granting	98.52

### III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company has no holding, subsidiary and associate company.

**IV SHAREHOLDING PATTERN (Equity Share capital break-up as % to total Equity)**
**(i) Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters (includes Promoters Group) (Promoter Group is as per the classification shown under Regulation 31 of SEBI (LODR) Regulations 2015 and SEBI (SAST) Regulations 2011)</b>									
1) Indian									
a) Individual/HUF	855691	0.00	855691	1.71	543668	0.00	543668	1.09	-0.62
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	31251434	0.00	31251434	62.50	31563457	0.00	31563457	63.13	0.62
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL : (A)(1)</b>	<b>32107125</b>	<b>0.00</b>	<b>32107125</b>	<b>64.21</b>	<b>32107125</b>	<b>0.00</b>	<b>32107125</b>	<b>64.21</b>	<b>0.00</b>
2) Foreign									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL : (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoters (A) = (A)(1)+(A)(2)</b>	<b>32107125</b>	<b>0.00</b>	<b>32107125</b>	<b>64.21</b>	<b>32107125</b>	<b>0.00</b>	<b>32107125</b>	<b>64.21</b>	<b>0.00</b>
<b>B. PUBLIC SHAREHOLDING</b>									
1) Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	0	2200	2200	0.00	0	900	900	0.00	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt. (Instn.)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) F IIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL : (B)(1)</b>	<b>0</b>	<b>2200</b>	<b>2200</b>	<b>0.00</b>	<b>0</b>	<b>900</b>	<b>900</b>	<b>0.00</b>	<b>0.00</b>
2) Non Institutions									
a) Bodies corporates:									
i) Indian	6990936	946877	7937813	15.88	6952900	941102	7894002	15.79	-0.09
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals:									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2412811	1466188	3878999	7.76	2520764	992284	3513048	7.03	-0.73
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1109480	243150	1352630	2.71	1172492	243150	1415642	2.83	0.13
c) Others (specify)									
Directors and their relatives	300	0	300	0.00	300	0	300	0.00	0.00
Non-resident Indians	41713	1800	43513	0.09	43581	1550	45131	0.09	0.00

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Overseas Corporate Bodies Clearing Members	0	4450000	4450000	8.90	0	4450000	4450000	8.90	0.00
HUF	86980	0	86980	0.17	53681	0	53681	0.11	-0.07
	140440	0	140440	0.28	138168	0	138168	0.28	0.00
Unclaimed Suspenses Account	0	0	0	0.00	2,975	0	2,975	0.01	0.00
IEPF	0	0	0	0.00	379028	0	379028	0.76	0.76
<b>SUB TOTAL: (B)(2)</b>	<b>10782660</b>	<b>7108015</b>	<b>17890675</b>	<b>35.78</b>	<b>11263889</b>	<b>6628086</b>	<b>17891975</b>	<b>35.78</b>	<b>0.00</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>10782660</b>	<b>7110215</b>	<b>17892875</b>	<b>35.79</b>	<b>11263889</b>	<b>6628986</b>	<b>17892875</b>	<b>35.79</b>	<b>0.00</b>
C. Shares held by Custodian for GDRs and ADRs	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>42889785</b>	<b>7110215</b>	<b>50000000</b>	<b>100.00</b>	<b>43371014</b>	<b>6628986</b>	<b>50000000</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of Promoters and Promoter Group**

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% to total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% to total shares of the company	% of shares pledged/encumbered to total shares	
1	Dr.N Mahalingam (deceased)	276023	0.55	0.00	276023	0.55	0.00	0.00
2	Dr M Manickam	92813	0.19	0.00	92813	0.19	0.00	0.00
3	Sri M Balasubramaniam	192000	0.38	0.00	192000	0.38	0.00	0.00
4	Sri M Srinivaasan	251355	0.50	0.00	251355	0.50	0.00	0.00
5	Smt.M.Mariammmal (deceased)	36000	0.07	0.00	36000	0.07	0.00	0.00
6	Smt.Karunambal Vanavarayar	7500	0.02	0.00	7500	0.02	0.00	0.00
7	ABT Investment (India) Private Limited	8727400	17.45	0.00	8727400	17.45	0.00	0.00
8	ABT Finance Limited	131162	0.26	0.00	131162	0.26	0.00	0.00
9	ABT Industries Limited	919926	1.84	0.00	919926	1.84	0.00	0.00
10	Sakthifinance Financial Services Limited	8110000	16.22	0.00	8110000	16.22	0.00	0.00
11	Sakthi Financial Services (Cochin) Private Limited	3411246	6.82	0.00	3411246	6.82	0.00	0.00
12	Sakthi Logistic Services Limited*	5700	0.01	0.00	5700	0.01	0.00	0.00
13	Sakthi Sugars Limited	1040000	2.08	0.00	1040000	2.08	0.00	0.00
14	Sri Chamundeswari Sugars Ltd	24000	0.05	0.00	24000	0.05	0.00	0.00
15	Sri Sakthi Textiles Limited	7000	0.01	0.00	7000	0.01	0.00	0.00
16	The Gounder and Company Auto Limited	3925000	7.85	0.00	3925000	7.85	0.00	0.00
17	Sakthi Realty Holdings Limited	2475000	4.95	0.00	2475000	4.95	0.00	0.00
18	ABT Foundation Limited	2475000	4.95	0.00	2475000	4.95	0.00	0.00
	<b>Total</b>	<b>32107125</b>	<b>64.21</b>	<b>0.00</b>	<b>32107125</b>	<b>64.21</b>	<b>0.00</b>	<b>0.00</b>

\* name of this Company has since been changed to "Sakthifinance Holdings Limited"

**(iii) Change in Promoters' Shareholding\***

Sl No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	3,21,07,125	64.21	3,21,07,125	64.21
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	No change during the year 2018-19			
	At the end of the year	3,21,07,125	64.21	3,21,07,125	64.21

\*includes promoter group

**(iv) Shareholding Pattern of top ten Shareholders**  
 (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Avdhoot Finance and Investment Private Limited</b>				
	At the beginning of the year	56,24,208	11.25	56,24,208	11.25
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	56,24,208	11.25	56,24,208	11.25
2	<b>Bridgewater Investment Corporation Limited</b>				
	At the beginning of the year	44,50,000	8.90	44,50,000	8.90
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	44,50,000	8.90	44,50,000	8.90
3	<b>Sakthi Management Services (Coimbatore) Limited</b>				
	At the beginning of the year	11,35,434	2.27	11,35,434	2.27
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	11,35,434	2.27	11,35,434	2.27
4	<b>Grahasakthi Properties Private Ltd</b>				
	At the beginning of the year	9,27,237	1.85	9,27,237	1.85
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	9,27,237	1.85	9,27,237	1.85
5	<b>Deepender Singh Poonian</b>				
	At the beginning of the year	2,44,207	0.49	2,44,207	0.49
	Increase / Decrease in Shareholding during the year:				
	Purchase of Shares on 08-06-2018	1,910	0.00	2,46,117	0.49
	Purchase of Shares on 22-06-2018	1,978	0.00	2,48,095	0.50
	Purchase of Shares on 06-07-2018	638	0.00	2,48,733	0.50
	Purchase of Shares on 13-07-2018	7,604	0.02	2,56,337	0.51
	Purchase of Shares on 27-07-2018	2,857	0.01	2,59,194	0.52
	Purchase of Shares on 28-09-2018	4,100	0.01	2,63,294	0.53

Sl No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
6	Purchase of Shares on 05-10-2018	1,190	0.00	2,64,484	0.53	
	Purchase of Shares on 19-10-2018	2,118	0.00	2,66,602	0.53	
	Purchase of Shares on 02-11-2018	5,654	0.01	2,72,256	0.54	
	Purchase of Shares on 09-11-2018	5,505	0.01	2,77,761	0.56	
	Purchase of Shares on 30-11-2018	4,638	0.01	2,82,399	0.56	
	Purchase of Shares on 28-12-2018	3,870	0.01	2,86,269	0.57	
	Purchase of Shares on 04-01-2019	876	0.00	2,87,145	0.57	
	Purchase of Shares on 01-02-2019	2,084	0.00	2,89,229	0.58	
	Purchase of Shares on 08-02-2019	1,076	0.00	2,90,305	0.58	
	Purchase of Shares on 15-02-2019	1,875	0.00	2,92,180	0.58	
	Purchase of Shares on 01-03-2019	260	0.00	2,92,440	0.58	
At the end of the year	2,92,440	0.58	2,92,440	0.58		
6	<b>Balasubramaniam M</b>					
	At the beginning of the year	1,67,150	0.33	1,67,150	0.33	
	Increase / Decrease in Shareholding during the year	-	-	-	-	
7	At the end of the year	1,67,150	0.33	1,67,150	0.33	
	<b>Kushagra Gupta</b>					
	At the beginning of the year	1,40,285	0.28	1,40,285	0.28	
8	Increase / Decrease in Shareholding during the year	-	-	-	-	
	At the end of the year	1,40,285	0.28	1,40,285	0.28	
	<b>Bannari Amman Sugars Limited</b>					
8	At the beginning of the year	84,375	0.17	84,375	0.17	
	Increase / Decrease in Shareholding during the year	-	-	-	-	
	At the end of the year	84,375	0.17	84,375	0.17	
9	<b>Kalpathy Viswanath Narayanmurti</b>					
	At the beginning of the year	69,066	0.14	69,066	0.14	
	Date-wise increase / (decrease) in shareholding during the year :					
	Purchase of Shares on 20-07-2018	372	0.00	69,438	0.14	
	Purchase of Shares on 27-07-2018	695	0.00	70,133	0.14	
	Purchase of Shares on 07-09-2018	500	0.00	70,633	0.14	
	Purchase of Shares on 28-09-2018	1,500	0.00	72,133	0.14	
	Purchase of Shares on 05-10-2018	1,990	0.01	74,123	0.15	
	Purchase of Shares on 12-10-2018	1,535	0.00	75,658	0.15	
	Purchase of Shares on 11-01-2019	90	0.00	75,748	0.15	
	At the end of the year	75,748	0.15	75,748	0.15	
	10	<b>Tanvi Jignesh Mehta</b>				
		At the beginning of the year	79,451	0.16	79,451	0.16
		Date-wise increase / (decrease) in shareholding during the year :				
		Sale of Shares on 06-04-2018	(5,500)	(0.01)	73,951	0.15
		Sale of Shares on 13-04-2018	(8,951)	(0.02)	65,000	0.13
		Sale of Shares on 20-04-2018	(4,762)	(0.01)	60,238	0.12
Sale of Shares on 27-04-2018		(3,525)	(0.01)	56,713	0.11	
Sale of Shares on 04-05-2018		(12,161)	(0.02)	44,552	0.09	
Sale of Shares on 11-05-2018		(13,256)	(0.03)	31,296	0.06	
Sale of Shares on 18-05-2018		(617)	(0.00)	30,679	0.06	
At the end of the year		30,679	0.06	30,679	0.06	

**(v) Shareholding of Directors and Key Managerial Personnel**

Sl No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>M Manickam, Chairman</b>				
	At the beginning of the year	92,813	0.19	92,813	0.19
	Date-wise increase / decrease in shareholding during the year, specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc)	-	-	-	-
	At the end of the year	92,813	0.19	92,813	0.19
2	<b>M Balasubramaniam Vice Chairman and Managing Director</b>				
	At the beginning of the year	1,92,000	0.38	1,92,000	0.38
	Date-wise increase/decrease in shareholding during the year, specifying the reason for increase/ decrease (e.g allotment/transfer/ bonus/sweat equity etc)	-	-	-	-
	At the end of the year	1,92,000	0.38	1,92,000	0.38
3	<b>M Srinivaasan, Director</b>				
	At the beginning of the year	2,51,355	0.50	2,51,355	0.50
	Date-wise increase / decrease in shareholding during the year, specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc)	-	-	-	-
	At the end of the year	2,51,355	0.50	2,51,355	0.50
4	<b>A Selvakumar, Director</b>				
	At the beginning of the year	300	0.00	300	0.00
	Date-wise increase / decrease in shareholding during the year, specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc)	-	-	-	-
	At the end of the year	300	0.00	300	0.00
5	<b>M K Vijayaraghavan, Chief Financial Officer</b>				
	At the beginning of the year	400	0.00	400	0.00
	Date-wise increase / decrease in shareholding during the year, specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc)	-	-	-	-
	At the end of the year	400	0.00	400	0.00
6	<b>S Venkatesh, Company Secretary</b>				
	At the beginning of the year	1,075	0.00	1,075	0.00
	Date-wise increase / decrease in shareholding during the year, specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc)	-	-	-	-
	At the end of the year	1,075	0.00	1,075	0.00



**V INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ lakh)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	45,584.66	19,078.27	16,296.73	80,959.66
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	2,654.44	4,213.73	1,135.69	8,003.86
<b>Total (i+ii+iii)</b>	<b>48,239.10</b>	<b>23,292.00</b>	<b>17,432.42</b>	<b>88,963.52</b>
Change in indebtedness during the financial year				
Additions	10,832.66	12,316.11	8,529.93	31,678.70
Reduction	14,277.21	8,250.85	7,164.69	29,692.75
<b>Net Change</b>	<b>(3,444.55)</b>	<b>4,065.26</b>	<b>1,365.24</b>	<b>1,985.95</b>
Indebtedness at the end of the financial year				
i) Principal Amount	42,498.51	24,223.65	17,588.07	84,310.23
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	2,296.04	3,133.61	1,209.59	6,639.24
<b>Total (i+ii+iii)</b>	<b>44,794.55</b>	<b>27,357.26</b>	<b>18,797.66</b>	<b>90,949.47</b>

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole Time Director and/or Manager**

(₹ lakh)

Sl No	Particulars of Remuneration	Sri M Balasubramaniam, Vice Chairman and Managing Director
1	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act 1961	43.79
	(b) Value of perquisites u/s 17(2) of the Income Tax Act 1961	3.90
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act 1961	-
2	Stock option	-
3	Sweat Equity	-
4	Commission:	
	- as % of profit (3%)	60.50
	- others (specify)	-
5	Others, please specify	-
	<b>Total</b>	<b>108.19</b>
	Ceiling as per the Act	108.62

**B. Remuneration to other directors**

(₹ Lakh)

Sl No	Particulars of Remuneration	Name of Director				Total
		P S Gopala krishnan	Dr A Selva kumar	Priya Bhansali	K P Rama krishnan	
1	<b>Independent Directors</b>					
	(a) Fee for attending board / committee meetings	2.00	3.80	1.60	3.00	10.40
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>2.00</b>	<b>3.80</b>	<b>1.60</b>	<b>3.00</b>	<b>10.40</b>
2	<b>Other Non-Executive Directors</b>	Dr M Manickam	M Srinivaasan			
	(a) Fee for attending board / committee meetings	0.80	1.40			2.20
	(b) Commission	-	-			-
	(c) Others, please specify	-	-			-
	<b>Total (2)</b>	<b>0.80</b>	<b>1.40</b>			<b>2.20</b>
	<b>Total (1+2)</b>	<b>2.80</b>	<b>5.20</b>	<b>1.60</b>	<b>3.00</b>	<b>12.60</b>
Total Managerial Remuneration						<b>12.60</b>
Overall ceiling as per the Act						NA

**C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole Time Director** (₹ lakh)

Sl No	Particulars of Remuneration	Key Managerial Personnel			
		Sri M K Vijayaraghavan, Chief Financial Officer	Dr S Veluswamy, Chief Executive Officer	Sri S Venkatesh, Company Secretary	Total
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act 1961	35.87	31.87	16.49	84.23
	(b) Value of perquisites u/s 17(2) of the Income Tax Act 1961	-	0.33	0.46	0.79
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission:				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	<b>35.87</b>	<b>32.20</b>	<b>16.95</b>	<b>85.02</b>

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act 2013	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty Punishment Compounding			NIL		
<b>B. DIRECTORS</b>					
Penalty Punishment Compounding			NIL		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty Punishment Compounding			NIL		

 5th August 2019  
 Coimbatore

 For and on behalf of the Board  
**M Manickam**  
 Chairman

## CORPORATE GOVERNANCE REPORT

## Annexure - 4

(Pursuant to Regulation 34(3) read with Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015) ("Listing Regulations")

### 1. Company's Philosophy on Corporate Governance

Corporate Governance is a set of principles, processes and systems to be followed by Directors, Management and all the employees of the Company for enhancement of shareholders value, keeping in view the interest of other stakeholders. Integrity, transparency and compliance with regulations in dealing with members, employees, customers, lenders, regulatory and government agencies are the objectives of good corporate governance. The Company adopts and practices these principles of good Corporate Governance while ensuring integrity, transparency and accountability at all levels in the organisation.

### 2. Board of Directors

#### a. Composition and Category of Directors

As on 31st March 2019, the Board of Directors consists of seven (7) members. The Board has a Non-Executive Chairman, a Vice Chairman and Managing Director and five Non-Executive Directors, of which four are Independent Directors (including a women director), who bring in a wide range of skills, experience and expertise to the Board. The number of Independent Directors is more than 50% of the total number of Directors on the Board. The composition of the Board is in conformity with the provisions contained in Companies Act 2013 and Regulation 17 of the Listing Regulations.

None of the Independent Directors on the Board serve as an Independent Director in more than seven listed companies. All Independent Directors also comply with the limit of Independent Directorship as prescribed in the Listing Regulations.

The Board of Directors and its Committees meet at periodic intervals. Policy formulation, setting up of goals and evaluation of performance and control function vest with the Board. The Board has constituted Eleven (11) Committees, namely, Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Asset Liability Management Committee, Corporate Social Responsibility Committee, Risk Management Committee, Finance and Investment Committee, Allotment Committee, NCD Issuance Committee, Policy Review Committee and Information Technology (IT) Strategy Committee.

The necessary disclosures regarding committee positions have been made by the Directors. None of the Directors on the Company's Board is a member of more than ten (10) Committees and Chairman of more than five (5) Committees across all Companies in which they are Directors.

The Company has issued formal letters of appointment to the Independent Directors and the terms of their appointment are disclosed on the Company's website <https://sakthifinance.com/board-of-directors>. These Independent Directors have confirmed that they satisfy the criteria of independence as stipulated under Section 149(6) of the Companies Act 2013.

In the opinion of the Board, all the Independent Directors of the Company fulfill the conditions specified under the Companies Act 2013 and in the Listing Regulations and are independent of the management.

It is confirmed that no Independent Director has resigned from the Board before the expiry of his / her period during the financial year.

During the year, the Independent Directors had a separate meeting on 28th March 2019 without the participation of Non-Independent Directors and Promoter Directors.

Dr. M Manickam, Chairman, Sri M Balasubramaniam, Vice Chairman and Managing Director and Sri M Srinivaasan, Director are related to each other as brothers.

#### b. Number of Board Meetings held during the year

During the financial year 2018-19, seven (7) Board Meetings were held on 30th May 2018, 9th August 2018, 24th September 2018, 13th November 2018, 12th January 2019, 12th February 2019, 29th March 2019. The gap between two meetings is within one hundred and twenty days only. The information as required under Regulation 17(7) of the Listing Regulations is made available to the Board for discussion and consideration at Board Meetings. The Board also reviews compliance reports of all laws applicable to the company on quarterly basis.

### c. Familiarisation programme for Independent Directors

The familiarization process followed by the Company includes briefing about the Board's composition and conduct, roles, rights, responsibilities of Directors, nature of the industry, regulatory matters, details about the Company, Group and its culture. The familiarization process is disclosed at the Company's web link <https://sakthifinance.com/board-of-directors>.

### d. Performance Evaluation

In terms of the requirements of the Companies Act 2013 and Schedule II Part D of the Listing Regulations, the Board carried out an annual evaluation of its own performance, its Committees and performance of individual directors, including the Chairman and of the Committees formed by the Board. The evaluation process is covered in the Board's Report. Similarly, Independent Directors reviewed the performance of the Chairman and of the Non-Independent Directors.

### e. Code of Conduct

The Board of Directors have adopted a Code of Conduct and Ethics ("**the Code**") to ensure compliance with the legal requirements and standards of business conduct. The purpose of the Code is to promote ethical conduct.

All Board Members and Senior Management Personnel of the company have affirmed compliance with the Code. A certificate to this effect, signed by Vice Chairman and Managing Director is annexed. The Code has been hosted on the website of the company <https://sakthifinance.com/investor-information>.

