

SAKTHI FINANCE

AN EDIFICE BUILT ON TRUST

SFL:BSE:LR34:120:2017-18

25th September 2017

BSE Limited
(Scrip Code : 511066)
25th Floor
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001

By Listing Centre

Dear Sir/Madam,

Submission of Annual Report 2017 under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

We enclose a soft copy of the Annual Report for the year ended 31st March 2017 which has been approved and adopted by the members at the 60th Annual General Meeting of the Company held today (**Monday, 25th September 2017**) at Coimbatore.

We request you to take the document on record.

Yours faithfully
For Sakthi Finance Limited


S Venkatesh
Company Secretary



Enc: (1)

Sakthi Finance Limited

62, Dr. Nanjappa Road Coimbatore - 641 018 | T: 0422 2231471/4 | F: 0422 2231915 | W: www.sakthifinance.com

CIN : L65910TZ1955PLC000145

☯ SAKTHIFINANCE

AN EDIFICE BUILT ON TRUST



ANNUAL REPORT

2017



SAKTHI FINANCE

AN EDIFICE BUILT ON TRUST

BOARD OF DIRECTORS

Dr. M. Manickam *Chairman*
Sri. M. Balasubramaniam
Vice Chairman and Managing Director
Sri. M. Srinivaasan
Sri. A. Shanmugasundaram
Dr. A. Selvakumar
Sri. P.S. Gopalakrishnan
Smt. Priya Bhansali
Sri. K.P. Ramakrishnan

CHIEF FINANCIAL OFFICER

Sri. M.K. Vijayaraghavan

COMPANY SECRETARY

Sri. S. Venkatesh

REGISTERED OFFICE

SAKTHI FINANCE LIMITED

CIN : L65910TZ1955PLC000145
62, Dr. Nanjappa Road
Coimbatore - 641 018
Phone : (0422) 2231471 - 74, 4236200
Fax : (0422) 2231915
E-mail : sakthif_info@sakthifinance.com
Website : www.sakthifinance.com

REGISTRARS AND SHARE TRANSFER AGENTS

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
Bank of India
The Karnataka Bank Ltd
Indian Overseas Bank
Canara Bank

FINANCIAL INSTITUTION

The Tamilnadu Industrial Investment
Corporation Limited

STATUTORY AUDITORS

M/s. P.N. Raghavendra Rao & Co
Chartered Accountants
No. 23/2, Viswa Paradise Apartments
Second Floor, Kalidas Road
Ramnagar, Coimbatore - 641 009

INTERNAL AUDITOR

Sri B. Muralidharan FCA
Chartered Accountant
226, T.V. Samy Road (East)
R.S. Puram, Coimbatore - 641 002

SECRETARIAL AUDITORS

M/s. S. Krishnamurthy & Co
Company Secretaries
(Branch Office)
W-Block, No. 7-D, Kovaipudur
Coimbatore - 641 042

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BOARD'S REPORT

To the Members

Your Directors are pleased to present their 60th Annual Report together with the audited accounts of the company for the financial year ended 31st March 2017.

FINANCIAL PERFORMANCE

(₹ lakh)

Particulars	2016-17	2015-16
Profit before tax	2111.54	2039.93
Less: Provision for Taxation:		
- Current Tax	599.84	863.07
- Deferred tax	(163.88)	(75.71)
- Net provision for tax (earlier years)	0.02	-
Profit after tax	1675.56	1252.57
Surplus brought forward from previous year	1472.88	2112.13
Transfer from Revaluation Reserve	43.24	46.06
Amount available for appropriation	3191.68	3410.76
Appropriations		
Transfer to Statutory Reserve	335.11	250.51
Dividend on Preference Shares	105.00	104.34
Tax on Preference Dividend	21.38	21.24
Proposed Dividend on Equity Shares	*	500.00
Tax on Equity Dividend	*	101.79
Transfer to Debenture Redemption Reserve	1643.00	960.00
Balance carried over to Balance Sheet	1087.19	1472.88
Total	3191.68	3410.76

* will be recognised as a liability on approval by the members at the Annual General Meeting.