### f. Attendance and other Directorships

The composition of the Board of Directors, category, relationship with other Board Members, attendance at Board Meetings held during the financial year and at the last Annual General Meeting, number of other directorships and committee Chairmanship / Membership held are given below:

Name of the Director	Category of Director	Relationship with other Director(s)	Financial year 2018-19 Attendance at		No. of other directorships (a)	Committee position (b)	
			Board Meeting	Last AGM		Chairman	Member
					(excluding Sakthi Finance Ltd)		
Dr M Manickam DIN : 00102233	Non-executive Chairman, Promoter	Brother of Sri M Balasubramaniam and Sri M Srinivaasan	4	Yes	8	-	1
Sri M Balasubramaniam DIN : 00377053	Vice Chairman and Managing Director, Promoter	Brother of Dr M Manickam and Sri M Srinivaasan	7	Yes	8	-	3
Sri M Srinivaasan DIN : 00102387	Non-executive Director, Non-Independent	Brother of Dr M Manickam and Sri M Balasubramaniam	5	Yes	6	-	1
Dr A Selvakumar DIN : 01099806	Non-executive Director, Independent	None	7	Yes	2	-	1
Sri P S Gopalakrishnan DIN : 00001446	Non-executive Director, Independent	None	6	Yes	3	3	-
Smt Priya Bhansali DIN: 00195848	Non-executive Director, Independent	None	6	Yes	1	-	1
Sri K P Ramakrishnan DIN: 07029959	Non-executive Director, Independent	None	7	Yes	1	-	-

a. excludes directorships held in private limited companies, foreign companies and Section 8 company.

b. only Audit Committee and Stakeholders' Relationship Committee of public limited companies are considered.

- g. The names of the listed entities (including this company), where the Directors hold Directorship in other companies as on 31st March 2019 and the category of Directorship is given below:

Name of the Director	Name of the listed entity in which Directorship is held	Category of Directorship
Dr M Manickam	1. Sakthi Finance Limited 2. Sakthi Sugars Limited 3. Kovai Medical Center and Hospitals Limited	Non-Executive, Non-independent Executive, Non-independent Independent
Sri M Balasubramaniam	1. Sakthi Finance Limited 2. Sakthi Sugars Limited	Executive, Non-independent Non-Executive, Non-independent
Sri M Srinivaasan	1. Sakthi Finance Limited 2. Sakthi Sugars Limited	Non-Executive, Non-independent Non-Executive, Non-independent
Dr A Selvakumar	1. Sakthi Finance Limited	Independent
Sri P S Gopalakrishnan	1. Sakthi Finance Limited 2. Dharani Sugars and Chemicals Limited 3. Kothari Sugars and Chemicals Limited	Independent Independent Independent
Smt Priya Bhansali	1. Sakthi Finance Limited 2. Sakthi Sugars Limited	Independent Independent
Sri K P Ramakrishnan	1. Sakthi Finance Limited	Independent

- h. The Board has identified the following skills/expertise/competencies for the effective functioning of the Company.
1. Industry knowledge
  2. Leadership qualities
  3. Strategic thinking
  4. Banking, Accounting and Finance
  5. Information Technology
  6. Understanding the applicable laws, rules, regulations and policy
  7. Integrity and ethical standards

### 3. COMMITTEES OF THE BOARD

#### A. Audit Committee

##### Terms of reference

The Company has adopted an amended Audit Committee Charter on 29th May 2019 which will be in line with enhanced scope for the Committee as laid down under Section 177 of the Companies Act 2013 and Regulation 18(3) read with Part C of Schedule II to the Listing Regulations.

The terms of reference of this Committee are wide enough to cover the matters specified for Audit Committee under Regulation 18(3) read with Part C of Schedule II to the Listing Regulations as well as those in Section 177 of the Companies Act 2013 and are as follows:

1. Examination of the financial statement and draft auditors' report.
2. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
3. Recommendation for appointment, remuneration and terms of appointment of statutory auditors of the Company.



4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
5. Discuss and review, with the management and auditors, the annual/quarterly financial statements before submission to the Board, with particular reference to:
  - a. Matters required to be included in the Directors' Responsibility Statement in the Board's Report in terms of sub-section (3)(c) of Section 134 of the Companies Act 2013
  - b. Disclosure under 'Management Discussion and Analysis of Financial Condition and Results of Operations'
  - c. Any changes in accounting policies and practices and reasons for them
  - d. Major accounting entries involving estimates based on exercise of judgment by management
  - e. Significant adjustments made in the financial statements arising out of audit findings
  - f. Modified Opinions in the draft audit report
  - g. Disclosure of any related party transactions
  - h. Compliance with listing and other legal requirements relating to financial statements and
  - i. Review the statement for uses/applications of funds under major categories on a quarterly basis, with the financial results and annually the statement of funds utilized for purposes other than as mentioned in the offer document/prospectus/notice. Such review shall be conducted till the full money raised through any issue has been fully spent
6. Review the financial statements, in particular, the investments made by the unlisted subsidiary company, if any.
7. Review the utilization of the Loans / Investments by the holding company exceeding ₹ 100 crores or 10% of the asset size of the company, whichever is lower, if applicable.
8. Review the compliance with the requirements of SEBI (Prevention of Insider Trading) Regulations 2015, as amended, at least once in a year.

The committee consists of three non-executive directors of which two are independent directors.

### Composition

The present composition of the Audit Committee, number of meetings held and the attendance of its members are given below:

1. Dr A Selvakumar, Chairman
2. Sri M Srinivaasan, Member
3. Sri K P Ramakrishnan, Member

The Committee held five meetings during the financial year on 29th May 2018, 7th August 2018, 12th November 2018, 11th February 2019 and 29th March 2019. The gap between two meetings is within one hundred and twenty days only.

Name	No. of meetings held	No. of meetings attended
Dr A Selvakumar, Chairman	5	5
Sri M Srinivaasan, Member	5	2
Sri K P Ramakrishnan, Member	5	5

All the members of Audit Committee are financially literate. The minutes of Audit Committee are being placed before the Board of Directors at their meetings. The Chairman of the Audit Committee was present at the last Annual General Meeting.

## B. Nomination and Remuneration Committee

The Company has adopted a revised Nomination and Remuneration Committee Charter on 29th May 2019. The role of Nomination and Remuneration Committee is as required under Section 178 of the Companies Act 2013 and Regulation 19 read with Part D of Schedule II to the Listing Regulations.

### Terms of reference

The terms of reference of the Committee includes the following:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel ("**KMPs**") and other employees and to ensure the following:
  - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors as well as KMPs of the quality required to run the company successfully;
  - b. relationship of remuneration to performance is clear and meets the appropriate benchmarks; and
  - c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting the short and long-term performance, objectives appropriate to the working of the Company and its goals.
2. The Nomination and Remuneration Committee determines and recommends remuneration including commission, perquisites and allowances payable to Vice Chairman and Managing Director;
3. Identifying persons who are qualified to become directors as well as those who may be appointed in senior management in accordance with the criteria laid down;
4. Recommend on Board diversification;
5. Formulate criteria and carry out evaluation of every Director's performance;
6. Review and recommend the compensation and variable pay for Executive Directors and KMPs to the Board, remuneration payable to Senior Management and
7. Recommend to the Board about appointment and removal of Directors and senior management personnel.

The company has complied with the mandatory requirement of Regulation 19 of the Listing Regulations regarding Nomination and Remuneration Committee.

### Composition

The present composition of the Nomination and Remuneration Committee, the number of meetings held and the attendance of its members are given below:

1. Sri P S Gopalakrishnan, Chairman
2. Dr A Selvakumar, Member
3. Smt Priya Bhansali, Member

The Committee held two meetings during the financial year on 9th August 2018 and 28th March 2019. The Chairman of the Nomination and Remuneration Committee was not present at the last Annual General Meeting.

Name	No. of meetings held	No. of meetings attended
Sri P S Gopalakrishnan, Chairman	2	2
Dr A Selvakumar, Member	2	2
Smt Priya Bhansali, Member	2	1

### Remuneration to Directors:

#### For Vice Chairman and Managing Director

The total remuneration, as approved by the members, consists of a fixed component viz. salary, perquisites and allowances as per Company's Rules and a variable component, linked to the performance of the company, consisting of commission within the limits approved by the members.

#### For Non-Executive Directors

Sitting fee as permitted under the Companies Act 2013 plus reimbursement of actual travelling and out-of-pocket expenses incurred for attending such meetings. Non-executive directors are not being paid any commission.

The details of remuneration/sitting fee paid to the executive/non-executive directors for the financial year 2018-19 and the shares held by them are given below.

Name of the Director	Salary	Commis- sion	Perqui- sites	Sitting Fee	Total	No. of equity shares held
	← (₹ lakh) →					
Dr M Manickam	-	-	-	0.80	0.80	92,813
Sri M Balasubramaniam	43.79	66.94	3.90	-	114.63	1,92,000
Sri M Srinivaasan	-	-	-	1.40	1.40	2,51,355
Dr A Selvakumar	-	-	-	3.80	3.80	300
Sri P S Gopalakrishnan	-	-	-	2.00	2.00	Nil
Smt Priya Bhansali	-	-	-	1.60	1.60	Nil
Sri K P Ramakrishnan	-	-	-	3.00	3.00	Nil

#### Notes:

- The present tenure of appointment of Managing Director is governed by the Articles of Association of the company and the resolutions passed by the Board of Directors and members of the company. These cover the terms and conditions of such appointment.
- The Company has entered into an agreement with Managing Director for a period of 5 years with effect from 29th September 2015.
- The resignation of a director becomes effective upon its acceptance by the Board.
- No severance fee is payable to the Directors on termination of office.
- The company has no stock option scheme either to its directors or to its employees.
- None of the non-executive directors have any pecuniary relationship or transactions with the company.
- No remuneration (sitting fees) payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors.

### C. Stakeholders' Relationship Committee

#### Terms of reference

The terms of reference of this Committee are as per Part D of Schedule II B of the Listing Regulations and are given below.

- Resolving the grievances of the security holders of the listed entity including complaints related to Transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, Issue of new / duplicate certificates, general meeting etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by its Registrar and Share Transfer Agent

- d. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants /annual reports/statutory notices by the shareholders of the company.

### Composition

The composition of the Stakeholders' Relationship Committee is given below:

1. Dr M Manickam, Chairman
2. Sri M Balasubramaniam, Member
3. Dr A Selvakumar, Member

### Name, Designation and Address of Compliance Officer

S.Venkatesh, Company Secretary  
 Sakthi Finance Limited  
 (CIN:L65910TZ1955PLC000145)  
 62, Dr.Nanjappa Road  
 Post Box No.3745, Coimbatore - 641 018  
 Tel : (0422) 2231471-474, 4236200  
**E-mail : investors@sakthifinance.com**  
**Website: www.sakthifinance.com**

The Committee meets periodically to attend grievances of shareholders in connection with transfer of shares, transposition of shares and other investors' grievances.

The Committee held a meeting during the financial year on 22nd November 2018.

Name	No. of meetings held	No. of meetings attended
Dr. M Manickam	1	-
Sri M Balasubramaniam	1	1
Dr A Selvakumar	1	1

During the year, the Company received a complaint from a shareholder regarding non-credit of shares in his dematerialization account through SEBI SCORES. It was expeditiously attended to the satisfaction of the complainant. No complaint was pending as at the close of the financial year.

The Chairman of Stakeholders' Relationship Committee was present at the last Annual General Meeting.

## D. Asset Liability Management Committee

### Terms of reference

The Asset Liability Management Committee reviews the company's fiscal and risk management policies and practices adopted by the company.

### Composition

The composition of the Asset Liability Management Committee is given below:

1. Sri M Balasubramaniam, Vice Chairman and Managing Director (Chairman)
2. Sri M K Vijayaraghavan, Chief Financial Officer
3. Sri S Senthilkumar, Deputy General Manager (Finance and Accounts)

The committee held two meetings during the financial year on 25th May 2018, and 29th October 2018 and all the members attended the meetings.

## E. Risk Management Committee

### Terms of reference

The Risk Management Committee has been formed for the purpose of managing the inherent risks faced by the Company.

### Composition

The composition of the Risk Management Committee is given below:

1. Sri M Balasubramaniam, Vice Chairman and Managing Director
2. Dr A Selvakumar, Director

During the financial year, a Meeting was held on 29th March 2019 and all the members attended the meeting.

## F. Corporate Social Responsibility Committee (CSR Committee)

### Terms of reference

The role of CSR Committee is to formulate and recommend to the Board, a CSR Policy which shall:

1. indicate the activities to be undertaken as specified in Schedule VII to the Companies Act 2013;
2. recommend the amount of expenditure to be incurred on the CSR activities;
3. to monitor the CSR Policy of the Company from time to time;
4. prepare a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/activities proposed to be undertaken by the Company; and
5. to do all such acts, deeds and things as may be required in connection with the CSR activities.

The CSR Committee formulated and recommended the CSR Policy to the Board during the financial year 2015. The CSR Policy has been hosted on the website of the Company.

### Composition

The composition of CSR Committee is given below:

1. Sri P S Gopalakrishnan, Chairman
2. Dr A Selvakumar, Member
3. Sri M Balasubramaniam, Member

The Committee held a meeting during the financial year on 28th March 2019 and all the members attended the meeting.

## G. Finance and Investment Committee

### Terms of reference

The Committee is authorised to borrow, accept and approve sanctions/ modifications of credit facilities with the bankers and other financial institutions up to an amount not exceeding ₹ 50,000 lakh and to make necessary investments in compliance with RBI Directions.

### Composition

The composition of the Committee is given below:

1. Dr M Manickam, Chairman
2. Sri M Balasubramaniam, Vice Chairman and Managing Director
3. Dr A Selvakumar, Director

During the financial year, five Meetings were held on 29th August 2018, 24th December 2018, 11th March 2019, 21st March 2019 and 25th March 2019 for approving the borrowings of the company.

Name	No. of meetings held	No. of meetings attended
Dr. M Manickam	5	2
Sri M Balasubramaniam	5	5
Dr A Selvakumar	5	5

## H. Allotment Committee

### Terms of reference

The Committee is authorized to allot Equity Shares and other securities and to do such acts, deeds and things as may be deemed necessary or desirable in connection with such allotment of Equity Shares and other Securities.

### Composition

The composition of the Allotment Committee, the number of meetings held and the attendance of its members are given below:

1. Sri M Balasubramaniam, Vice Chairman and Managing Director
2. Dr A Selvakumar, Director
3. Sri K P Ramakrishnan, Director

During the financial year, thirty three Meetings were held on 20th April 2018, 21st April 2018, 21st May 2018, 2nd June 2018, 20th June 2018, 30th June 2018, 12th July 2018, 31st July 2018, 31st August 2018, 18th September 2018, 29th September 2018, 23rd October 2018, 31st October 2018, 8th November 2018, 14th November 2018, 20th November 2018, 30th November 2018, 10th December 2018, 13th December 2018, 24th December 2018, 27th December 2018, 7th January 2019, 10th January 2019, 14th January 2019, 25th January 2019, 29th January 2019, 6th February 2019, 18th February 2019, 25th February 2019, 1st March 2019, 15th March 2019, 29th March 2019 and 30th March 2019 for allotting preference shares, debentures and other debt securities on private placement basis.

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam, Chairman	33	33
Dr A Selvakumar, Member	33	33
Sri K P Ramakrishnan, Member	33	11

## I. NCD Issuance Committee

### Terms of reference

This Committee is formed for the purpose of:

- a. authorization of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as such authorized person in his/her/its absolute discretion may deem necessary or desirable in connection with the issue, offer and allotment of the NCDs;
- b. giving or authorizing the giving by persons concerned of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;
- c. appointing the lead manager(s) to the issue in accordance with the provisions of the Debt Regulations;
- d. seeking, if required, any approval, consent or waiver from the Company's lenders, and/or parties with whom the Company has entered into with various commercial and other agreements, and/or any/all government and regulatory authorities concerned in India, and/ or any other approvals, consents or waivers that may be required in connection with the issue, offer and allotment of the NCDs;
- e. deciding, approving, modifying or altering the pricing and terms of the NCDs, and all other related matters, including the determination of the size of the NCD issue up to the maximum limit prescribed by the Board;
- f. approval of the draft and final prospectus or disclosure document as the case may be (including amending, varying or modifying it, as may be considered desirable or expedient) as finalized



- in consultation with the Lead Managers, in accordance with all applicable laws, rules, regulations and guidelines;
- g. seeking the listing of the NCDs on any Indian stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection therewith;
  - h. appointing the Registrars and other intermediaries to the NCD Issue, in accordance with the provisions of the Debt Regulations;
  - i. finalization of and arrangement for the submission of the draft prospectus to be submitted to the Stock Exchange(s) for receiving comments from the public and the prospectus to be filed with the Stock Exchange(s) and any corrigendum, amendments, supplements thereto;
  - j. appointing the Debenture Trustees and execution of the Trust Deed in connection with the NCD Issue, in accordance with the provisions of the Debt Regulations;
  - k. authorization of the RTA for maintenance of register of NCD holders;
  - l. finalization of the basis of allotment of the NCDs including in the event of over-subscription;
  - m. finalization of the allotment of the NCDs on the basis of the applications received; acceptance and appropriation of the proceeds of the NCD Issue; and
  - n. to generally do any other act and/or deed, to negotiate and execute any document/s, application/s, agreement/s, undertaking/s, deed/s, affidavits, declarations and issue certificates and/or to give such direction as it deems fit or as may be necessary or desirable with regard to the NCD Issue.

#### **Composition**

The composition of NCD Issuance Committee is given below:

1. Sri M Balasubramaniam, Vice Chairman and Managing Director
2. Dr A Selvakumar, Director
3. Sri M Srinivaasan, Director

During the financial year, two Meetings were held on 23rd February 2019 and 28th March 2019.

#### **J. Policy Review Committee**

##### **Terms of reference**

The Committee is formed for the purpose of reviewing all regulatory policies of the company from time to time.

##### **Composition**

The composition of the Policy Review Committee is given below:

1. Sri M Balasubramaniam, Chairman
2. Dr A Selvakumar, Member
3. Smt Priya Bhansali, Member
4. Sri K P Ramakrishnan, Member

The Committee held two meetings during the financial year on 9th August 2018 and 29th March 2019.

<b>Name</b>	<b>No. of meetings held</b>	<b>No. of meetings attended</b>
Sri M Balasubramaniam, Chairman	2	2
Dr A Selvakumar, Member	2	2
Smt. Priya Bhansali, Member	2	1
Sri. K P Ramakrishnan, Member	2	2

## K. Information Technology (IT) Strategy Committee

### Terms of reference

1. Providing input to other Board Committees and Senior Management.
2. Carrying out review and amending the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.
3. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
4. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
5. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
6. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
7. Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls.

### Composition

The composition of Information Technology Strategy Committee is given below:

1. Dr A Selvakumar, Independent Director
2. Dr S Veluswamy, Chief Executive Officer
3. Sri M K Vijayaraghavan, Chief Financial Officer
4. Dr S Krishnaswamy, Chief Technology Officer (CTO)
5. Sri M Purushothaman, Associate Vice President, PMO
6. Sri N Raveendran, Senior General Manager (EWS)

The committee held three meetings during the financial year on 24th May 2018, 12th November 2018 and 28th February 2019.

Name	No. of meetings held	No. of meetings attended
Dr A Selvakumar, Member	3	3
Dr S Veluswamy, Chief Executive Officer	3	3
Sri M K Vijayaraghavan, Chief Financial Officer	3	3
Sri M Purushothaman, Associate Vice President, PMO	3	3
Sri N Raveendran, Senior General Manager (EWS)	3	3
Dr S Krishnaswamy, Chief Technology Officer (CTO)	3	2

## 4. SUBSIDIARY COMPANY

The company does not have any subsidiary company.

## 5. GENERAL BODY MEETINGS

- a. Details of date, time and venue where the last three Annual General Meetings held are given below:

Year	AGM	Date	Time	Venue
2018	61st	24th September 2018	12.00 Noon	Smt. Padmavathi Ammal Cultural Centre 1548, Avinashi Road, Peelamedu Coimbatore - 641 004
2017	60th	25th September 2017	12.05 p.m	
2016	59th	24th September 2016	4.30 p.m	

- b. Details of Special Resolutions passed in the previous three Annual General Meetings are as given below:

Date of AGM	Particulars of Special Resolutions passed
24th September 2018 (61st AGM)	<ol style="list-style-type: none"> <li>Continuation of Directorship of Sri P S Gopalakrishnan (DIN 00001446), Non-Executive Independent Director for the remaining period of his present tenure, from 1st April 2019 till 26th September 2019</li> <li>Issue of Secured or Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") and / or other Debt Securities on private placement basis for an amount not exceeding ₹ 750 Crore</li> </ol>
25th September 2017 (60th AGM)	Private Placement of Secured or Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") and/or other Debt Securities for an amount not exceeding ₹ 750 Crore
24th September 2016 (59th AGM)	<ol style="list-style-type: none"> <li>Alteration of Capital Clause in the Memorandum of Association</li> <li>Private Placement of Secured or Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") and/or other Debt Securities for an amount not exceeding ₹ 750 Crore</li> <li>Issue of Redeemable Cumulative Preference Shares on private placement basis for an amount not exceeding ₹ 30 Crore</li> </ol>

**c. Details of Postal Ballot**

During the year, a Postal Ballot was conducted by the Company for seeking the approval of the Members. Sri K Murali Mohan, Chartered Accountant, was appointed as the Scrutinizer to conduct the postal ballot and remote e-voting in a fair and transparent manner. The Company had engaged the services of Central Depository Services (India) Limited as the agency for the purpose of providing the e-voting facility.

The details of postal ballot are as follows:

Date of Postal Ballot Notice	: 12th January 2019
Voting Period	: 25th January 2019 to 23rd February 2019
Date of approval	: 25th February 2019
Date of Declaration of result	: 25th February 2019
Scrutinizer	: Sri K Murali Mohan FCA

**Details of Resolution(s):**

Name of the resolution	No of votes polled	% of votes polled on outstanding shares	Votes cast in favour		Votes cast against	
			No of votes	%	No of votes	%
Increasing the Authorized Share Capital of the Company	3,97,64,529	79.53	3,97,60,804	99.99	3,725	0.01
Alteration of Capital Clause in the Memorandum of Association of the Company	3,97,61,799	79.52	3,97,59,549	99.99	2,250	0.01
Consideration and Approval of Rights Issue of Equity Shares for an amount not exceeding ₹ 50 crores	3,97,61,460	79.52	3,97,57,720	99.99	3,740	0.01

- d. None of the resolutions proposed for the ensuing Annual General meeting need to be passed by Postal Ballot.
- e. No Special Resolution is proposed to be conducted through Postal Ballot as on the date of this Report.

## 6. MEANS OF COMMUNICATION

- a. The quarterly results are published in national/regional daily ("Business Line" in English and "The Hindu" in Tamil). The half-yearly results are not individually sent to the shareholders.
- b. The following are also promptly displayed on the Company's Website [www.sakthifinance.com](http://www.sakthifinance.com) and also filed with BSE Limited's on-line filing portal.
  - Financial Results, Shareholding Pattern, Corporate Governance Report, Annual Reports under "Investors Section"
  - Letters/intimation to Stock Exchanges in the "Investor Announcements" under "Investors Section".

## 7. MANAGEMENT

A detailed Management Discussion and Analysis Report forms part of the Board's Report and is given in **Annexure 1**.

## 8. DIRECTORS' APPOINTMENT / REAPPOINTMENT / CONTINUATION

Details of disclosure regarding reappointment of a Director liable to retire by rotation, appointment and continuation of Directorship are given in the Annexure to the Notice.

## 9. GENERAL SHAREHOLDER INFORMATION

### 62nd Annual General Meeting

Day, Date and Time : Monday, 23rd September 2019 at 12.15 p.m

Venue : Smt. Padmavathi Ammal Cultural Centre  
1548, Avinashi Road, Peelamedu  
Coimbatore - 641 004

### FINANCIAL CALENDAR FOR 2019-20

Unaudited financial results for the quarter ended June 2019 : On or before 14th Sept. 2019\*

Unaudited financial results for the quarter ending Sept. 2019 : On or before 14th December 2019\*

Unaudited financial results for the quarter ending Dec. 2019 : On or before 14th February 2020

Audited financial results for the year ending March 2020 : On or before 30th May 2020

Annual General Meeting for the year ending March 2020 : On or before 30th September 2019

\* Due to first time adoption of IND AS by the Company and as permitted by SEBI Circular dated 5th July 2016.

### DIVIDEND PAYMENT

After 23rd September 2019 but within stipulated period.

### LISTING ON STOCK EXCHANGES AND STOCK CODE

#### a. Listing

The equity shares are presently listed on BSE Limited, Mumbai. The listing fee has been paid to the exchange. The company has paid the annual custodial fee for the year 2019-20 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of beneficial accounts maintained by them as on 31st March 2019.

As per the terms and conditions of the Public Issue Prospectus dated 18th February 2015, your company redeemed Secured, Redeemable, Non-Convertible Debentures issued under Options VI, VII and VIII aggregating to ₹ 3,647.90 lakh. The redemption was made on 30th March 2019 to the respective Debenture holders.

**b. NCD Public Issue 2016**

As per the terms and conditions of the Public Issue Prospectus dated 30th March 2016, your company redeemed Non-Convertible Debentures issued under Options III, IV and V aggregating to ₹ 2,014.94 lakh. The redemption was made on 18th May 2019 to the respective Debenture holders.

**c. Details of NCDs listed with BSE Limited**

Option	ISIN	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Date of Maturity
VI	INE302E07144	935724	11.00	Monthly	18 May 2020
VII	INE302E07151	935726	11.00*	Annual	18 May 2020
VIII	INE302E07169	935728	NA	Cumulative	18 May 2020

**d. NCD Public Issue 2019 - Details of NCDs listed with BSE Limited**

Option	ISIN Code	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Date of Maturity
<b>A. Secured</b>					
I	INE302E07177	936674	9.50	Monthly	15 May 2021
II	INE302E07185	936676	NA	Cumulative	15 May 2021
III	INE302E07193	936678	9.75	Monthly	15 May 2022
IV	INE302E07201	936680	9.75*	Annual	15 May 2022
V	INE302E07219	936682	NA	Cumulative	15 May 2022
VI	INE302E07227	936684	10.00	Monthly	15 May 2023
VII	INE302E07235	936686	10.00*	Annual	15 May 2023
VIII	INE302E07243	936688	NA	Cumulative	15 May 2023
<b>B. Unsecured</b>					
IX	INE302E08027	936690	10.25	Monthly	15 June 2024
X	INE302E08035	936692	10.25*	Annual	15 June 2024
XI	INE302E08043	936694	NA	Cumulative	15 June 2024

\* The interest will be calculated on quarterly compounding basis and will be paid at the end of the year.

**e. The Company's Stock Code for equity shares is as follows:**

Stock Exchange	Stock Code
BSE Limited, Mumbai	511066

**f. International Securities Identification Number (ISIN)** INE302E01014

**g. Corporate Identification Number (CIN)** L65910TZ1955PLC000145

**h. Market Price Data**

The monthly high and low market prices of the company's equity shares traded on BSE Limited, Mumbai for the financial year 2018-19 are given below:

Month	BSE Price		BSE Sensex	
	High (₹)	Low (₹)	High	Low
April 2018	35.60	31.40	35213	32973
May 2018	34.30	26.00	35994	34303
June 2018	29.20	22.10	35877	34785
July 2018	28.20	22.60	37645	35107
August 2018	28.80	24.40	38990	37129
September 2018	27.50	20.00	38934	35986
October 2018	23.90	18.30	36617	33292
November 2018	24.00	21.30	36389	34303
December 2018	23.50	20.20	36555	34426
January 2019	21.90	17.70	36701	35376
February 2019	19.50	16.00	37172	35287
March 2019	20.20	17.10	38749	35927

REGISTRARS AND TRANSFER AGENT	DEBENTURE TRUSTEE
<b>SKDC Consultants Limited</b> (Unit: Sakthi Finance Limited) Regd Office: 'Kanapathy Towers' Third Floor, 1391/A-1, Sathy Road Ganapathy, Coimbatore - 641 006 Phone : (0422) 4958995, 2539835 - 836 Fax : (0422) 2539837 E-Mail : info@skdc-consultants.com Website : www.skdc-consultants.com	<b>Catalyst Trusteeship Limited</b> "Catalyst House" Plot No. 5 Bhusari Colony (Right) Paud Road, Pune - 411 038 Phone : (020) 25280081 Fax : (020) 25280275 E-mail : dt@ctltrustee.com Website : www.catalysttrustee.com

### Share Transfer System

All transfers/transmissions/Issue of Duplicate Share certificates received are processed by the Registrar and Transfer Agent and are approved by the Share Transfer Committee. Share transfers are registered and returned to the shareholders within the stipulated time, if the documents are in order.

Pursuant to Regulation 40(9) of the Listing Regulations, certificates, on half yearly basis, have been issued by a Company Secretary in practice with regard to due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participant's) Regulations 2018, certificates have also been received from a Company Secretary in Practice for:

- timely dematerialization of shares of the company; and
- reconciliation of the share capital of the company by conducting a share capital audit on a quarterly basis.

### DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH 2019

The distribution of shareholding as at 31st March 2019 is as under:

Share holding	No. of share holders	% of share holders	No. of shares	% of share holding
1 - 500	9,467	86.49	14,09,137	2.82
501 - 1000	767	7.01	6,05,244	1.21
1001 - 2000	334	3.05	4,95,101	0.99
2001 - 3000	132	1.21	3,34,887	0.67
3001 - 4000	52	0.48	1,86,443	0.37
4001 - 5000	52	0.48	2,40,009	0.48
5001 - 10000	74	0.68	5,19,788	1.04
10001 & above	66	0.60	4,62,09,391	92.42
<b>Total</b>	<b>10,944</b>	<b>100.00</b>	<b>5,00,00,000</b>	<b>100.00</b>

## SHAREHOLDING PATTERN AS AT 31ST MARCH 2019

The shareholding pattern as at 31st March 2019 is as under:

Category	No. of Shares	Percentage
Promoters / Promoter Group	3,21,07,125	64.21
Other bodies corporate	78,94,002	15.79
Banks, Financial Institutions and Mutual Funds	900	0.00
Non-resident Incorporated Entity	44,50,000	8.90
Non-Resident Indians	45,131	0.09
Resident public	51,23,814	10.25
Investor Education and Protection Fund	3,79,028	0.76
<b>Total</b>	<b>5,00,00,000</b>	<b>100.00</b>

## DEMATERIALIZATION OF SHARES

The Company's shares are compulsorily traded in dematerialized form and are admitted for trading under both the depositories of India viz. National Securities Depository Ltd ("**NSDL**") and Central Depository Services (India) Ltd ("**CDSL**"). 4,33,71,014 Equity Shares of the Company constituting 86.74% of the paid-up capital were dematerialized as on 31st March 2019.

## NOMINATION FACILITY

The company is accepting nomination forms from members in the prescribed Form SH-13. Any member, who is desirous of making a nomination, is requested to contact the Secretarial department at the Registered Office of the company or the Registrar and Transfer Agent. Members holding shares in dematerialized form are requested to forward their nomination instructions to the depository participant concerned. Nomination is only optional and can be cancelled or varied by the member at any time.

## OUTSTANDING GDRs OR ADRs OR WARRANTS OR ANY CONVERTIBLE INSTRUMENT'S CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The company has not issued GDRs or ADRs or Warrants or any convertible instruments.

## ADDRESS FOR CORRESPONDENCE

Sakthi Finance Limited

(CIN:L65910TZ1955PLC000145)

62, Dr. Nanjappa Road, Post Box No.3745, Coimbatore – 641 018

Tel: (0422) 2231471-474, 4236200

E-mail : [sakthif\\_info@sakthifinance.com](mailto:sakthif_info@sakthifinance.com) Website: [www.sakthifinance.com](http://www.sakthifinance.com)

## INVESTORS' CORRESPONDENCE

All investors correspondence should be addressed to the company's Registrars and Transfer Agent at the address mentioned above.

Contact Person: Sri K Marimuthu

Investors may also contact Sri S Venkatesh, Company Secretary and Compliance Officer at the Registered Office of the company for any investor grievance related matters.

Tel. Nos : (0422) 2231471-474, 4236207 E-mail : [svenkatesh@sakthifinance.com](mailto:svenkatesh@sakthifinance.com)

The company has designated the following exclusive E-mail Id for the convenience of investors.

[investors@sakthifinance.com](mailto:investors@sakthifinance.com)

## CREDIT RATING

Rating Agency	Term	Type	Rating
ICRA Limited	Short/Long Term	Fixed Deposit Programme	[ICRA] MA-Stable
	Long Term	Cash Credit Limits	[ICRA] BBB Stable
	Short Term	Working Capital Demand Loans	[ICRA] A2
	Long Term	Non-Convertible Debentures	[ICRA] BBB Stable



### **Mandatory Requirement of Permanent Account Number (PAN):**

SEBI has, by its Circular dated 7th January 2010, made it mandatory to furnish PAN copy in the following cases:

- Deletion of name of deceased shareholder(s), where shares are held in the name of two or more shareholders;
- Transmission of shares to the legal heir(s), where the deceased shareholder was sole holder;
- Transposition of shares: In case of change in order of names in which physical shares are held jointly in the name of two or more shareholders.

### **Code of Conduct for Prevention of Insider Trading**

Pursuant to the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended, the company has adopted a revised Code of Conduct to Regulate, Monitor and Report Trading by Insiders. Sri S Venkatesh, Company Secretary is the Compliance Officer. The Code of Conduct is applicable to all Directors and such designated employees of the Company and other connected persons who have access to unpublished price sensitive information relating to the company.

### **Disclosures relating to Unclaimed Shares Demat Suspense Account**

Pursuant to Regulation 39(4) of the Listing Regulations, the company opened a dematerialized account viz. Unclaimed Shares Dematerialized Suspense Account with Stock Holding Corporation of India Limited, Coimbatore in the name and style of "Sakthi Finance Limited-Unclaimed Shares Demat Suspense Account". The details of Unclaimed Shares Demat Suspense Account as on 31st March 2019 are as follows:

Sl No	Particulars	No. of Share holders	No. of Shares
1	Aggregate number of shareholders and outstanding shares lying in Unclaimed Shares Demat Suspense Account at the beginning of the year	34	2,975
2	Number of shareholders who approached for transfer of shares from Unclaimed Shares Demat Suspense Account during the year	–	–
3	Number of shareholders to whom Shares were transferred from Unclaimed Shares Demat Suspense Account during the year	–	–
4	Aggregate number of shareholders and outstanding shares lying in Unclaimed Shares Demat Suspense Account at the end of the year	34	2,975

The voting rights in the shares outstanding in the suspense account as on 31st March 2019 shall remain frozen till the rightful owners of such shares claim the shares.

## **10. OTHER DISCLOSURES**

### **a. Related Party Disclosures**

The details of transactions with related parties are disclosed in Note 32 of Notes forming an integral part of the financial statements. The Company has not entered into any other transactions of material nature with its promoters, directors or management, their relatives etc. that may have a potential conflict with the interest of the company at large. The policy on Related Party Transactions has been hosted on the website of the Company [www.sakthifinance.com](http://www.sakthifinance.com). The register of contracts or arrangements containing the transactions in which the directors are interested or concerned is placed before the Board for its information. The related party transactions entered into by the company in the ordinary course of business are periodically placed before the Audit Committee for its approval.

### **b. Details of Non-Compliance, Penalties and Strictures**

There are no instances of non-compliance by the company on any matters relating to capital markets, nor have any penalty/strictures been imposed on the company by Stock Exchanges or SEBI or any other statutory authority on any matter relating to capital markets during the last three years.

**c. Whistle Blower Policy/Vigil Mechanism**

The Company has adopted a Whistle Blower Policy/Vigil Mechanism to provide a formal mechanism to the Directors, employees and other external Shareholders to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The policy provides not only for adequate safeguards against victimization of employees who avail of this mechanism but also direct access to the Chairman of Audit Committee. No personnel of the Company have been denied access to the Chairman of the Audit Committee. During the year, no complaint was received in this regard.

**d. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities**

Our Company's operations do not give rise to any of these risks or activities.

**e. Plant Locations**

As the company is engaged in the business of Non-banking Financial services, this is not applicable.

**f. Details of utilization of funds raised through Preferential Allotment or Qualified Institutional Placement**

During the year under review, your Company has not raised funds through any Preferential Allotment or Qualified Institutional Placement as specified under Regulation 32(7A) of the Listing Regulations.

**g. Certificate from Company Secretaries regarding debarment or disqualification of Directors**

M/s. S Krishnamoorthy & Co, Company Secretaries, have certified that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as a Director of the Company by SEBI or Ministry of Corporate Affairs or any other statutory authority. The said certificate forms part of this report and is given in **Annexure A**.

**h. Disclosure in relation to recommendation made by Committees of the Board**

During the year under review, all recommendations of the Board Committees have been accepted by the Board.

**i. Total fee paid to the Statutory Auditors and all entities in the network firm/ entities**

The details of total fee for all the services paid by the Company to M/s.P K Nagarajan & Co (FRN: 0166765), Chartered Accountants, Statutory Auditors are given below:

<b>Payment to Statutory Auditors : FY 2018-19</b>	<b>(₹ Lakh)</b>
Statutory Audit	14.00
Other Services including reimbursement of expenses	11.37
<b>Total</b>	<b>25.37</b>

**j. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013**

Status of complaints for the Financial Year 2018-19 is as follows:

Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending as at the end of the financial year	Nil

**k. Accounting treatment in preparation of Financial Statements**

The Company has prepared the financial statements in accordance with the generally accepted Accounting principles in India (Indian GAAP) to comply with Accounting Standards specified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of the Companies Act 2013.

**l. Mandatory requirements**

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

#### m. Discretionary requirements

The company's status of compliance with the following discretionary requirements as specified in Regulation 27(1) read with Part E of Schedule II to the Listing Regulations are given below:

The Board	The Company does not maintain a separate office for Non-executive Chairman.
Shareholder Rights	The half-yearly financial results are published in leading newspapers and are also displayed on the Company's website <a href="http://www.sakthifinance.com">www.sakthifinance.com</a> . Therefore, the results are not being sent separately to the shareholders.
Modified opinion in Auditor's Report	During the year under review, there was no Audit qualifications in the Auditor's Report on the Company's financial statements.
Separate posts of Chairman and CEO	The post of Non-executive Chairman of the Board is separate from that of Managing Director.
Reporting of Internal Auditor	The Company has appointed a Practising Chartered Accountant as an internal auditor and he reports directly to the Audit Committee of the Company.

- n. The Company is in compliance with the disclosures required to be made under this report in accordance with Regulation 34(3) read with Schedule V(C) to the Listing Regulations.
- o. Disclosures on compliance with Corporate governance requirements specified in Regulations 17 to 27 have been included in the relevant Section of the report. Appropriate information has been placed on the Company's website pursuant to Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations.

#### p. CEO/CFO Certification

In accordance with Regulation 17(8) read with Part B of Schedule II to the Listing Regulations relating to CEO/CFO certification, Vice Chairman and Managing Director and Chief Financial Officer have given necessary certificate to the Board for the financial year ended 31st March 2019.

#### q. Auditor's certificate on Corporate Governance

As stipulated in Regulation 34(3) of Schedule V to the Listing Regulations, the Auditor's certificate on compliance of conditions of Corporate Governance is annexed to this Report.