BUSINESS

For the year under review, the company disbursed ₹ 53,791 lakh in hire purchase operations as against ₹ 52,562 lakh during the previous financial year. The collection efficiency has been good. Your directors hope to achieve improved business disbursements and profitability in the years to come.

CHANGE IN NATURE OF BUSINESS, IF ANY

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

DIVIDEND

Preference Shares

Your Directors have, at their meeting held on 16th March 2017, declared an interim dividend of ₹ 10 per share on 10% Redeemable Cumulative Preference Shares of ₹ 100 each for the financial year ending 31st March 2017 amounting to ₹ 105.00 lakh. The dividend distribution tax on that is ₹ 21.38 lakh.

Equity Shares

Your Directors are pleased to recommend a dividend of ₹ 1 per equity share (10% on the face value of equity share of ₹ 10 each) for the year ended 31st March 2017 amounting to ₹ 500.00 lakh. The dividend distribution tax on that is ₹ 101.79 lakh.

TRANSFER TO RESERVES

No amount is proposed to be transferred to general reserve.

REDEMPTION OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES

As per the terms and conditions of the Public Issue Prospectus dated 18th February 2015, your company has redeemed Option I and II of Non-Convertible Debentures aggregating to ₹ 4816.78 lakh. The repayment was made on 31st March 2017 to the respective Debenture holders.

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DEPOSITS

The total deposits with the company as at 31st March 2017 stood at ₹ 14959.06 lakh as against ₹ 16242.60 lakh as at the end of previous year.

As at the end of the financial year, 816 public deposits aggregating to ₹ 506.82 lakh were due for repayment, but remained unclaimed. The Company has been reminding the depositors regularly about the maturity and out of the said deposits, 353 deposits amounting to ₹ 256.79 lakh have since been claimed and repaid/renewed as per their instructions.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year 2016-17, your Company has transferred unclaimed matured debentures amounting to ₹ 2.14 lakh to Investor Education and Protection Fund.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Retiring by rotation

In accordance with the provisions of Section 152(6), Sri. M Srinivaasan (DIN: 00102387) will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for reappointment. The Board recommends his reappointment.

b. Key Managerial Personnel

In terms of Section 203 of the Companies Act 2013, Sri M Balasubramaniam, Vice Chairman and Managing Director, Sri M K Vijayaraghavan, Chief Financial Officer, Dr S Veluswamy, Senior President (Operations) and Sri S Venkatesh, Company Secretary are the Key Managerial Personnel (KMPs) of the Company.

AUDIT COMMITTEE

The Audit Committee has three non-executive directors as members of which two are Independent Directors.

- a. Dr A Selvakumar, Chairman
- b. Sri A Shanmugasundaram, Member
- c. Sri M Srinivaasan, Member

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a report on Management Discussion and Analysis Report forms part of this report.

CORPORATE GOVERNANCE REPORT

As required under Regulation 34(3) and Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), a report on Corporate Governance and a certificate from the auditors of the company regarding compliance of the conditions of Corporate Governance as stipulated under the listing regulations forms part of the Annual Report.

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

The Company has put in place a Sexual Harassment 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 2016-17, there were no complaints received by the ICC.

DISCLOSURES REQUIRED UNDER THE COMPANIES ACT 2013 AND THE LISTING REGULATIONS

The information required to be disclosed under the Companies Act 2013 and the Listing Regulations is set out in the **Annexure - 1** and forms part of this report.

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.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act 2013, 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 Companies Act 2013 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.

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 - 2**. 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.

Your Company has so far spent ₹ 10.21 lakh as against ₹ 44.68 lakh required to be spent during the financial year 2016-17.

BOARD EVALUATION

In terms of the requirements of Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (**Listing Regulations**), the Board has carried out an annual performance evaluation of its own performance, individual Directors as well as the evaluation of its Committees.