- r. Information on the Company's website including composition of Committees, key policies, codes and charters, adopted by the Company are given below

Name of the Policy, Code or Charter	Brief description	Web Link
Terms of Appointment of Independent Directors	The appointment letter issued to Independent Directors detailing the broad terms and conditions of their appointment	<a href="https://sakthifinance.com/board-of-directors/">https://sakthifinance.com/board-of-directors/</a>
Board Committees	The composition of various committees of the Board	<a href="https://sakthifinance.com/board-of-directors/">https://sakthifinance.com/board-of-directors/</a>
Code of Conduct	The Code lays down the ethical standards that Directors and Senior Management Personnel have to observe in their professional conduct.	<a href="https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/policies/Code-of-conduct-for-Directors-and-Senior-Management.pdf">https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/policies/Code-of-conduct-for-Directors-and-Senior-Management.pdf</a>

Name of the Policy, Code or Charter	Brief description	Web Link
Whistleblower Policy (Vigil Mechanism)	Whistleblower Policy has been formulated for Directors and employees of the Company to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct.	<a href="https://sakthifinance.com/wp-content/uploads/2019/05/SFL_Whistle_Blower_Policy_May2019.pdf">https://sakthifinance.com/wp-content/uploads/2019/05/SFL_Whistle_Blower_Policy_May2019.pdf</a>
Policy on Related Party Transactions	This policy deals with related party transactions and regulation of all transactions between the Company and its related parties.	<a href="https://sakthifinance.com/wp-content/uploads/2019/05/SFL_RPT_Policy_May 2019.pdf">https://sakthifinance.com/wp-content/uploads/2019/05/SFL_RPT_Policy_May 2019.pdf</a>
Familiarisation Programme	For Independent Directors through various programmes/presentations	<a href="https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/fpd/Familiarisation-Programme-2019.pdf">https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/fpd/Familiarisation-Programme-2019.pdf</a>
Policy on determination of Materiality for Disclosure of Event / Information	The policy applies to disclosures of material events affecting the Company.	<a href="https://sakthifinance.com/wp-content/uploads/2019/05/SFL_Policy_on_Material_Event.pdf">https://sakthifinance.com/wp-content/uploads/2019/05/SFL_Policy_on_Material_Event.pdf</a>
Policy on Preservation of documents	The policy provides guidelines for archiving of corporate records and documents as required by various statutes.	<a href="https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/policies/Preservation-of-Documents-and-its-Archival.pdf">https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/policies/Preservation-of-Documents-and-its-Archival.pdf</a>
Corporate Social Responsibility Policy	The policy outlines the Company's strategic policy on society through programmes focussing on Health, Education etc.	<a href="https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/policies/CSR-Policy.pdf">https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/policies/CSR-Policy.pdf</a>
Policy on Disclosure of material events	This policy provides timely, adequate and uniform dissemination of information and disclosure of Unpublished Price Sensitive information to provide accurate and timely communication to our shareholders and the financial markets.	<a href="https://sakthifinance.com/wp-content/uploads/2019/05/SFL_Policy_on_Material_Event.pdf">https://sakthifinance.com/wp-content/uploads/2019/05/SFL_Policy_on_Material_Event.pdf</a>
Investor Education and Protection Fund (IEPF)	Statement of unclaimed and unpaid amounts of Dividend, Debentures and Deposits	<a href="https://sakthifinance.com/investor-information/">https://sakthifinance.com/investor-information/</a>

For and on behalf of the Board

5th August 2019  
Coimbatore

**M MANICKAM**  
Chairman

**ANNUAL DECLARATION BY VICE CHAIRMAN AND MANAGING DIRECTOR PURSUANT TO REGULATION 34(3) READ WITH SCHEDULE V TO THE LISTING REGULATIONS**

I, M Balasubramaniam, Vice Chairman and Managing Director, hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct and Ethics for the year ended 31st March 2019.

5th August 2019  
Coimbatore

For Sakthi Finance Limited  
**M BALASUBRAMANIAM**  
Vice Chairman and Managing Director

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(In terms of Regulation 34(3) read with Schedule V Para C Clause(10)(i) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015]

To

The Members of  
 Sakthi Finance Limited  
 62, Dr.Nanjappa Road  
 Coimbatore - 641018

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sakthi Finance Limited (CIN: L65910TZ1955PLC000145) having registered office at 62, Dr. Nanjappa Road, Coimbatore 641018 produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Sub Clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

In our opinion and to the best of our information and according to the verification at MCA Portal as considered necessary and explanations furnished to us by the Company and its Officers, we hereby certify that, none of the directors on the Board of Sakthi Finance Limited ("**the Company**") as stated below for the financial year ended as on the 31st March 2019, have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India (SEBI), the Ministry of Corporate Affairs, Government of India (MCA) or such other Statutory Authority.

Sl No	Name of the Director	Nature of Directorship	Director's Identification Number
1	Mahalingam Manickam	Chairman	00102233
2	Balasubramaniam Mahalingam	Vice Chairman and Managing Director	00377053
3	Srinivaasan Mahalingam	Non Executive Non Independent Director	00102387
4	Arumugam Selvakumar	Independent Director	01099806
5	Gopalakrishnan Subramaniam Puthucode	Independent Director	00001446
6	Priya Bhansali	Independent Director	00195848
7	Kollengode Padmanabhan Ramakrishnan	Independent Director	07029959

We wish to state that the management of the Company is responsible to ensure the eligibility of a person for appointment / continuation as a Director on the Board of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. Krishnamurthy & Co.,  
 Company Secretaries  
 R.Sivasubramanian  
 Partner  
 Membership No. A22289  
 Certificate of Practice No.12052

5th August 2019  
 Coimbatore

## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the members of Sakthi Finance Limited,

We have examined the compliance of conditions of Corporate Governance by Sakthi Finance Limited ("**the Company**"), for the year ended 31st March 2019, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (collectively referred to as "**SEBI Listing Regulations 2015**").

The compliance of conditions of corporate governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementations thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations 2015 for the year ended 31st March 2019.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

5th August 2019  
Coimbatore

For P K Nagarajan & Co  
Chartered Accountants  
Firm Regn. No.: 016676S  
P K Nagarajan  
Partner  
Membership No:025679  
UDIN : 19025679AAAAAI7565

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2018-19**
**1. A brief outline of the Company's CSR Policy, including overview of the projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and project and Programs**

The Company has adopted a CSR policy within the broad scope laid down in Schedule VII to the Act as projects/programs/activities, excluding activities in its normal course of business. The CSR Policy of the Company is available on the website of the company under the following link: <https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/policies/CSR-Policy.pdf>

**2. The composition of CSR Committee is given below:**

- a. Sri P S Gopalakrishnan, Chairman
- b. Dr A Selvakumar, Member
- c. Sri M Balasubramaniam, Member

**3. Average net profits of the Company for the last three financial years: ₹ 2,039.31 lakh**
**4. Prescribed CSR Expenditure (two percent of the amount as mentioned in item 3 above) : ₹ 40.79 lakh**
**5. Details of CSR spent during the financial year 2018-19 (₹ lakh)**

Particulars	Amount
Total amount spent for the financial year	40.79
Amount unspent, if any	Nil

**Manner in which the amount spent during the financial year is detailed below:**

Sl No	CSR project or activity identified	Sector in which the Project is covered	Projects or programmes: (1) Local area or other (2) Specify the State and district where Projects or programs were undertaken	Amount outlay (budget) project or program wise (₹ lakh)	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads (₹ lakh)	Cumulative Expenditure up to the reporting period (₹ lakh)	Amount spent: Direct or through implementing agency
1	Appropriate sponsorship to community /social / charitable institutions of repute engaged in activities in line with our CSR Policy	Promoting education, enhancing vocational skills	Local areas and others	–	32.53	32.53	Direct
2	Rural Development, Healthcare and Sanitation	Healthcare	Local areas and others	–	8.26	40.79	Direct
<b>Total CSR spent</b>					<b>40.79</b>		



7. **In case the Company has failed to spend the two per cent of the average net profits for the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in Board's Report.**

Not Applicable

8. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objective and policy of the Company.**

Pursuant to the provisions of Section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the CSR Committee states that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and policy of the Company.

5th August 2019  
Coimbatore

M. Balasubramaniam  
Vice Chairman and  
Managing Director  
(Member)

P.S. Gopalakrishnan  
Chairman (CSR Committee)

**Form No. MR-3****Secretarial Audit Report for the financial year ended 31st March 2019**

[Pursuant to Section 204(1) of the Companies Act 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014]

To

The Members

**Sakthi Finance Limited** (CIN:L65910TZ1955PLC000145)

62, Dr. Nanjappa Road, Coimbatore - 641018

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **SAKTHI FINANCE LIMITED** (hereinafter called "the Company") **during the financial year from 1st April 2018 to 31st March 2019** ("the year"/"audit period"/"period under review").

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing our opinion thereon.

We issue this report based on

- i. Our examination / verification of the physical / electronic books, papers, minute books and other records maintained by the Company and furnished to us, forms / returns filed and compliance related action taken by the Company during the year as well as after 31st March 2019 but before the issue of this audit report;
- ii. Our observations during our visits to the Registered office of the Company;
- iii. Compliance certificates confirming compliance with all laws applicable to the Company given by the key managerial personnel / senior managerial personnel of the Company and taken on record by the Audit Committee / Board of Directors; and
- iv. Representations made, physical/electronic documents shown and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31st March 2019 the Company has complied with the statutory provisions listed hereunder; and has Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read this report along with our letter of even date annexed to this report as **Annexure - A**.

**1. Compliance with specific statutory provisions**

We further report that:

- 1.1. We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year, according to the applicable provisions / clauses of:
  - i. The Companies Act 2013 and the rules made thereunder ("**the Act**").
  - ii. The Securities Contracts (Regulation) Act 1956 and the rules made thereunder.
  - iii. The Depositories Act 1996 and the regulations and bye-laws framed thereunder.
  - iv. The following Regulations prescribed under the Securities and Exchange Board of India Act 1992 ("**SEBI Regulations**"):
    - a. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008;
    - b. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations ("**SEBI ICDR**") 2009 (up to November 09, 2018) and the SEBI ICDR 2018 (from November 10, 2018);

- c. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011;
  - d. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015; and
  - e. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (LODR).
  - v. The following law is specifically applicable to the Company (Specific laws):
    - Chapter III B of the Reserve Bank of India Act 1934 and the directions/guidelines/circulars/notifications issued thereunder by the Reserve Bank of India (RBI) to the extent applicable to a deposit-taking non-banking finance company;
  - vi. The listing agreement entered into by the Company with BSE Limited (BSE) (Agreement).
  - vii. Foreign Exchange Management Act 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (FEMA);
  - viii. Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards).
- 1.2. During the period under review and also considering the compliance related action taken by the Company after 31st March 2019 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:
- i. Complied with the applicable provisions / clauses of the Acts, Rules, SEBI Regulations and Specific laws mentioned under sub-paragraphs (i), (ii), (iii), (iv)(a) to (iv)(e), (v) to (vii) of paragraph 1.1 above; and
  - ii. Generally complied with the applicable provisions of Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) mentioned under paragraph 1.1.(viii) above to the extent applicable to Board meetings and General meetings. Secretarial Standards on 'Dividend' (SS-3), being non-mandatory has not been adopted by the Company. Secretarial Standards - 4 (SS-4) on 'Report of the Board of Directors' (non-mandatory) came into effect from October 01, 2018, after approval of the report of the Board of Directors for the financial year ended March 31, 2018; and hence compliance with same did not arise during the year.
- 1.3 We are informed that, during / in respect of the year, due to non-occurrence of certain events, the Company was not required to comply with the following laws / rules / regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms / returns under:
- i. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings (FEMA);
  - ii. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding the Companies Act 2013 and dealing with client;
  - iii. Securities and Exchange Board of India (Buy Back of Securities) Regulations 1998;
  - iv. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009; and
  - v. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014.

## 2. Board processes

We further report that:

- 2.1 The constitution of the Board of Directors of the Company during the year was in compliance with the applicable provisions of the Companies Act, 2013 ("**the Act**") and SEBI LODR.
- 2.2 As on 31st March 2019, the Board has:
  - i. 1 (One) Executive Director
  - ii. 2 (Two) Non-Executive Non Independent Directors
  - iii. 4 (Four) Non-Executive Independent Directors including a Woman Independent director.

- 2.3 The processes relating to the following changes in the composition of the Board of Directors during the year were carried out in compliance with the provisions of the Act and LODR:
- Re-appointment of Dr.M.Manickam (DIN 00102233) as a Director, upon retirement by rotation at the 61st Annual General Meeting held on 24th September 2018.
  - Continuation of Sri.P.S.Gopalakrishnan (DIN 00001446) as a Non Executive Independent Director from 1st April 2019 to 26th September 2019.
- 2.4 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings.
- 2.5 Notice of Board meetings were sent to the directors at least seven days in advance.
- 2.6 Agenda and detailed notes on agenda were sent to the directors at least seven days before the Board meetings.
- 2.7 Agenda and detailed notes on agenda for the following items were either circulated separately less than seven days before or at the Board meetings and consent of the Board for so circulating them was duly obtained as required under SS-1:
- Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited financial statement/results, unaudited financial results and connected papers; and
  - Additional subjects/ information/ presentations and supplementary notes.
- 2.8 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings
- 2.9 We are informed that, at the Board meetings held during the year:
- Majority decisions were carried through; and
  - No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

### 3. Compliance mechanism

We further report that:

- 3.1 There are reasonably adequate systems and processes in the Company, commensurate with the Company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

### 4. Specific events/actions

- 4.1 During the year, the following specific events/ actions having a major bearing on the Company's affairs took place, in pursuance of the above referred laws, rules, regulations and standards:
- Members have accorded their approval at the 61st Annual General Meeting held on 24th September 2018 by way of Special Resolution, to offer, issue and allot, in one or more tranches, secured or unsecured, listed or unlisted, Non-Convertible Debentures (NCDs), subordinated bonds and /or other debt securities for an amount not exceeding ₹ 750 Crores, on private placement basis, during the period of one year commencing from the 61st Annual General Meeting.
  - Secured, Redeemable, Non-Convertible Debentures (Options VI, VII and VIII) allotted under Public Issue Prospectus dated 18th February 2015 amounting to ₹ 3,647.90 Lakhs due for redemption on 1st April 2019 were redeemed on 30th March 2019. With this the entire NCD's were redeemed under the Public Issue Prospectus dated 18th February 2015.
  - Secured, Redeemable, Non-Convertible Debentures (Options III, IV and V) allotted under Public Issue Prospectus on 30th March 2016 amounting to ₹ 2,014.94 Lakhs due for redemption on 18th May 2019 were redeemed on 18th May 2019;
  - Allotted 6,65,000 9% Redeemable, Cumulative, Preference Shares of ₹ 100 each on 20th April 2018;
  - Redeemed 3,02,450 10% Redeemable, Cumulative, Preference Shares aggregating to ₹ 3,02,45,000 on various dates during the financial year;

- vi. Filed Prospectus for Public Issue of Secured and Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") up to ₹ 100 Crores with an option to retain over subscription up to ₹ 50 Crores aggregating to ₹ 150 Crores with Registrar of Companies, Tamilnadu, Coimbatore on 28th March 2019 and it has been registered with ROC on 29th March 2019; and
- vii. Members have accorded their approval through Postal Ballot on 23rd February 2019 for the following items:
- To Increase the Authorised Capital of the Company from ₹ 100 Crores to ₹ 130 Crores
  - Alteration of Capital Clause 5 of Memorandum of Association consequent to the increase in the Authorised Capital of the Company.
  - Rights issue of equity shares for an amount not exceeding ₹ 50 Crores.

For S Krishnamurthy & Co.,  
Company Secretaries

R. Sivasubramanian  
Partner

Membership No: A22289

Certificate of Practice No: 12052

5th August 2019  
Coimbatore

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#### **Annexure - A to Secretarial Audit Report of even date**

To

The Members

Sakthi Finance Limited (CIN: L65910TZ1955PLC000145)

62, Dr. Nanjappa Road, Coimbatore - 641018

**Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2019 is to be read along with this letter**

- The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
- We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
- While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2019 but before the issue of this report.
- We have considered compliance related actions taken by the Company based on independent legal/professional opinion / certification obtained as being in compliance with law.
- We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We have also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
- Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S Krishnamurthy & Co.,  
Company Secretaries

R. Sivasubramanian  
Partner

Membership No: A22289

Certificate of Practice No: 12052

5th August 2019  
Coimbatore

**PARTICULARS OF EMPLOYEES**
**Annexure - 7**
**1. Details of remuneration as required under Section 197(12) of the Companies Act 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014**
**A. Ratio of remuneration of each director to the median remuneration of the Company for the financial year 2018-2019**

Sl No	Name and Designation of the Director	Remuneration for FY 2018-19 (₹ lakh)	Ratio to median remuneration
1	Dr M Manickam, Chairman	0.80	0.26:1
2	Mr M Balasubramaniam, Vice Chairman and Managing Director	114.63	37.09:1
3	Sri M Srinivaasan, Director	1.40	0.45:1
4	Dr A Selvakumar, Director	3.80	1.23:1
5	Sri P S Gopalakrishnan, Director	2.00	0.65:1
6	Smt Priya Bhansali, Director	1.60	0.52:1
7	Sri K P Ramakrishnan	3.00	0.97:1

**B. Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary for the financial year**

Sl No	Name and Designation of the Director / Key Managerial Personnel (KMP)	Remuneration for FY 2018-19 (₹ lakh)	% increase in remuneration in FY 2018-19
1	Dr M Manickam, Chairman	0.80	(43)
2	Mr M Balasubramaniam, Vice Chairman and Managing Director	114.63	(1.92)
3	Sri M Srinivaasan, Director	1.40	75
4	Dr A Selvakumar, Director	3.80	27
5	Sri P S Gopalakrishnan, Director	2.00	25
6	Smt Priya Bhansali, Director	1.60	-
7	Sri K P Ramakrishnan	3.00	67
8	Dr S Veluswamy, Chief Executive Officer	32.20	25
9	Mr M K Vijayaraghavan, Chief Financial Officer	35.87	6
10	Mr S Venkatesh, Company Secretary	16.95	6

Note: Non-executive Directors were paid only sitting fees during the year.

**C. Other Information**

i	the percentage increase in the median remuneration of all employees in the financial year 2018-19.	2.80
ii	the number of permanent employees on the rolls of the company as on 31st March 2019.	479
iii	average percentile increase already made in the salaries of employee other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average increase in salaries of employees other than managerial personnel for 2018-19 was 1.26%. Percentage increase in the managerial remuneration for the year was 3.64%
iv	affirmation that the remuneration is as per the remuneration policy of the company.	The Company affirms that remuneration to the employees during the financial year is as per the remuneration policy of the Company.

**2. Statement of particulars of employees pursuant to the provisions of Section 197(12) of the Companies Act 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014**  
**Particulars of Top 10 Employees in terms of remuneration drawn during the year 2018-19**

Sl No	Name of the Employee	Designation of the employee	Remuneration received (₹ lakh)	Qualifications	Total Experience (Years)	Date of commencement of employment	Age (in years)	Last employment held before joining the company
1	Mr M Balasubramaniam	Vice Chairman and Managing Director	114.63	M.Com, MBA (USA)	34	21/08/1985	61	Director, ABT Industries Limited
2	Dr S Veluswamy	Chief Executive Officer	32.20	M.Com,ACS, Ph.D	38	01/04/1994	60	Asst Company Secretary, Sakthi Sugars Limited
3	Mr M K Vijayaraghavan	Chief Financial Officer	35.87	B.Com,FCA	44	10/07/2009	69	Chief Financial Officer - Sakthi Sugars Limited
4	Dr K Natesan	President	26.15	MA, LLB, MBA, Ph.D	38	03/04/1992	60	Asst Manager (Personnel), Tamilnadu Telecommunications Limited
5	Mr K Guruprasad	Senior Vice President	25.83	B.Com, MBA Grad ICMA (Inter), CAIIB	46	03/05/1996	69	Regional Incharge, State Bank of India
6	Mr N Radhakrishnan	Vice President (Operations)	24.44	B.Sc., MBA	26	01/09/2004	50	Senior Manager, ABT Industries Limited
7	Dr G Sundar	Vice President	22.49	MA, MBA,	39	20/01/1997	63	Manager, Union Bank of India
8	Dr N Raveendran	Senior General Manager	22.11	B.Com.,MBA Ph.D	38	11/06/2009	59	Senior Manager (IT Services), Pricol Limited
9	Mr A Sagayaraj Joseph	General Manager	20.63	B.Com	29	01/12/2005	56	Regional Credit Manager, Cholamandalam Finance and Investment Company Limited
10	Mr M Purushothaman	Associate Vice President	18.96	B.Sc., MBA	36	02/06/2010	60	Head - Strategic Planning, BK Group, Kolkata

**Notes:**

- the above table is based on payouts made during the year.
- Remuneration includes salary, bonus, various allowances, contribution to Provident Fund, Superannuation Fund, Gratuity Fund and taxable value of perquisites calculated in accordance with the Income Tax Act / Rules.
- None of the employees mentioned above is related to any director of the Company except Vice Chairman and Managing Director.
- During the Financial year 2018-19, no employee was in receipt of remuneration in excess of the Managing Director of the Company and held himself or along with his spouse and dependent children two percent or more of the equity shares of the company.
- The appointment of Managing Director is contractual in nature.



## INDEPENDENT AUDITOR'S REPORT

To

The Members of Sakthi Finance Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **SAKTHI FINANCE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019 and its profit and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act 2013 and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in Audit
<p><b>Asset Classification</b></p> <p>Accuracy in identification and categorization of receivables from financing activities as performing and non-performing assets and in ensuring appropriate asset classification, existence of security, income recognition, provisioning/ write-off thereof and completeness of disclosure including compliance in accordance with the applicable extant guidelines issued by Reserve Bank of India (RBI).</p>	<p>We have assessed the systems and processes laid down by the company to appropriately identify and classify the receivables from financing activities including those in place to ensure correct classification, income recognition and provisioning/ write-off including of Non-performing assets as per applicable RBI guidelines. The audit approach included testing the existence and effectiveness of the control environment laid down by the management and conducting of detailed substantive verification on selected samples of continuing and new transactions in accordance with the principles laid down in the Standards on Auditing and other guidance issued by Institute of Chartered Accountants of India. Agreements entered into regarding significant transactions including related to Hire Purchase and Pronote Loans have been examined to ensure compliance. We have also reviewed the reports generated</p>

	<p>from management information systems, audit/ inspection reports issued by the internal/secretarial auditors and Reserve Bank of India. The impact of all significant external and internal events including those if any, subsequent to balance sheet date have been taken into consideration for the above purposes. Compliance with material disclosure requirements prescribed by RBI guidelines and other statutory requirements have been verified.</p>
<p><b>Information Technology System</b></p> <p>The dependence of Information technology (IT) system is run throughout the operating cycle of the company. Hence the reliability on Company's key financial accounting and reporting processes are tied with the effectiveness and efficiency of IT systems, IT controls over the voluminous transactions, process around such information systems and the usage of information from such systems. We observed that any probability of deficiencies in control over IT systems such as validation failures, incorrect input data, improper segregation of duties, unauthorized access to IT system, lack of monitoring may result in the financial accounts and report being misstated. In view of the same, we have considered this as Key Audit Matter and had focus on IT systems and controls, user access management, segregation of duties, system reconciliation controls and system application controls due to the complexity of the IT environment, huge daily operational volume across numerous locations and the reliance on automated and IT dependent manual controls.</p>	<p>Our audit procedures focused on the IT infrastructure and applications relevant to the financial reporting:</p> <p>Evaluating the IT policy and procedures of the Company in accordance with accepted standards, guidelines and practices.</p> <p>Reviewing the organizational structure with job description, managerial policy and deployment of IT resources with respect to segregation of duties in IT environment to ensure that unauthorized data entry cannot take place and unauthorized programs are not allowed to run.</p> <p>The aspects covered in the IT systems General Control audit were (i) User Access Management (ii) System maintenance control have been ensured by understanding the design and the operating effectiveness of such controls in the system; Understanding updation that were made to the IT landscape during the audit period and assessing the relevant information for financial reporting;</p> <p>Application level embedded controls have been reviewed by performing validation checks, test check on logical access controls, a run through test to ensure non-manipulation of transaction entered into the system and other compensatory controls, wherever applicable.</p>

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

The Annual report is expected to be made available to us after the date of this Auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

### Responsibilities of Management and those charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these financial statements that give a true and

fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order 2016 ("the Order"), issued by the Central Government of India in exercise of the powers conferred by sub-section (11) of Section 143 of the Companies Act 2013, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
- (e) On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us;
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note No.26 to the financial statements.
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) There has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund within due dates except for ₹ 1,18,250 on a legal restriction as described in Note 8 to the financial statements.

For P K Nagarajan & Co.,  
Chartered Accountants  
Firm Regn. No.: 016676S

P K Nagarajan  
Partner  
Membership No.025679

Coimbatore  
29th May 2019

**Annexure-'A'** referred to in our Independent Auditors' report to the members of the company on the financial statements for the year ended 31st March 2019, we report that:

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) These fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note No.10 to the financial statements, are held in the name of the company.
- ii. The company does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the Order are not applicable to the company.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act 2013. Therefore, the provisions of Clause 3(iii) (a) to (c) of the order are not applicable to the company.
- iv. In our opinion and according to the information and the explanations given to us, the company has not given/provided any loans, guarantee and securities to parties mentioned in section 185 of the Companies Act 2013. The provisions of Section 186 is not applicable to the Company as it is a Non-Banking Financial Company.
- v. The company has accepted deposits from the public. The directives issued by the Reserve Bank of India (RBI) and provisions of Section 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed thereunder, wherever applicable, have been complied with. No order has been passed by National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi. The Central Government has not specified the maintenance of Cost Records under sub-section (1) of Section 148 of the Companies Act, 2013 for the activities of the company.
- vii. a) The company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, goods and service tax, cess and any other applicable material statutory dues with the appropriate authorities. There are no such statutory dues as at the last day of the financial year, remaining in arrears for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, the disputed statutory dues (in case of income tax, service tax and cess) aggregating to ₹ 1,338.12 Lakhs that have not been deposited on account of matters pending before appropriate authority are as under:

Name of the Statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	9.83	AY 2012-13	Assessing Officer
Finance Act 1994	Service Tax	1328.29	Oct 2009 to Sept 2014	High Court of Madras
	Total	1338.12		

- viii. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks, Government and debenture holders during the year.
- ix. In our opinion and according to the information and the explanations given to us, the Company has utilized the money raised by way of term loans during the year for the purpose for which those were raised. The Company has not raised money by way of public offer during the year.

- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on the examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, para 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the notes to the financial statements as required under the Accounting Standard (AS) 18.
- xiv. During the year under review, the company has made private placement of preference shares and the requirements of Section 42 of the Act have been complied with. The amounts raised have been used for the purpose for which they were raised. Further, during the year, the company has neither made any fully or partly convertible debentures nor any preferential allotment of shares.
- xv. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with the Directors or persons connected with them. Accordingly, para 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us, we report that the company has registered as required, under Section 45-IA of the Reserve Bank of India Act 1934.

For P K Nagarajan & Co.,  
Chartered Accountants  
Firm Regn. No.: 016676S

P K Nagarajan  
Partner  
Membership No.025679

Coimbatore  
29th May 2019

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## **Annexure-'B' to the Independent Auditor's report of even date on the Financial Statements of SAKTHI FINANCE LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of the Act**

We have audited the internal financial controls over financial reporting of Sakthi Finance Limited ("the Company") as of 31st March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's responsibility for Internal Financial Controls:**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of the internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act 2013.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing

issued by ICAI and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risks. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error.

We believe that the audit evidence, we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system over financial reporting.

### **Meaning of Internal Financial Control Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls over financial reporting includes those policies and procedures that:

- 1) pertains to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditure of the company are being made only in accordance with authorizations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in condition, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

Coimbatore  
29th May 2019

For P K Nagarajan & Co.,  
Chartered Accountants  
Firm Regn. No.: 0166765

P K Nagarajan  
Partner  
Membership No.025679



**BALANCE SHEET AS AT 31ST MARCH 2019**

(₹ Lakhs)

Particulars	Note	As at 31st March 2019	As at 31st March 2018
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	6,500.00	6,137.45
Reserves and Surplus	4	11,217.69	10,790.14
		<u>17,717.69</u>	<u>16,927.59</u>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	5	44,627.89	45,749.87
Deferred Tax Liabilities (net)	6	139.62	244.56
		<u>44,767.51</u>	<u>45,994.43</u>
<b>Current Liabilities</b>			
Short-Term Borrowings	7	18,375.85	18,870.10
Other Current Liabilities	8	28,838.05	25,202.54
Short-Term Provisions	9	2,637.95	2,355.52
		<u>49,851.85</u>	<u>46,428.16</u>
<b>TOTAL</b>		<u><b>112,337.05</b></u>	<u><b>109,350.18</b></u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	10		
- Tangible Assets		5,860.22	5,917.46
- Intangible Assets		342.30	359.00
- Capital Work-in-Progress		163.22	74.87
Non-Current Investments	11	2,956.36	2,566.44
Long-Term Loans and Advances	12	1,075.58	1,070.97
		<u>10,397.68</u>	<u>9,988.74</u>
<b>Current Assets</b>			
Current Investments	13	-	136.31
Stock on Hire	14	93,525.21	90,161.19
Trade Receivables	15	176.46	123.65
Cash and Bank Balances	16	4,090.55	5,202.88
Short-Term Loans and Advances	17	3,912.88	3,578.94
Other Current Assets	18	234.27	158.47
		<u>101,939.37</u>	<u>99,361.44</u>
<b>TOTAL</b>		<u><b>112,337.05</b></u>	<u><b>109,350.18</b></u>

The accompanying Notes form an integral part of the financial statements 1-38

As per our report attached  
 For P.K.Nagarajan & Co  
 Chartered Accountants  
 Firm Regn. No.:0166765  
**P.K.NAGARAJAN**  
 Partner  
 Membership No.025679

29th May 2019  
 Coimbatore

For and on behalf of the Board

**M. BALASUBRAMANIAM**  
 Vice Chairman and Managing Director

**M. MANICKAM**  
 Chairman

**S. VENKATESH**  
 Company Secretary

**S. VELUSWAMY**  
 Chief Executive Officer

**M.K. VIJAYARAGHAVAN**  
 Chief Financial Officer

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019**

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2019	For the year ended 31st March 2018
<b>REVENUE FROM OPERATIONS</b>			
Income from Operations	19	16,521.01	16,597.86
Other Income	20	247.46	258.11
<b>Total Revenue</b>		<b>16,768.47</b>	<b>16,855.97</b>
<b>EXPENSES</b>			
Employee Benefits Expense	21	2,446.67	2,373.06
Finance Costs	22	9,893.07	9,993.28
Depreciation and Amortization Expense	23	352.51	331.92
Other Expenses	24	1,772.92	1,652.67
Provisions and Write-off	25	616.59	607.05
Contingent Provision against Standard Assets		12.00	44.04
<b>Total Expenses</b>		<b>15,093.76</b>	<b>15,002.02</b>
<b>Profit before Exceptional and Extraordinary Items and Tax</b>		<b>1,674.71</b>	<b>1,853.95</b>
Exceptional Items		-	-
<b>Profit before Extraordinary Items and Tax</b>		<b>1,674.71</b>	<b>1,853.95</b>
Extraordinary Items		-	-
<b>Profit before Tax</b>		<b>1,674.71</b>	<b>1,853.95</b>
<b>Tax Expense:</b>		<b>478.36</b>	<b>661.32</b>
- Current Tax		583.30	839.28
- Deferred Tax		(104.94)	(180.23)
- Provision for Taxation (earlier years)		-	2.27
<b>Profit after tax from continuing operations</b>		<b>1,196.35</b>	<b>1,192.63</b>
<b>Earnings per Equity Share</b>			
Par Value per Equity Share (₹)		10.00	10.00
- Basic (₹)		2.06	2.12
- Diluted (₹)		2.06	2.12
The accompanying Notes form an integral part of the financial statements	1-38		

 As per our report attached  
 For P.K.Nagarajan & Co  
 Chartered Accountants  
 Firm Regn. No.:016676S

**P.K.NAGARAJAN**

 Partner  
 Membership No.025679

 29th May 2019  
 Coimbatore

For and on behalf of the Board

**M. BALASUBRAMANIAM**

Vice Chairman and Managing Director

**M. MANICKAM**

Chairman

**S. VENKATESH**  
 Company Secretary

**S. VELUSWAMY**  
 Chief Executive Officer

**M.K. VIJAYARAGHAVAN**  
 Chief Financial Officer

## CASH FLOW STATEMENT

(₹ Lakhs)

Particulars	For the year ended 31st March 2019		For the year ended 31st March 2018	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax	1,674.71		1,853.95	
Adjustments for:				
Finance costs	9,893.07	11,567.78	9,993.28	11,847.23
Depreciation and amortisation expense		352.51		331.92
Increase/(Decrease) in diminution in value of Investments		26.54		93.16
Increase/(Decrease) in provision against Non Performing Assets		370.44		481.03
Increase/(Decrease) in provision against Standard Assets		12.00		44.04
Loss/(Profit) on sale of assets		(1.47)		0.36
Interest received		(729.71)		(795.91)
<b>Operating profit before working capital changes</b>		<b>11,598.09</b>		<b>12,001.83</b>
Adjustments for (Increase)/Decrease in Operating Activities:				
Stock on Hire	(3,364.02)		205.24	
Trade receivables	(52.81)		12.47	
Cash and Bank Balances	707.40		(986.86)	
Short Term Loans and Advances	(333.94)		(70.06)	
Long Term Loans and Advances	(4.61)		(53.08)	
Other Current Assets	(75.80)		80.98	
Other Current Liabilities	3,508.95	385.17	8,846.71	8,035.40
<b>Cash generated from operations</b>		<b>11,983.26</b>		<b>20,037.23</b>
Finance costs	(9,893.07)		(9,993.28)	
Direct taxes paid	(583.30)	(10,476.37)	(841.55)	(10,834.83)
<b>Net cash from / (used in) Operating Activities</b>	<b>(A)</b>	<b>1,506.89</b>		<b>9,202.40</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Capital Expenditure on Property, Plant and Equipment		(368.00)		(211.28)
Sale of Property, Plant and Equipment		2.55		1.03
Purchase of Investments		(253.61)		(97.85)
Interest received		729.71		795.91
<b>Net cash from Investing Activities</b>	<b>(B)</b>	<b>110.65</b>		<b>487.81</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of Share Capital		362.55		87.45
Increase/(Decrease) in Long Term Borrowings		(1,121.98)		(13,472.50)
Increase/(Decrease) in Short Term Borrowings		(494.25)		5,079.36
Dividend and Tax on dividend paid		(768.79)		(734.92)
<b>Net Cash from/(used in) Financing Activities</b>	<b>(C)</b>	<b>(2,022.47)</b>		<b>(9,040.61)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(A+B+C)</b>	<b>(404.93)</b>		<b>649.60</b>
Cash and cash equivalents at the beginning of the year		3,764.70		3,115.10
Cash and cash equivalents at the close of the year		3,359.77		3,764.70
Components of cash and cash equivalents at the end of the year:				
Cash on hand		1,004.97		839.68
Balance with Banks:				
- cheques, drafts on hand		2,050.30		2,070.60
- in current accounts		304.50		854.42

Notes: 1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3), 'Cash Flow Statements'.

2. Previous year figures have been regrouped, reclassified and rearranged, wherever necessary, to conform to current year presentation.

As per our report attached

 For P.K.Nagarajan & Co  
 Chartered Accountants  
 Firm Regn. No.:016676S

**P.K.NAGARAJAN**

Partner

Membership No.025679

29th May 2019

Coimbatore

For and on behalf of the Board

**M. BALASUBRAMANIAM**

Vice Chairman and Managing Director

**M. MANICKAM**

Chairman

**S. VENKATESH**

Company Secretary

**S. VELUSWAMY**

Chief Executive Officer

**M.K. VIJAYARAGHAVAN**

Chief Financial Officer

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 1 Company Overview

Sakthi Finance Limited ("SFL" or "the Company") is a public limited Company having its Registered Office in Coimbatore, Tamilnadu. The Equity Shares and Non-Convertible Debentures of the Company are listed on BSE Limited.

The Company is a deposit-taking Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI"). By virtue of RBI Circular dated 22nd February 2019, the Company has been re-classified as an NBFC - Investment and Credit Company (NBFC-ICC) by RBI. The Company is engaged in the business of Hire Purchase Financing for Commercial Vehicles, Infrastructure Equipments, Machineries etc.

### 2 Significant Accounting Policies

#### a. Basis of preparation of financial statements

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India ("IGAAP") to comply with the accounting standards notified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of the Companies Act 2013 as applicable and the guidelines issued by Reserve Bank of India applicable to Non-Banking Financial Companies. The Financial Statements have been prepared on accrual basis under the historical cost convention, except for certain fixed assets which have been revalued. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

#### b. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the results of operations during the reporting year end. Although the estimates are based on management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future period.

#### c. Tangible Assets

Tangible assets, other than those which have been revalued, are stated at historical cost less accumulated depreciation. The revalued tangible assets are restated at their estimated replacement value at the time of revaluation.

#### d. Depreciation on Tangible Assets

Depreciation on Tangible Assets is provided on Straight Line Method ("SLM") using the rates arrived at based on the Useful Life estimated by the management. The Company has used the following useful life to provide depreciation on Tangible Assets.

Particulars	Useful Life as prescribed by Schedule II to the Companies Act 2013	Useful Life estimated by the Company
Building	60 years	60 years
Plant and Machinery	15 years	15 years
Plant - Wind Mills	22 years	22 years
Furniture and Fixtures	10 years	10 years
Vehicles	8 years	8 years
Office Equipments	10 years	10 years
Computers	3 years	6 years

The Management has considered the useful life of computers as 6 years.

Additional depreciation on revalued Tangible Assets has been transferred from Revaluation Reserve Account to General Reserve.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### e. Intangible Assets

Intangible Assets are carried at its cost less any accumulated amortization. The depreciable amount of intangible assets are allocated on a systematic basis over the best estimate of useful life. The Management has considered the useful of intangible assets as 6 years.

#### Impairment of Assets

The carrying amount of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal or external factors. No impairment loss has arisen during the year.

### f. Revenue Recognition

The prudential norms for Income Recognition and Provisioning for Non-performing assets as prescribed by the Reserve Bank of India for Non-Banking Financial Companies have been followed. Accordingly, revenue recognition has been considered in the accounts on accrual basis only on those assets classified as standard assets as stated below:

- i) a) Hire purchase finance charges are recognized as income under the internal rate of return method.
- b) Interest on advances by way of loans are accounted for, to the extent accrued during the year.
- ii) Income by way of interest on Government securities is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- iii) Income from Investments by way of dividend is recognized when the right to receive the payment is established by the balance sheet date.
- iv) Income from power generation is recognized as per the Power Purchase Agreements with State Electricity Board and on supply of power to the grid.

### g. Investments

Investments, by its nature readily realisable to be held for not more than a year, are classified as current investments. All other investments are classified as Non-current investments which are carried at cost and provision for diminution in value, other than temporary, is considered wherever required. Current investments are carried at the lower of cost or fair value.

### h. Employee Benefits

#### i) Defined Contribution Plans

##### 1. Provident Fund (PF)

Contributions are made periodically to the PF Commissioner, under the Employees Provident Fund Scheme, in accordance with the provisions of Employees Provident Funds and Miscellaneous Provisions Act 1952. The Company does not have any obligation other than the stipulated periodical contribution to the Provident Fund. The obligations to make a fixed and determinable amount of contributions are recognized as an expense in the year incurred.

##### 2. Superannuation

The Company contributes a sum equivalent to 15% of eligible employees salary to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India (LIC). The company has no liability for future Superannuation Fund benefits other than its annual contribution and recognizes such contribution as an expense in the year incurred.

#### ii) Defined Benefit Plans

##### Gratuity

The Company makes annual contributions to a Fund administered by Trustees and managed by Life Insurance Corporation of India (LIC). The Company accounts its liability for gratuity based on actuarial valuation determined by LIC as at the Balance Sheet date.

#### iii) Other Benefits

Other benefits made available to employees include contributions made by the Company under (a) ESI Scheme (b) Employees Deposit Linked Insurance (c) Group Personal Accident Insurance and (d) Group Medclaim benefits. Obligations under these benefits which are in

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

the nature of staff welfare are recognized as expense in the year in which they are incurred. Leave salary is determined for the period of 12 months ended 31st December of each year and paid fully within the end of the accounting year.

### **i. Leases**

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on the basis of lease term.

### **j. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders less preference dividend by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss after tax for the year attributable to equity shareholders less preference dividend and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential of equity shares.

### **k. Cash and Cash Equivalents**

Cash and Cash Equivalents in the Cash Flow Statement comprise Cash in hand, Cheques on hand and balance in Current Account.

### **l. Taxes on Income**

The tax expenses is the aggregate of current tax and deferred tax charged or credited to the statement of profit and loss for the period. Current tax is the amount of tax payable on the taxable income for the year and determined in accordance with the provisions of the Income Tax Act 1961.

Deferred tax liability is recognized, on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of being reversed in one or more subsequent periods.

Deferred tax assets in respect of carry forward losses are recognized if there is a virtual certainty that there will be sufficient future taxable income available to offset such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to recoup the value of such assets.

### **m. Stock on Hire**

Stock on Hire represents unexpired and unpaid instalments under Hire Purchase Finance Agreements. Stock on hire in relation to repossessed assets is shown separately under other current assets.

### **n. Provisions, Contingent Liabilities and Contingent Assets**

Provision is recognized only when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are shown by way of notes forming part of the Balance Sheet. Contingent Assets are neither recognized nor disclosed in the financial statements.

### **o. Provision as per RBI Norms**

#### **(i) Provision for Non Performing Assets**

Provision for non-performing assets, doubtful debts, loans and advances have been made as per Master Direction-NBFC-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016.