The evaluation was carried out based on a structured questionnaire which includes performance criteria such as performance of duties and obligations, independence of judgement, 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.

AUDITORS

a. Statutory Auditors

M/s. P N Raghavendra Rao & Co, Chartered Accountants, were first appointed as statutory auditors of the Company at the 44th AGM held on 8th September 2001. They have already completed more than ten years as Statutory Auditors of the Company. In terms of their appointment made at the 57th AGM held on 27th September 2014, they hold office as auditors up to the conclusion of the 60th AGM and hence, would retire at the conclusion of the forthcoming 60th AGM. Your Directors place on record their appreciation for the services rendered by M/s P N Raghavendra & Co, as the Statutory Auditors of the Company.

In view of the mandatory rotation requirement, your Directors have recommended appointment of M/s P K Nagarajan & Co., (Firm Regn No: 016676S), Chartered Accountants, as Statutory Auditors

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for a period of five (5) years from the conclusion of 60th AGM till the conclusion of 65th AGM of the Company.

M/s P K Nagarajan & Co., (Firm Regn No: 016676S), Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the proviso to Section 139(1), Section 141(2) and 141(3) of the Companies Act 2013 and the provisions of the Companies (Audit and Auditors) Rules 2014. They have also confirmed that they hold a valid peer review certificate from the Institute of Chartered Accountants of India (ICAI).

b. Secretarial Auditors

The Board appointed M/s. S Krishnamurthy & Co, Practicing Company Secretaries, Chennai, who has given Secretarial Audit Report for the financial year 2016-17. The Secretarial Audit Report for the financial year 31st March 2017 is enclosed as **Annexure - 3**.

The clarification to the observation made by the Secretarial Auditors on the delayed submission of returns to Reserve Bank of India (RBI) is given hereunder:

The Company had been experiencing some difficulty on account of migration to new software and in the matters of checks and balances with regard to verification of validity of accounting figures generated by it. The delay was only in the first quarter of the financial year on account of the aforesaid reasons. For subsequent quarters, the company has been submitting the returns within the prescribed time.

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.

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.

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 : ₹ 72.73 lakh

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 are provided in **Annexure 1**.

ACKNOWLEDGEMENT

Your Directors wish to place on record the valuable assistance 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.

Your Directors pray Goddess SAKTHI to continue to shower Her blessings and to guide us in all our endeavors.

For and on behalf of the Board

10th August 2017
Coimbatore

M Manickam
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIAN ECONOMY

The year 2016-17 has witnessed many economic developments, namely, passage of Goods and Services Tax (GST) Act, Demonetization of specified bank notes, Overhauling of bankruptcy laws etc. The macro-economic indicators are very robust and provide for a comfortable inflation numbers. The Central Government is confident of achieving a fiscal deficit target of 3.2% of Gross Domestic Product (GDP). The Current Account situation is in comfortable position and foreign exchange reserves are high. Towards investment destination, India is among the fastest growing large economies.

As per the Second Advanced Estimates released by the Central Statistical Office (CSO), the India's economic growth has been projected to be lower at 7.1% for 2017 from 7.9% in the year 2016. Despite these projected temporary slow-down in the growth, the other macro-economic fundamentals are very strong. Further, growth is expected to increase on the back of the strong agricultural sector performance. As per the Central Statistical Office (CSO), the Index for Industrial Production (IIP) for April-May 2017 period decelerated to 2.3% from 7.3% as against the same period in last year. The retail inflation hit a low of 1.54% in June 2017 on account of dip in food items like vegetables, pulses and milk products.

OPPORTUNITIES

During the year 2016-17, the Commercial Vehicle (CV) industry started on a strong note. However, after witnessing a growth of 13% during the first quarter, the growth started to decline with the contraction in demand for Medium and Heavy Commercial Vehicles (M&HCV). As per the Society of Indian Automobile Manufacturers (SIAM), the Commercial Vehicles sales registered a growth of 4.16% during 2016-17 as compared to last year. M&HCVs grew by 0.04% and Light Commercial Vehicles (LCV) touched a growth of 7.41% during 2016-17 as compared to the same period last year.