#### **(ii) Contingent Provision against Standard Assets**

RBI has, by its Notification No.DNBR.011/CGM(CDS)-2015 dated 27th March 2015, issued directions to all Non-Banking Financial Companies to make a provision of 0.40% on the Standard Assets as on 31st March 2019. Accordingly, necessary provision has been made.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**

(₹ Lakhs)

	Particulars	As at 31st March 2019		As at 31st March 2018	
		No. of Shares	Amount	No. of Shares	Amount
<b>3.</b>	<b>SHARE CAPITAL</b>				
	<b>AUTHORISED SHARE CAPITAL</b>				
	Equity Shares of ₹ 10 each	<b>10,00,00,000</b>	<b>10,000.00</b>	7,00,00,000	7,000.00
	Redeemable Cumulative Preference Shares of ₹ 100 each (Previous year: 7,00,00,000 Equity Shares of ₹ 10 each)	<b>30,00,000</b>	<b>3,000.00</b>	30,00,000	3,000.00
			<b>13,000.00</b>		<b>10,000.00</b>
	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>				
	Equity Shares of ₹ 10 each fully paid-up (Previous year: 5,00,00,000 Equity Shares of ₹ 10 each)	<b>5,00,00,000</b>	<b>5,000.00</b>	5,00,00,000	5,000.00
	10% Redeemable Cumulative Preference Shares of ₹ 100 each (Previous year: 3,02,450 Redeemable Cumulative Preference Shares of ₹ 100 each)	-	-	3,02,450	302.45
	9% Redeemable Cumulative Preference Shares of ₹ 100 each (Previous year: 8,35,000 Redeemable Cumulative Preference Shares of ₹ 100 each)	<b>15,00,000</b>	<b>1,500.00</b>	8,35,000	835.00
	<b>Total</b>		<b>6,500.00</b>		<b>6,137.45</b>

**a) Reconciliation of shares outstanding at the beginning and end of the year** (₹ Lakhs)

Particulars	As at 31st March 2019		As at 31st March 2018	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares with Voting Rights</b>				
No. of Shares at the beginning and end of the year (A)	<b>5,00,00,000</b>	<b>5,000.00</b>	<b>5,00,00,000</b>	<b>5,000.00</b>
<b>10% Redeemable Cumulative Preference Shares</b>				
No. of Shares at the beginning of the year	<b>3,02,450</b>	<b>302.45</b>	10,50,000	1,050.00
Add : Fresh issue of Shares during the year	-	-	-	-
Less : Redemption of shares during the year	<b>(3,02,450)</b>	<b>(302.45)</b>	<b>(7,47,550)</b>	<b>(747.55)</b>
Number of Shares at the end of the year (B)	-	-	<b>3,02,450</b>	<b>302.45</b>
<b>9% Redeemable Cumulative Preference Shares</b>				
No. of Shares at the beginning of the year	<b>8,35,000</b>	<b>835.00</b>	-	-
Add : Fresh issue of Shares during the year	<b>6,65,000</b>	<b>665.00</b>	8,35,000	835.00
Less : Redemption of shares during the year	-	-	-	-
Number of Shares at the end of the year (C)	<b>15,00,000</b>	<b>1,500.00</b>	<b>8,35,000</b>	<b>835.00</b>
<b>Total (A+B+C)</b>		<b>6,500.00</b>		<b>6,137.45</b>



## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### b) The rights, preferences and restrictions attached to each class of shares

The Company has two classes of shares namely, Equity Shares and Redeemable Cumulative Preference Shares. The rights, preferences and restrictions attached to each class of shares are given below:

#### Equity Shares

The equity share has a par value of ₹ 10. Each holder of equity share is entitled to one vote per share. An equity shareholder has got a right to attend the General Meetings convened by the company and to receive dividend when declared. The company declares and pays dividend in Indian rupees. The dividend recommended by the Board of Directors is subject to the approval of members at the ensuing Annual General Meeting.

The Board of Directors have recommended an equity dividend of ₹ 1 per share (10% on the face value of ₹ 10) aggregating to ₹ **602.78 Lakhs** including a dividend distribution tax of ₹ **102.78 Lakhs**.

#### Redeemable Cumulative Preference Shares

The Redeemable Cumulative Preference Shares have a par value of ₹ 100. These shares carry a fixed cumulative dividend of 10% and 9% respectively per annum. These shares would be redeemable at par at the end of 3 years from the various dates of allotment.

During the year 6,65,000 9% Redeemable Cumulative Preference Shares of ₹ 100 each aggregating to ₹ **665.00 Lakhs** were allotted on 20th April, 2018. 3,02,450 10% Redeemable Cumulative Preference Shares of ₹ 100 each aggregating to ₹ **302.45 Lakhs** were redeemed during the year.

The Redeemable Cumulative Preference Shares ("RCPS") have the following preferential rights over the equity shareholders:

- The payment of dividend at a fixed rate; and
- The return of capital on winding up of the company.

The preference shareholders can enforce their right of getting dividend in priority over the equity shareholders only if there are profits and the Directors decided to distribute them by way of dividend. Preference shareholders have no voting rights and except when dividend is outstanding for more than 2 years in case of cumulative shares. But they have the right to vote on any resolution for winding up of the company or for the reduction or repayment of capital.

The Board of Directors have, at their meeting held on 29th March 2019, declared an interim dividend of ₹ 10 per share (10% on a par value of Rs 100) for the year ending 31st March 2019. The Board of Directors have also declared a *pro rata* dividend of 9% on RCPS of ₹ 100 allotted during the year. The total Preference Dividend, including interim and *pro rata* dividend, comes to ₹ **166.02 Lakhs**, including a Dividend Distribution Tax of ₹ **28.31 Lakhs**.

### c) Details of shareholders holding more than 5% shares in the capital of the Company

Name of the Shareholder	As at 31st March 2019		As at 31st March 2018	
	% of holding	No. of Shares	% of holding	No. of Shares
<b>Equity Shares with Voting Rights</b>				
ABT Investments (India) Private Limited	17.46	87,27,400	17.46	87,27,400
Sakthifinance Financial Services Limited	16.22	81,10,000	16.22	81,10,000
Avdhoot Finance and Investment Private Limited	11.25	56,24,208	11.25	56,24,208
Bridgewater Investment Corporation Limited	8.90	44,50,000	8.90	44,50,000
The Gounder and Company Auto Limited	7.85	39,25,000	7.85	39,25,000
Sakthi Financial Services (Cochin) Private Limited	6.82	34,11,246	6.82	34,11,246
<b>10% Redeemable Cumulative Preference Shares</b>				
Mr B.R.Prabhakar	-	-	6.61	20,000
Mr R.Ramaseshan	-	-	9.92	30,000
<b>9% Redeemable Cumulative Preference Shares</b>				
Mr S.Natarajan	5.20	78,000	-	-

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Particulars	(₹ Lakhs)	
	As at 31st March 2019	As at 31st March 2018
<b>4. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
Balance as at the Opening and Closing of the year	<u>52.61</u>	<u>52.61</u>
<b>Securities Premium</b>		
Balance as at the Opening and Closing of the year	<u>801.07</u>	<u>801.07</u>
<b>Revaluation Reserve</b>		
Opening Balance	1,779.20	1,822.44
Less : Transfer to surplus in Statement of Profit and Loss	<u>43.24</u>	<u>43.24</u>
Closing Balance	<u>1,735.96</u>	<u>1,779.20</u>
<b>General Reserve</b>		
Opening Balance	500.00	1,500.00
Add : Transfer from Debenture Redemption Reserve	672.25	-
Less : Transfer to Statement of Profit and Loss	-	<u>1,000.00</u>
Closing Balance	<u>1,172.25</u>	<u>500.00</u>
<b>Debenture Redemption Reserve</b>		
Opening Balance	3,936.00	2,603.00
Add : Transfer from surplus in Statement of Profit and Loss	-	1,333.00
Less : Transfer to General Reserve	<u>672.25</u>	<u>-</u>
Closing Balance	<u>3,263.75</u>	<u>3,936.00</u>
<b>Statutory Reserve as per Section 45IC of the RBI Act 1934</b>		
Opening Balance	2,704.65	2,466.12
Add : Transfer from surplus in Statement of Profit and Loss	<u>239.27</u>	<u>238.53</u>
Closing balance	<u>2,943.92</u>	<u>2,704.65</u>
As per the requirements of Section 45IC of the Reserve Bank of India Act 1934, a Statutory Reserve has been created at 20% of the profits after tax available for appropriation.		
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance	1,016.61	1,087.19
Add : Profit after tax for the year	1,196.35	1,192.63
Transfer from General Reserve	-	1,000.00
Transfer from Revaluation Reserve (Depreciation on Revalued Assets)	<u>43.24</u>	<u>43.24</u>
	<u>2,256.20</u>	<u>3,323.06</u>
<b>Less: Appropriations</b>		
Interim dividend on Preference shares (₹ 10 per share)	137.71	104.23
Tax on Interim dividend on Preference Shares	28.31	21.22
<i>Pro rata</i> dividend on Preference Shares Paid	-	6.38
Tax on <i>pro rata</i> dividend on Preference Shares	-	1.29
Equity Dividend (₹ 1 per share) paid (FY 2018)	500.00	500.00
Tax on Dividend - Equity Shares (FY 2018)	102.78	101.80
Transfer to Statutory Reserve	239.27	238.53
Transfer to Debenture Redemption Reserve	-	1,333.00
Closing Surplus	<u>1,248.13</u>	<u>1,016.61</u>
<b>Total</b>	<u>11,217.69</u>	<u>10,790.14</u>

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(₹ Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>5. LONG-TERM BORROWINGS</b>		
<b>Secured</b>		
Debentures	<b>18,615.04</b>	18,039.12
Term Loans from Banks / Other Lenders	<b>1,421.74</b>	4,523.31
	<b>20,036.78</b>	22,562.43
<b>Unsecured</b>		
Deposits	<b>9,775.00</b>	9,486.19
Subordinated Debts	<b>12,316.11</b>	11,201.25
Senior Unsecured NCD	<b>2,500.00</b>	2,500.00
<b>Total</b>	<b>44,627.89</b>	45,749.87

### Nature of security and terms of repayment for Debentures

- 30,21,60,566 (Face value: ₹ 1 each) and 5,64,950 (Face value: ₹ 1,000 each) Secured, Redeemable Non - Convertible Debentures issued on private placement basis and redeemable at par are secured by specified Hire Purchase receivables. The rate of interest varies from 9% to 12%; the date of redemption is reckoned at 15 to 36 months in relation to each of the series allotted from the date of allotment. Out of the debentures mentioned above, ₹ 2,673.23 Lakhs (₹ 1,772.27 lakhs) is shown under Other Current Liabilities and is given under Note 8.
- As per the Public Issue Prospectus dated 30th March 2016, 13,05,499 Secured, Redeemable Non-Convertible Debentures of ₹ 1,000 each aggregating to ₹ 13,054.99 Lakhs are secured by specified Hire purchase receivables and an identified immovable property situated at Coimbatore. The rate of interest varies from 10.25% to 11.00%. The date of redemption is reckoned at 24 to 48 months from the date of allotment i.e 18th May 2016. Out of the debentures mentioned above, ₹ 2,014.94 Lakhs (₹ 3,432.09 Lakhs), is shown under Short-Term Borrowings and is given under Note 7.
- During the year, as per the terms and conditions of the Public Issue Prospectus dated 18th February 2015 the Company redeemed on 30th March 2019 Option VI to VIII of Secured Redeemable Non-Convertible Debentures aggregating to ₹ 3,647.90 Lakhs (₹ 1,535.32 Lakhs) and thus the debentures were fully redeemed.
- For Public Issue of Debentures, Debenture Redemption Reserve has been created based on tenor of the debentures.
- Term loans from Banks are secured as under:**

#### (i) The Lakshmi Vilas Bank Ltd

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum (%)	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2019	Amount outstanding as on 31st March 2018
			Commence-ment date	End date				
1	3,000.00	11.55	31.10.2016	30.09.2019	-	Hypothecation of specified Hire Purchase receivables and a personal guarantee by a director	507.14	1,521.43

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### (ii) AU Small Finance Bank Ltd

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum (%)	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2019	Amount outstanding as on 31st March 2018
			Commencement date	End date				
1	2,500.00	10.65	15.12.2017	15.12.2020	-	Hypothecation of specified Hire Purchase receivables and a personal guarantee by a director	1,418.92	2,229.73

### (iii) HDFC Bank Ltd

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum (%)	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2019	Amount outstanding as on 31st March 2018
			Commencement date	End date				
1	19.00	9.50	05.02.2019	05.01.2022	-	Hypothecation of New Innova Crysta GX Car	20.69	-

### f) Term loans from other Lenders are secured as under:

#### (i) Sundaram Finance Ltd

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum (%)	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2019	Amount outstanding as on 31st March 2018
			Commencement date	End date				
1	1,000.00	10.25	10.10.2017	10.09.2020	-	Exclusive charge on 17 Wind Mills situated at Tirunelveli/ Tirupur Dist in Tamilnadu and also at Motugunda Village, Bhavnad Taluk, Jam Nagar Dist, Gujarat and guarantee by a director	537.76	853.18

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### (ii) Northern Arc Capital Ltd (formerly IFMR Capital Finance Pvt Ltd) (₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum (%)	Repayment		Moratorium period (months)	Security details	Amount outstanding as on 31st March 2019	Amount outstanding as on 31st March 2018
			Commencement date	End date				
1	1000.00	13.50	14.04.2016	14.09.2018	6	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	-	228.25
2	395.00	13.50	12.05.2016	12.10.2018	6		-	104.36
3	730.00	13.50	19.09.2016	19.02.2019	6		-	296.42
4	330.00	12.90	24.10.2016	25.03.2019	6		-	144.69
5	170.00	12.90	22.11.2016	22.04.2019	6		6.44	80.23

### (iii) Hinduja Leyland Finance Ltd (₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum (%)	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2019	Amount outstanding as on 31st March 2018
			Commencement date	End date				
1	1,500.00	12.50	07.02.2015	07.04.2018	-	Hypothecation of specified Hire Purchase receivables	-	46.44
2	250.00	12.50	07.04.2015	07.06.2018	-		-	23.08
3	2,600.00	10.71	07.05.2017	07.04.2020	-		1,039.08	1,897.17
4	1,500.00	10.25	07.03.2018	07.02.2021	-		1,013.98	1,469.35

### (iv) Profectus Capital (P) Ltd (₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum (%)	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2019	Amount outstanding as on 31st March 2018
			Commencement date	End date				
1	200.00	13.00	15.04.2019	15.04.2020	-	Hypothecation of specified Hire Purchase receivables	200.00	-

#### g) Repayment Terms for Deposits:

Deposits are repaid on maturity. The period of deposit ranges from 15 to 36 months.

h) The period of Subordinated Debt is 61 months.

i) There is no default in repayment of loans and interest thereon.

Particulars	As at 31st March 2019	As at 31st March 2018
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#### 6. DEFERRED TAX LIABILITIES (net)

##### Tax effect of items constituting deferred tax liability:

On difference between WDV of Asset as per Books and Income Tax Act 1961.

(A) **649.86** 772.81

##### Tax effect of items constituting deferred tax assets:

Provision for NPA/Contingent Provision against Standard Assets

(B) **510.24** 528.25

**Total**

(A-B) **139.62** 244.56

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(₹ Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>7. SHORT-TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Debentures (Refer Note 5)	2,347.46	8,278.68
<b>From Banks / Other Lenders</b>		
Cash Credit and Working Capital Demand Loans	15,028.39	10,591.42
Loans from Other Lenders	1,000.00	-
<b>Total</b>	<b>18,375.85</b>	<b>18,870.10</b>

### Nature of security and Terms of repayment for Cash Credit and Working Capital Demand Loans:

a) Cash Credits and Working Capital Demand Loans from Scheduled Banks aggregating to ₹ 15,028.39 lakhs (Sanctioned Limit : ₹ 18,020 lakhs) are repayable on demand and are secured by hypothecation of hire purchase receivables along with personal guarantees of 2/3 directors of the company.

b) **Floating Balance Working Capital Loan - Shriram Transport Finance Company Ltd** (₹ Lakhs)

Sl No	Amount of Working Capital Loan Sanctioned	Rate of Interest per annum (%)	Repayment		Security details	Amount outstanding as on 31st March 2019	Amount outstanding as on 31st March 2018
			Commencement date	End date			
1	1000.00	12.50	27.03.2019	26.03.2020	Hypothecation of Specified Hire Purchase receivables	1,000.00	-

c) There are no overdues in the above accounts.

## 8. OTHER CURRENT LIABILITIES

Current Maturities of Long-Term Debt:

- Debentures	2,673.23	1,772.27
- Term Loans from Banks / Other Lenders	3,322.27	4,371.02
- Deposits	7,948.81	6,959.25
- Subordinated Debts	9,094.39	9,589.82
Interest accrued but not due on Deposits	711.14	668.05
Interest accrued but not due on Subordinated Debts	2,883.46	-
Interest accrued but not due on NCDs	196.41	292.36
Interest accrued but not due on Senior Unsecured NCDs	0.92	0.93
Interest accrued but not due on Bank Borrowings	73.12	85.67
Unclaimed dividends*	194.65	165.71
Unclaimed matured deposits and interest accrued thereon	362.71	318.93
Unclaimed matured Subordinated Debts and interest accrued thereon	562.38	-
Unclaimed matured debentures and interest accrued thereon	116.89	285.26
Advances from Customers	103.69	75.27
Security Deposits	34.99	34.99
Tax Deducted at source	105.29	90.29
Liability for Expenses	400.93	246.62
Unclaimed Redeemable Cumulative Preference Shares	12.00	213.75
Other Payables	40.77	32.35
<b>Total</b>	<b>28,838.05</b>	<b>25,202.54</b>

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(₹ Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
* Maturity value of Debentures for ₹ 1.18 Lakhs along with Equity Dividend for the year 2011 for an amount of ₹ 250 have not been remitted into Investor Education and Production Fund, awaiting clearance from Income Tax authorities.		
There is no outstanding due to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act 2006.		
<b>9. SHORT-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Provision for bonus	<b>20.46</b>	56.58
Provision for gratuity (net)	<b>16.45</b>	49.93
<b>Other Provisions</b>		
Provision for Taxation (Net of Advance tax and refund dues)	-	56.95
Contingent Provision against Standard Assets	<b>371.38</b>	359.38
Provision for Non-Performing Assets	<b>2,066.22</b>	1,695.78
Provision for diminution in value of Investments	<b>163.44</b>	136.90
<b>Total</b>	<b><u>2,637.95</u></b>	<b><u>2,355.52</u></b>

### a) Provision as per RBI Norms

#### (i) Provision for Non-Performing Assets

Provision for non-performing assets, doubtful debts, loans and advances have been made as per Master Direction-NBFC-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016.

#### (ii) Contingent Provision against Standard Assets

As per Master Direction - NBFC - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, all Non-Banking Financial Companies and required to make a provision of 0.40% on the Standard Assets as on 31st March 2019. Accordingly, necessary provision has been made. The company has made an incremental provision of ₹ 12.00 Lakhs as at 31st March 2019.





## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(₹ Lakhs)

Particulars	Number	Face Value Per Unit (₹)	As at 31st March 2019	As at 31st March 2018
<b>NON-CURRENT INVESTMENTS (Contd..)</b>				
<b>Investment in Government Securities – Quoted</b>				
Bonds of Central and State Governments #	26,68,000	100	<u>2,691.81</u>	<u>2,301.89</u>
<b>Net Carrying amount of Investments</b>			<u><b>2,956.36</b></u>	<u><b>2,566.44</b></u>
Aggregate Book value of Quoted Investments			<b>2,917.93</b>	2,528.01
Aggregate Market Value of Quoted Investments			<b>2,754.56</b>	2,391.17
Aggregate Book value of Unquoted Investments			<b>38.43</b>	38.43
# Investments made to comply with the requirements of the directives issued by the Reserve Bank of India.				
<b>Non-Current investments</b>				
In accordance with the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016 dated 25th August 2016, the Company has created a floating charge on the statutory liquid assets comprising (both Current & non-current) investment in Government Securities on the above investments in favour of IDBI Trusteeship Services Ltd, trustee representing the fixed deposit holders of the company.				
<b>12. LONG-TERM LOANS AND ADVANCES</b>				
(Unsecured, considered good unless stated otherwise)				
Security Deposits			<u>1,075.58</u>	<u>1,070.97</u>
<b>Total</b>			<u><b>1,075.58</b></u>	<u><b>1,070.97</b></u>
<b>13. CURRENT INVESTMENTS (At Cost and Fair Value)</b>				
Investments in Government Securities				
<b>Quoted</b>				
Bonds of Central and State Governments#			<u>–</u>	<u>136.31</u>
<b>Total</b>			<u>–</u>	<u>136.31</u>
Aggregate Book Value of Quoted Investments			–	136.31
Aggregate Market Value of Quoted Investments			–	136.31
# Investments made to comply with the requirements of the directives issued by the Reserve Bank of India.				
<b>Current investments</b>				
In accordance with the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016 dated 25th August 2016, the Company has created a floating charge on the statutory liquid assets comprising (both Current & non-current) investment in Government Securities on the above investments in favour of IDBI Trusteeship Services Ltd, trustee representing the fixed deposit holders of the company.				
<b>14. STOCK ON HIRE</b>				
Net receivable under Hire Purchase Finance			<u>93,525.21</u>	<u>90,161.19</u>
<b>Total</b>			<u><b>93,525.21</b></u>	<u><b>90,161.19</b></u>

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(₹ Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
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As per Accounting Standard (AS-19) on Lease, the details of maturity pattern of hire purchase receivables (Stock on hire) for the contracts executed as on 31st March 2019 are given below:

Particulars	As at 31.03.2019		As at 31.03.2018	
	Gross	Net	Gross	Net
Less than one year	61,291.79	47,403.81	58,021.27	45,054.24
Later than one year and not later than 5 years	54,411.35	46,121.40	52,661.74	45,106.95
<b>Total</b>	<b>115,703.14</b>	<b>93,525.21</b>	<b>110,683.01</b>	<b>90,161.19</b>

### 15. TRADE RECEIVABLES

(Unsecured, considered good unless stated otherwise)

Dues from sale of Wind Power:

Receivables outstanding for a period exceeding six months	129.17	66.63
Receivables outstanding for a period not exceeding six months	47.29	57.02
<b>Total</b>	<b>176.46</b>	<b>123.65</b>

### 16. CASH AND BANK BALANCES

#### a. Cash and Cash Equivalents

Cash on hand	1,004.97	839.68
Balance with Banks:		
- Cheques, drafts on hand	2,050.30	2,070.60
- Current Accounts	304.50	854.42

#### b. Other Bank Balances

In Margin Money Deposits:		
- Deposits with original maturity of more than 12 months	673.74	1,272.47
In Earmarked Accounts:		
- Unpaid Dividend Accounts	57.04	165.71

<b>Total</b>	<b>4,090.55</b>	<b>5,202.88</b>
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### 17. SHORT-TERM LOANS AND ADVANCES

Other loans and advances (Secured, considered good)

	-	0.52
Unsecured, considered good unless stated otherwise:		
- Prepaid Expenses	152.99	136.73
- Advance Tax and TDS (net of provision)	50.06	-
- GST Input Tax Credit	62.64	100.51
- Loans and Advances to Employees	358.25	390.79
Other Loans and Advances (Unsecured, considered good)	3,288.94	2,950.39
<b>Total</b>	<b>3,912.88</b>	<b>3,578.94</b>
Due from officers of the company	14.18	18.33

### 18. OTHER CURRENT ASSETS

Repossessioned Assets (HP Assets)	71.40	103.50
Interest accrued on Government Securities	55.71	44.66
Debenture Issue Expenses	98.65	-
Others	8.51	10.31
<b>Total</b>	<b>234.27</b>	<b>158.47</b>

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(₹ Lakhs)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
<b>19. INCOME FROM OPERATIONS</b>		
Income from Hire purchase operations	15,575.66	15,708.40
Interest from:		
- Loans and Other receipts	429.44	528.24
- Banks deposits	81.22	67.91
- Long Term Investments	219.05	199.76
Bad debts recovery	215.64	93.55
<b>Total</b>	<b>16,521.01</b>	<b>16,597.86</b>
<b>20. OTHER INCOME</b>		
Income from Wind mill-Sale of Electricity	217.66	210.60
Other non-operating income (net of expenses directly attributable to such income):		
- Profit on sale of fixed assets	1.47	-
- Rental income	24.99	47.05
- Miscellaneous income	3.34	0.46
<b>Total</b>	<b>247.46</b>	<b>258.11</b>
<b>21. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	2,234.70	2,173.73
Contributions to Provident and Other Funds	94.09	90.89
Staff Welfare Expenses	117.88	108.44
<b>Total</b>	<b>2,446.67</b>	<b>2,373.06</b>
<b>22. FINANCE COSTS</b>		
Interest Expense on:		
- Debentures	3,202.12	3,487.21
- Term Loans from Banks / Other Lenders	727.39	1,030.62
- Cash Credit from Banks	1,769.33	1,500.97
- Deposits	1,582.92	1,457.46
- Subordinated Debts	2,382.26	2,304.36
Bank Charges	156.90	162.69
Other Financial Charges	72.15	49.97
<b>Total</b>	<b>9,893.07</b>	<b>9,993.28</b>
<b>23. DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation	231.59	218.70
Amortization Expenses	120.92	113.22
<b>Total</b>	<b>352.51</b>	<b>331.92</b>
<b>24. OTHER EXPENSES</b>		
Rent	176.62	119.36
Rates, Taxes and Licences	175.74	84.58
Communication	91.27	90.62
Insurance	15.42	14.78
Travelling and Conveyance	502.60	432.45
Printing and Stationery	56.68	54.95
Power and Fuel	35.63	35.58
Advertisements	25.05	30.91

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(₹ Lakhs)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Auditors Remuneration :		
As Auditor:		
- Audit Fee	14.00	12.00
- Limited Review Fee	4.85	5.20
- Certification Fee	4.87	0.95
- Reimbursement of Expenses	1.65	0.60
Legal and Professional Charges	237.45	262.54
Repairs and Maintenance on:		
- Buildings	90.21	83.07
- Machinery	127.35	123.64
- Other Assets	40.74	43.36
Filing Fees	31.28	8.89
Directors' Sitting Fees	12.60	11.00
Diminution in value of Investments	26.54	93.16
Expenses on Corporate Social Responsibility	40.79	79.68
Miscellaneous Expenses	61.27	64.99
Loss on Sale / Redemption of SLR Investments	0.31	-
Loss on Sale of Assets	-	0.36
<b>Total</b>	<b>1,772.92</b>	<b>1,652.67</b>
<b>25. PROVISIONS AND WRITE-OFF</b>		
Provision against Non-Performing Assets (net)	351.95	309.21
Bad Debts - Trade and other receivables written off	264.64	297.84
<b>Total</b>	<b>616.59</b>	<b>607.05</b>
<b>26. CONTINGENT LIABILITIES</b>		
a) Income Tax issues	9.83	9.83
b) Service Tax Issues	1,328.29	1,328.29
The company has deposited with Service Tax department an amount of ₹ 98.63 lakhs against the demand relating to payment of Cenvat credit under Protest. The company's writ petition before the Honourable High Court of Madras against the levy has been admitted and stay has been granted.		
<b>27.</b>	The Company has also extended collateral security of company's Building and Land belonging to a Director for Cash Credit/Working Capital Demand Loans availed from a bank.	
<b>28. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF:</b>		
Intangible Assets	13.02	-
Capital Work-in-Progress	-	42.34
Travelling	5.97	8.64
Annual Maintenance Charges - Software	83.43	-
<b>29. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND</b>		
Year to which the dividend relates	2017-18	2016-17
No. of non-resident share holders	1	1
No. of shares on which dividend remittance was made	44,50,000	44,50,000
Amount remitted (₹ Lakhs)	44.50	44.50

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 30. DISCLOSURE REQUIREMENTS UNDER AS-15-“EMPLOYEE BENEFITS”

(₹ Lakhs)

Sl No	Particulars	For the year ended 31st March 2019 (Gratuity)	For the year ended 31st March 2018 (Gratuity)
I	<b>Principal Actuarial Assumptions (Expressed as weighted averages)</b>		
	Discount rate	8.00%	8.00%
	Salary Escalation rate	4.00%	4.00%
	Attrition rate	3.00%	3.00%
	Expected rate of return on Plan Assets	7.72%	7.72%
II	<b>Changes in the present value of the obligation (PVO) – Reconciliation of Opening and Closing balances</b>		
	PVO at the beginning of the period	238.05	197.08
	Interest cost	18.51	15.77
	Current service cost	22.98	16.02
	Past service cost – (non-vested benefits)	-	-
	Past service cost – (vested benefits)	-	-
	Benefits paid	(20.30)	(15.68)
	Actuarial loss / (gain) on obligation	(27.33)	24.86
	PVO as at the end of the period	231.91	238.05
III	<b>Changes in the fair value of plan assets – Reconciliation of Opening and Closing balances</b>		
	Fair value of plan Assets at the beginning of the period	188.12	174.68
	Expected return on plan assets	14.43	14.21
	Contributions	39.05	14.91
	Benefits paid	(20.30)	(15.68)
	Actuarial (loss)/gain on plan assets	(2.34)	-
	Fair value of Plan Assets as at the end of the period	218.96	188.12
IV	<b>Actual Return on Plan Assets</b>		
	Expected return on plan assets	14.43	14.21
	Actuarial gain / (loss) on plan assets	(2.34)	-
	Actual return on plan assets	12.09	14.21
V	<b>Actuarial Gain/Loss recognized</b>		
	Actuarial gain / (loss) for the period– Obligation	(27.33)	(24.86)
	Actuarial gain / (loss) for the period– Plan Assets	2.34	-
	Total (gain)/ loss for the period	(24.99)	24.86
	Actuarial (gain) / loss recognized in the period	(24.99)	24.86
	Unrecognised actuarial (gain) / Loss at the end of the year	-	-

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(₹ Lakhs)

Sl No	Particulars	For the year ended 31st March 2019 (Gratuity)	For the year ended 31st March 2018 (Gratuity)
VI	<b>Amounts recognized in the Balance Sheet and related analyses</b>		
	Present value of the obligation	231.91	238.05
	Fair value of Plan Assets	218.96	188.12
	Difference	12.95	49.93
	Unrecognised transitional liability	-	-
	Unrecognised past service cost – non vested benefits	-	-
	Liability recognized in the Balance Sheet	12.95	49.93
VII	<b>Expenses recognized in the statement of Profit and Loss</b>		
	Current service cost	22.98	16.02
	Interest cost	18.51	15.77
	Expected return on plan assets	(14.43)	(14.21)
	Actuarial (gain) / loss recognized in the year	(24.99)	24.86
	Transitional liability recognized in the year	-	-
	Past service cost – (non-vested benefits)	-	-
	Past service cost – (vested benefits)	-	-
	Expenses recognized in the statement of Profit and Loss	2.07	42.44
VIII	<b>Movements in the liability recognized in the Balance Sheet</b>		
	Opening net liability	49.93	22.40
	Expenses as above	2.07	42.44
	Contributions paid	(39.05)	(14.91)
	Closing net liability	12.95	49.93
IX	<b>Major categories of Plan Assets</b>		
	Fund manager by insurer	100%	100%
X	<b>Enterprise's best estimate of contribution during next year</b>	12.95	49.93

Particulars	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
<b>Amount for the current period</b>					
Present value of obligations	231.91	238.05	197.08	155.87	150.04
Plan Assets	218.96	188.12	174.68	156.28	164.04
Surplus/(Deficit)	(12.95)	(49.93)	(22.40)	0.41	14.00
Experience adjustments on plan liabilities – (loss)/gain	-	-	-	-	-
Actuarial (loss)/gain on obligation	24.99	(24.86)	(22.44)	(2.21)	11.21
Experience adjustments on plan assets – (loss)/gain	-	-	-	-	-

### 31. SEGMENT REPORTING

The Company is primarily engaged in the business of asset financing. This, in the context of Accounting Standard -17 on Segment Reporting, notified by the Companies (Accounting Standards) Rules 2006, is considered to constitute a single primary segment.



## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 32. RELATED PARTY DISCLOSURES FOR THE YEAR ENDED 31ST MARCH 2019

#### Relationships

A	Enterprises in which the key management personnel and their relatives can exercise significant influence	ABT Ltd. ABT Finance Ltd. ABT Foundation Ltd. ABT Industries Ltd. ARC Retreading Co. Pvt. Ltd. N Mahalingam & Co Nachimuthu Industrial Association Ramanandha Adigalar Foundation Sakthifinance Financial Services Ltd. Sakthifinance Holdings Ltd. Sakthi Realty Holdings Ltd. Sakthi Sugars Ltd. Sakthi Auto Components Ltd. Sakthi Properties (Coimbatore) Ltd. Sri Chamundeswari Sugars Ltd. Sri Sakthi Textiles Ltd. The Gounder and Company Auto Ltd.
B	Key Management Personnel	Sri M Balasubramaniam Vice Chairman and Managing Director Dr S Veluswamy Chief Executive Officer Sri M K Vijayaraghavan Chief Financial Officer Sri S Venkatesh Company Secretary
C	Relatives of Key Management Personnel	Dr M Manickam, Brother Sri M Srinivaasan, Brother Smt Vinodhini Balasubramaniam, Wife

#### Transactions with Related Parties made during the year

(₹ Lakhs)

Sl No	Nature of Transaction(s)	Related parties where significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2019	For the year ended 31st March 2018
1	<b>Income</b> <b>Rent received</b> Sakthifinance Financial Services Ltd ABT Industries Ltd. <b>Interest Income</b> ABT Industries Ltd.	3.82 -	- -	- -	<b>3.82</b> -	4.71 20.28
2	<b>Expenses</b> <b>Purchase of fuel</b> N.Mahalingam & Co <b>Rent paid</b> M.Balasubramaniam M.Srinivaasan <b>Resource Mobilisation Charges</b> Sakthifinance Financial Services Ltd.	19.64 - - 56.71	- 2.40 -	- - 30.00	<b>19.64</b> <b>2.40</b> <b>30.00</b> <b>56.71</b>	19.17 2.40 0.60 49.00

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**

(₹ Lakhs)

Sl No	Nature of Transaction(s)	Related parties where significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2019	For the year ended 31st March 2018
	<b>Printing Charges</b>					
	Nachimuthu Industrial Association	19.64	-	-	<b>19.64</b>	18.70
	Sakthi Sugars Ltd. (Om Sakthi)	2.73			<b>2.73</b>	2.61
	<b>CSR Expenses</b>					
	Ramanandha Adigalar Foundation	23.53	-	-	<b>23.53</b>	48.83
	<b>Deputation Charges</b>					
	Sakthifinance Financial Services Ltd.	74.69	-	-	<b>74.69</b>	7.94
	<b>Remuneration</b>					
	M.Balasubramaniam	-	47.69	-	<b>47.69</b>	49.94
	S.Veluswamy	-	31.87	-	<b>31.87</b>	25.80
	M.K.Vijayaraghavan	-	35.87	-	<b>35.87</b>	33.90
	S.Venkatesh	-	16.49	-	<b>16.49</b>	16.06
	B.Shruti	-	-	-	-	11.64
	<b>Commission</b>					
	M.Balasubramaniam	-	60.50	-	<b>60.50</b>	66.94
	<b>Sitting Fees</b>					
	M.Manickam	-	-	0.80	<b>0.80</b>	1.40
	M.Srinivaasan	-	-	1.40	<b>1.40</b>	0.80
3	<b>Liabilities:</b>					
	<b>Subscription in NCDs:</b>					
	(Debentures including interest accrued but not due)					
	Sri Chamundeswari Sugars Ltd	-	-	-	-	221.94
	<b>Liabilities for Expenses Payable:</b>					
	Sakthi Sugars Ltd.	0.10	-	-	<b>0.10</b>	0.10
	N. Mahalingam & Co.	2.07	-	-	<b>2.07</b>	0.19
	Nachimuthu Industrial Association	0.33	-	-	<b>0.33</b>	-

**33. LEASES**

In case of assets taken on lease:

 The Company has taken various office premises under operating lease. The lease payments recognised in the Statement of Profit and Loss is ₹ **175.56 Lakhs** (₹ 116.96 Lakhs).

**34. EARNINGS PER SHARE**

(₹ Lakhs)

Particulars		For the year ended 31st March 2019	For the year ended 31st March 2018
Profit after tax		<b>1,196.35</b>	1,192.63
Less: Preference dividend		<b>166.02</b>	133.12
Profit after Preference dividend	(A)	<b>1,030.33</b>	1,059.51
Weighted average number of equity shares	(B)	<b>5,00,00,000</b>	5,00,00,000
The nominal value per equity share (₹)		<b>10.00</b>	10.00
Earnings per share – Basic	(₹) (A/B)	<b>2.06</b>	2.12
– Diluted	(₹) (A/B)	<b>2.06</b>	2.12

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 35. MASTER DIRECTION - NON-BANKING FINANCIAL COMPANY-SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT - TAKING COMPANY (RESERVE BANK) DIRECTIONS 2016 (₹ Lakhs)

Sl No	Particulars	Amount Outstanding	Amount overdue
	<b>LIABILITIES SIDE</b>		
(1)	<b>Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid:</b>		
	(a) Debentures: – Secured	<b>23,949.03</b>	<b>116.89<sup>#</sup></b>
	– Unsecured (Other than falling within the meaning of Public deposit)	<b>2,500.92</b>	–
	(b) Deferred Credits	–	–
	(c) Term Loans	<b>5,776.72</b>	–
	(d) Inter-Corporate loans and borrowing	–	–
	(e) Commercial paper	–	–
	(f) Public Deposits	<b>18,797.66</b>	<b>362.71<sup>#</sup></b>
	(g) Subordinated Debts	<b>24,856.34</b>	<b>562.38<sup>#</sup></b>
	(h) Other Loans - Cash Credit	<b>15,068.80</b>	–
(2)	<b>Break-up of (1)(f) and (g) above (outstanding public deposits inclusive of interest accrued thereon but not paid)</b>		
	(a) In the form of unsecured Debentures	–	–
	(b) In the form of partly secured Debentures i.e. debentures where there is a shortfall in the value of security	–	–
	(c) Other Public Deposits	<b>18,797.66</b>	<b>362.71<sup>#</sup></b>
	(d) Subordinated Debts	<b>24,856.34</b>	<b>562.38<sup>#</sup></b>
	<sup>#</sup> represents unclaimed debentures, deposits, subordinated debts and interest accrued thereon		
	<b>ASSETS SIDE</b>		
(3)	<b>Break-up of Loans and Advances including bills receivables (Other than those included in (4) below)</b>		Amount Outstanding
	(a) Secured		<b>344.11</b>
	(b) Unsecured		<b>1,210.52</b>
(4)	<b>Break-up of Leased Assets and Stock on Hire and other assets counting towards AFC activities</b>		
	(i) Lease Assets including lease rentals under Sundry Debtors		
	(a) Financial Lease		–
	(b) Operational Lease		–
	(ii) Assets on Hire including Hire charges under Sundry Debtors		
	(a) Stock on Hire		<b>93,525.21</b>
	(b) Repossessed Assets		<b>71.40</b>
	(iii) Other Loans counting towards AFC Activities		
	(a) Loans where assets have been repossessed		–
	(b) Loans other than (a) above		–
(5)	<b>Break-up of Investments</b>		Amount Outstanding
	Current Investments:		
	(1) Quoted		
	(i) Shares: (a) Equity		–
	(b) Preference		–
	(ii) Debentures and Bonds		–
	(iii) Units of Mutual Funds		–
	(iv) Government Securities		–
	(v) Others		–

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**  
 (₹ Lakhs)

Sl No	Particulars	Amount Outstanding		
(5)	(2) Unquoted (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of Mutual Funds (iv) Government Securities (v) Others Long Term Investments: (1) Quoted (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of Mutual Funds (iv) Government Securities (v) Others (2) Unquoted (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of Mutual Funds (iv) Government Securities (v) Others	— — — — — — 226.12 — — — 2,691.81 — 38.43 — — — — —		
(6)	<b>Borrower group-wise classification of assets financed as in 3 and 4 above</b>			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	(1) Related Parties			
	(a) Subsidiaries	—	—	—
	(b) Companies in the same group	—	—	—
	(c) Other related parties	—	—	—
	(2) Other than related parties	91,874.50	1,210.52	93,085.02
	<b>Total</b>	<b>91,874.50</b>	<b>1,210.52</b>	<b>93,085.02</b>
(7)	<b>Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)</b>			
	Category	Market Value / Break up or fair value or NAV		Book value (Net of provisions)
	(1) Related Parties			
	(a) Subsidiaries		—	—
	(b) Companies in the same group		—	—
	(c) Other related parties		101.11	101.06
	(2) Other than related parties		2,691.88	2,691.86
	<b>Total</b>		<b>2,792.99</b>	<b>2,792.92</b>
(8)	<b>Other Information</b>			
	Particulars	Amount		
	(1) Gross Non-performing Assets			
	(a) Related parties	—		
	(b) Other than related parties	4,803.09		
	(2) Net Non-Performing Assets			
	(a) Related parties	—		
	(b) Other than related parties	2,736.87		
	(3) Assets acquired in satisfaction of debt	—		

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

### 36. MASTER DIRECTION - NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT - TAKING COMPANY (RESERVE BANK) DIRECTIONS 2016 (₹ Lakhs)

Sl No	Particulars	31.03.2019	31.03.2018							
<b>1</b>	<b>Capital to Risk (Weighted) Assets Ratio</b>									
	i) CRAR(%)	22.35	17.22							
	ii) CRAR - Tier I Capital (%)	13.22	13.20							
	iii) CRAR - Tier II Capital (%)	9.13	4.02							
	iv) Amount of subordinated debt considered as Tier-II capital	6,943.90	1,818.48							
	v) Amount raised by issue of Perpetual Debt Instruments	-	-							
<b>2</b>	<b>Investments</b>									
	<b>i) Value of Investments</b>									
	<b>Gross Value of Investments</b>									
	a) In India	2,956.36	2,702.75							
	b) Outside India	-	-							
	<b>ii) Provisions for diminution in value of investments</b>									
	a) In India	163.44	136.90							
	b) Outside India	-	-							
	<b>iii) Net Value of Investments</b>									
	a) In India	2,792.92	2,565.85							
	b) Outside India	-	-							
	<b>Movement of provisions held towards diminution in value of investments</b>									
	(i) Opening balance	136.90	43.74							
	(ii) Add : Provisions made during the year	26.54	93.16							
	(iii) Less: Write-off / write-back of excess provisions during the year	-	-							
	(iv) Closing balance	163.44	136.90							
<b>3</b>	<b>Derivatives</b>									
	(i) Forward Rate Agreement/Interest Rate Swap	Nil	Nil							
	(ii) Exchange Traded Interest Rate (IR) Derivatives	Nil	Nil							
	(iii) Disclosures on Risk Exposure in Derivatives Qualitative Disclosure: The Company has no derivatives transactions	Nil	Nil							
<b>4</b>	<b>Disclosures relating to Securitisation</b>									
	(i) SPV and Minimum Retention Requirements	Nil	Nil							
	(ii) Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction	Nil	Nil							
	(iii) Details of Assignment transactions undertaken by NBFCs	Nil	Nil							
	(iv) Details of non-performing financial assets purchased/sold:									
	a) Details of non-performing financial assets purchased	Nil	Nil							
	b) Details of Non-performing financial assets sold	Nil	Nil							
<b>5</b>	<b>Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31.3.2019</b>									
Sl No	Particulars	Upto 30/31 days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Mths & upto 6 Months	Over 6 Months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
(i)	Deposits	456.91	324.99	358.26	2,583.17	4,541.18	9,323.56	-	-	17,588.07
(ii)	Advances	3,480.82	3,645.57	4,563.50	11,135.27	25,937.06	38,919.85	4,568.34	834.61	93,085.02
(iii)	Investments	-	-	-	-	-	351.89	873.71	1,567.32	2,792.92
(iv)	Borrowings	4,227.36	3,600.63	3,750.67	4,043.56	20,398.85	18,507.47	9,914.40	2,279.20	66,722.14
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**

(₹ Lakhs)

Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31.3.2018										
Sl No	Particulars	Upto 30/31 days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Mths & upto 6 Months	Over 6 Months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
(i)	Deposits	449.28	640.02	634.76	3,172.08	2,337.41	9,063.18	-	-	16,296.73
(ii)	Advances	3,424.72	5,123.63	4,128.43	11,322.31	21,298.81	41,499.32	3,119.66	-	89,916.88
(iii)	Investments	-	-	-	-	136.31	147.45	522.82	1,759.27	2,565.85
(iv)	Borrowings	1,055.32	4,249.39	535.80	2,433.46	19,793.65	27,088.88	9,506.45	-	64,662.95
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-
Sl No	Particulars	31.03.2019							31.03.2018	
<b>6</b>	<b>Exposure</b>									
	i) Exposure to Real Estate Sector								Nil	Nil
	ii) Exposure to Capital Market:									
	a Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt								226.12	226.12
	b Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds								-	-
	c Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security								-	-
	d Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;								-	-
	e Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers								-	-
	f Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources								-	-
	g Bridge loans to companies against expected equity flows/issues								-	-
	h All exposures to Venture Capital Funds (both registered and unregistered)								-	-
	Total Exposure to Capital Market								226.12	226.12
	iii) Details of financing of parent company products								Nil	Nil
	iv) Details of Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the NBFC								Nil	Nil
	v) Unsecured Advances								1,210.52	987.45
<b>7</b>	<b>Miscellaneous</b>									
	i) Registration obtained from other financial sector regulators								NA	NA
	ii) Disclosure of penalties imposed by RBI and other regulators								-	-
	iii) Related Party Transactions - Refer Note No. 32									

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**

(₹ Lakhs)

Sl No	Particulars	31.03.2019	31.03.2018															
iv)	Ratings assigned by credit rating agencies and migration of ratings during the year																	
	<table border="1"> <thead> <tr> <th>Sl No</th> <th>Particulars</th> <th>ICRA Ltd</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Deposits</td> <td>(ICRA) MA-Stable</td> </tr> <tr> <td>(ii)</td> <td>Debentures</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(iii)</td> <td>Long-Term Borrowings</td> <td>ICRA BBB Stable</td> </tr> <tr> <td>(iv)</td> <td>Short-Term Borrowings</td> <td>(ICRA) A2</td> </tr> </tbody> </table>	Sl No	Particulars	ICRA Ltd	(i)	Deposits	(ICRA) MA-Stable	(ii)	Debentures	(ICRA) BBB Stable	(iii)	Long-Term Borrowings	ICRA BBB Stable	(iv)	Short-Term Borrowings	(ICRA) A2		
Sl No	Particulars	ICRA Ltd																
(i)	Deposits	(ICRA) MA-Stable																
(ii)	Debentures	(ICRA) BBB Stable																
(iii)	Long-Term Borrowings	ICRA BBB Stable																
(iv)	Short-Term Borrowings	(ICRA) A2																
	Migration of ratings during the year : NIL																	
v)	Remuneration of Directors Ref. Page No. 43 of Corporate Governance Report 2019																	
vi)	Management Ref. Management and Discussion and Analysis Report on Page No. 25																	
vii)	Net Profit or Loss for the period, prior period items and changes in accounting policies	Nil	Nil															
<b>8</b>	<b>Other Disclosures</b>																	
i)	Provisions and Contingencies Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss																	
a	Provisions for diminution in value of Investment	26.54	93.16															
b	Provision towards NPA	351.95	309.21															
c	Provision for Standard Assets	12.00	44.04															
d	Provision made towards Income tax	478.36	661.32															
e	Other Provision and Contingencies (with details)	-	-															
ii)	Draw-down from Reserves	-	1000.00															
iii)	Concentration of Deposits, Advances, Exposures and NPAs																	
a	Concentration of Deposits:																	
	Total Deposits of twenty largest depositors	537.40	272.99															
	Percentage of Deposits of twenty largest depositors to Total Deposits	3.06%	1.68%															
b	Concentration of Advances:																	
	Total Advances to twenty largest borrowers	1,909.49	1,750.34															
	Percentage of Advances to twenty largest borrowers to Total Advances	2.04%	1.94%															
c	Concentration of Exposures:																	
	Total Exposure to twenty largest borrowers/customers	1,111.52	1,619.42															
	Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the NBFC on borrowers/customers	1.19%	1.79%															
d	Concentration of NPAs:																	
	Total Exposure to top four NPA accounts	132.84	77.05															



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**

(₹ Lakhs)

Sl No	Particulars	31.03.2019	31.03.2018
	<b>e Sector-wise NPAs</b>		
	Sl No	Sector	% NPAs to Total Advances in that sector
	i)	Agriculture and allied activities	-
	ii)	MSME-Engineering	0.08%
	iii)	Corporate borrowers-Textiles	-
	iv)	Services-Others	0.05%
	v)	Unsecured personal loans	-
	vi)	Auto loans-Transport	4.92%
	vii)	Other personal loans	-
	<b>f Movement of NPAs</b>		
	i) Net NPAs to Net Advances (%)	2.94	3.32
	ii) Movement of Gross NPAs		
	Opening balance	4,689.02	3,952.44
	Additions during the year	3,398.77	3,846.25
	Reductions during the year	3,284.70	3,109.67
	Closing balance	4,803.09	4,689.02
	iii) Movement of Net NPAs		
	Opening balance	2,993.25	2,737.69
	Additions during the year	1,975.30	2,439.15
	Reductions during the year	2,231.63	2,183.59
	Closing balance	2,736.92	2,993.25
	iv) Movement of provisions for NPAs: (excluding provisions on standard assets)		
	Opening balance	1,695.76	1,214.75
	Provisions made during the year	1,423.46	1,407.09
	Write-off / write-back of excess provisions	1,053.00	926.08
	Closing balance	2,066.22	1,695.76
	v) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	Nil	Nil
	vi) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	Nil	Nil
<b>9</b>	<b>Disclosure of Complaints</b>		
	a No. of complaints pending at the beginning of the year	Nil	Nil
	b No. of complaints received during the year	2	1
	c No. of complaints redressed during the year	2	1
	d No. of complaints pending at the end of the year	Nil	Nil

### 37. Note on Expenditure on Corporate Social Responsibility

The following is the information regarding projects/programmes undertaken and expenses incurred on CSR activities during the year ended 31st March 2019:

I. Gross amount required to be spent by the company during the year: ₹ **40.79** Lakhs

II. Amount spent during the year on:(by way of contribution to the trusts and the projects undertaken)

(₹ Lakhs)

Particulars	Amount Spent
a. Construction / acquisition of any asset	-
b. On purposes other than (a) above:	
Promoting Education	<b>30.73</b>
Promoting Healthcare	-
Promoting Healthcare including preventive health care and others	<b>8.26</b>
Swachh Bharath Project	-
Promoting Sports	-
Others	<b>1.80</b>
<b>Total</b>	<b>40.79</b>

38. Previous year figures have been regrouped, reclassified and rearranged, wherever necessary, to conform to current year presentation.

As per our report attached

For P.K. Nagarajan & Co  
Chartered Accountants  
Firm Regn. No.:0166765

**P.K.NAGARAJAN**  
Partner  
Membership No.025679

29th May 2019  
Coimbatore

For and on behalf of the Board

**M. BALASUBRAMANIAM**  
Vice Chairman and Managing Director

**M. MANICKAM**  
Chairman

**S. VENKATESH**  
Company Secretary

**S. VELUSWAMY**  
Chief Executive Officer

**M.K. VIJAYARAGHAVAN**  
Chief Financial Officer

**BRANCH NETWORK**

BRANCH OFFICES		ADDRESS	FAX		PHONES		
<b>TAMILNADU</b> Coimbatore Main Coimbatore South Chennai	641 018	62, Dr.Nanjappa Road	0422	2231915	0422	2231471	
	641 045	1776 Trichy Road, Olampus, Ramanathapuram			0422	2318900	
	600 004	Raja Rajeswari Towers, No.29 & 30, Dr Radhakrishnan Salai, Mylapore			044	28114286	
Dharmapuri Dindigul Erode Hosur Kallakurichi Kanchipuram Karaikudi Kumbakonam	636 701	No.117/11 Q, First Floor, Nethaji Bye-pass Road			04342	270888	
	624 002	No.67/3, Nehruji Nagar, 80 Feet Road, Opp:SBI ATM			0451	2441121	
	638 003	Sakthi Sugars Building, 122, Veerabadra Road			0424	2222209	
	635 109	92/3 First Floor, K.K.Complex, Bagalur Road			04344	241142	
	606 202	59/5, Durgam Road, Gopuram Towers, Second Floor			04151	223567	
	631 501	14/69, Ground Floor, Mettu Street			044	27231677	
	630 002	45, First Floor, Subramaniapuram, 4th Street South			04565	227204	
	612 001	Anna Ice Cream Building, No.1-E, Second Floor, Dr. Besant Road			0435	2430096	
	625 020	757, West Main Road, Anna Nagar			0452	2535585	
	641 301	Sundaram Type Office Complex, 41/A Annur Main Road			04254	224686	
Nagercoil Namakkal Perambalur Pollachi  Sakthi Nagar Salem Sankagiri Sivakasi Theni	629 001	No. 93/1A, Sarguna Veethi, Chettikulam Junction			04652	222008	
	637 001	First Floor, Annai Palaniammal Plaza, 3A, Salem Road			04286	275125	
	621 212	140/2A3, 3B7A Second Floor, Ruckmani Srinivasan Complex			04328	225570	
	642 001	No.33, First Floor, Coimbatore Main Road, Near Ramanathan Medicals			04259	225004	
	638 315	Sakthi Nagar, Bhavani Taluk			04256	246238	
	636 004	215/4, Abiroopa Towers, Omalaur Main Road, Kuruvangu Chavadi			0427	2448840	
	637 301	No.1/14/18, D6, Settia Gounder Complex-C, Bhavani Main Road			0428	3240270	
	626 123	100/A4, Thiruthangal Road, Marutham Hotel Upstairs			04562	227226	
	625 531	No.15-1-60, Devi Towers, Cumbam Road, Union Bank Upstairs, P.C. Patti			04546	264955	
	627 002	10-A/1, Trivandrum High Road			0462	2502989	
Tirunelveli Tirupur  Trichy Tuticorin Vellore	641 602	No.15, First Floor, Ganga Nagar, First Street, Avinashi Road, Bangla Stop			0421	2242511	
	620 018	174, 10th Cross West, Thillai Nagar			0431	2741959	
	628 003	93A-1 Devarpuram Road, First Floor			0461	2323977	
	632 006	No. 97, First West Main Road, Gandhi Nagar			0416	2243653	
	603 001	94, Kamaraj Salai			0413	2213786	
	<b>PUDUCHERRY</b> <b>KERALA</b> Alapuzha Ernakulam Kanhgand  Kannur	686 561	No. AMCW 20/115, Second Floor, Ambalapuzha Door No: 61/3633-C, S.A. Road, Valanjambalam			0477	2260111
		682 016	Door No.KM/1353/Ward I/85/B6, Brother's Buildings, Second Floor Main Road, Near LIC Office			0484	2357359
		671 315	SB - 5/1102/E, Ennes Enclave, (Near Ashoka Hospital), South Bazaar			0467	2201102
		670 002				0497	2703223
		686 601	No.1x572/E, Madappallil Building, Room No. : 572E, Sastri Road	0495	2720414	0481	2564167
673 004		5/2248-D, Mavoor Road, Opp:Civil Supplies Corporation	0495			2723699	
676 121		Kurikkal Plaza, Opp. Court Complex, Kacheripadi	0483			2767468	
686 673		Door No.8/386 - D, Ground Floor, NH 49, Kottayil Buildings, Velloorkunnam, Market PO	0485			2812465	
686 575		Vettipuzhichalil House, Century VEE TEE Arcade, Ward No.18, Building No.303 (4), Kottaramattam	04822			210930	
Palakkad Pathanamthitta  Thrissur Vadakara  <b>KARNATAKA</b> Bengaluru		678 007	12/872, First Floor, RAV Central, Chandranagar			0491	2573232
	689 645	PMC IX /1128(1)10(E), First Floor, Aban Arcade, Ring Road, Near Bus Stand			0468	2224300	
	680 001	DAZE Towers, Second Floor, Marar Road			0487	2440294	
	673 101	No.25/125-A, Elite Building, Second Floor, Opp. Keerthi Mudra Theatre, Edodi			0496	2515632	
	560 001	No.206, Second Floor, Blue Cross Chamber, No. 11, Infantry Road Cross			080	25583365	
	560 078	No.57-132-4, First Floor, 2nd Cross, Seventh Main, KSRTC Layout, JP Nagar			080	26583364	
	575 002	Door No.213, Second Floor, Mangalore Shalimar Gate, Byepass Road, Near Kankanady Bus Stand			0824	2434811	
	400 021	1012, Dalamal Towers, 211, Nariman Point			022	22830942	
	<b>MAHARASHTRA</b> Mumbai <b>ANDHRA PRADESH</b> Rajahmundry	533 103	79-16-12/2, Third Floor, E & S Reddy Complex Tilak Road Behind Aryapuram Coop Urban Bank, Opp: Saibaba Temple			0883	2433934
		520 008	No.59-14-5, 5th Floor, BSR Plaza, NH - 5 Opp. Stella College, Ring Road			0866	2476333
560 016		No.49-24-51, A, 6, First Floor Flat No. 101-A, Pavan Estate Shankaramadam Road	0891	2550060	0891	2550060	
<b>NEW DELHI</b>	110 057	No.149, Vasant Enclave			011	26141165	



**FOR HOLDERS OF SHARES IN PHYSICAL FORM**

SKDC Consultants Limited  
(Unit: Sakthi Finance Limited)  
"Kanapathy Towers" Third Floor, 1391/A-1, Sathy Road  
Ganapathy, Coimbatore – 641 006

**NATIONAL ELECTRONIC FUND TRANSFER (NEFT) - MANDATE FORM**

- 1. Shareholder's Name : \_\_\_\_\_
- 2. Folio Number : \_\_\_\_\_
- 3. Number of Shares : \_\_\_\_\_
- 4. Bank Name : \_\_\_\_\_
- 5. Branch Name, Address and Telephone No. : \_\_\_\_\_
- 6. Permanent Account Number (PAN) : \_\_\_\_\_
- 7. Bank Account Number (10-Digit or more number only) : \_\_\_\_\_
- 8. Account type [Please tick ✓] :
 

a) S.B.	b) Current	c) Cash Credit/OD
---------	------------	-------------------
- 9. 9-Digit Code Number of the Bank and Branch appearing on the MICR cheque issued by the Bank : \_\_\_\_\_
- 10. 11-Digit IFS Code : 

--	--	--	--	--	--	--	--	--	--	--
- 11. Contact Number : 

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I agree to avail the NEFT introduced by RBI with respect to payment of dividend to me.

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons beyond the control of the Company, I would not hold Sakthi Finance Limited responsible.

Date .....

Signature of the Sole/First Shareholder

(Please attach (i) self-attested photocopies of any two of your Passport / PAN Card / Driving License / Voter's Identity Card towards proof of identification and (ii) a blank cancelled cheque or photocopy of a cheque issued by your Bank for verification of the 9-digit code Number provided above)

**FOR THE ATTENTION OF HOLDERS OF SHARES IN PHYSICAL FORM**

It is advised that the shares may be dematerialized with any of the depository participants at the earliest. This will be convenient for the holders of shares to effect any transfer or transmission instantly. Hence in the interest of the share holders, the company strongly recommends for dematerializing the shares with any of the depository participants.

Meanwhile, for the holders of shares in physical form, to provide faster credit of dividend to their account, such holders of shares are advised to provide information in the appended form.

CUT HERE

## E-MAIL ADDRESS REGISTRATION FORM

(In terms of Circular Nos. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively issued by Ministry of Corporate Affairs, Government of India)

(For shareholders who hold shares in physical form)

### **SKDC Consultants Limited**

**(Unit: Sakthi Finance Limited)**

"Kanapathy Towers"

Third Floor, 1391/A-1, Sathy Road

Ganapathy

Coimbatore - 641 006

I/We, Member(s) of Sakthi Finance Limited, hereby give my/our consent to receive electronically Annual Report(s), Notice(s) of General Meeting(s) and other document(s) that the Ministry of Corporate Affairs may allow them to be sent in electronic mode.

I/We request you to note my/our e-mail address as mentioned below. If there is any change in the e-mail address, I/We will promptly communicate it to you.

Folio No.	
Name of the Sole/First Shareholder	
E-mail address (to be registered)	

Place :

Date :

(Signature of Sole / First Shareholder)

### **Important Communication to Members**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members.

To support this green initiative of the Government:

- a. members holding shares in electronic form are requested to register their e-mail addresses in respect of their holdings through their Depository Participants concerned.
- b. members who hold shares in physical form are requested to fill in and forward the E-mail Address Registration Form as appended above of this Annual Report to SKDC Consultants Limited, Registrars and Share Transfer Agents, "Kanapathy Towers", Third Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006.