With the expected pick-up in economy, pursuant to implementation of GST (a uniform single tax incidence across the country), the growth prospects for M&HCV, LCV segments look positive. Further, your company is principally engaged in financing of pre-owned commercial vehicles of these segments only. With growth prospects on account of several factors including increase in consumer spending, higher government capital spending, the CV industry will be positively impacted and this, in turn, will increase the growth prospects of companies, like yours, which has a direct engagement in funding the commercial vehicle industry.

THREATS

Monsoon remaining a concern, in spite of optimistic forecast of IMD. The government's policy on phasing out of older vehicles, ever-increasing maintenance cost and inflation continue to impact the commercial vehicle industry to which your company is directly linked.

BALANCE OF PAYMENTS POSITION

The Current Account Deficit (CAD) soared to \$ 3.4 billion or 0.6% of Gross Domestic Product (GDP) in the fourth quarter of 2017 from \$ 0.3 billion a year ago. Consumer Price Index (CPI) based inflation eased to 1.54% in June 2017 from 2.18% in May 2017 as many food items, such as pulses and vegetables became cheaper. Food Price inflation also contracted to 2.12% in June 2017. The Whole-sale Price Index (WPI) slowed down to 0.9% in June 2017 from 2.17% in May 2017.

BUSINESS OUTLOOK

International Monetary Fund (IMF) has projected India's GDP growth rate at 7.2% for the year 2017-18. With the expected good monsoon, the agricultural output will aid higher economic growth. Further, with the introduction of Goods and Services Tax (GST) Act, rationalization of check posts etc, optimum utilization of vehicles is bound to substantially benefit the Commercial Vehicle industry. All these measures will drive the improved performance of road transport sector, which in turn, will help increase the growth prospects of NBFC's sector.

PERFORMANCE AND FINANCIAL REVIEW

For the financial year 2016-17, the company disbursed ₹ **53,791 lakh** in Hire Purchase financing operations as against ₹ 52,562 lakh in the corresponding previous financial year. The total deposits with the company, as on 31st March 2017, stood at ₹ **14,959 lakh**.

The gross income for the financial year 2016-17 stood at ₹ **17,055 lakh** and the net profit after tax for the year was at ₹ **1,676 lakh**. The company accounted towards depreciation and amortisation an amount of ₹ **322 lakh** in the statement of profit and loss.

RISKS AND CONCERNS

Our Company, like any other NBFC, is also exposed to normal industry risks such as credit, market, interest and operational risks. These risks are effectively mitigated by taking pro-active, prudent business and risk management policies. 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

Sound and adequate system of internal controls to monitor and regulate all the activities have been put in place by the Company. Further, compliance with internal control policies and procedures and other regulatory requirements are adhered to by the Company.

HUMAN RESOURCES DEVELOPMENT

During 2016-17, the Company maintained a very harmonious and cordial relationship with its employees. As on 31st March 2017, there were 456 employees on the rolls of the company. To establish and build a strong performance and competency-driven culture with higher sense of accountability and responsibility among its employees is the aim of the human resources policy of the Company. Necessary steps to strengthen the organizational competency through training programmes at various levels and installing effective system are taken by the Company on regular basis.

For and on behalf of the Board

10th August 2017
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.

DISCLOSURES REQUIRED UNDER THE COMPANIES ACT 2013 AND THE LISTING REGULATIONS**1. EXTRACT OF ANNUAL RETURN**

The extract of Annual Return as provided under sub-section (3) of Section 92 of the Companies Act 2013 (the "Act") is enclosed as **Annexure - 4** in the prescribed Form MGT-9 and forms part of this Report.

2. REMUNERATION POLICY

Company's policy on Directors' appointment and remuneration including 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 given in **Annexure - 5**. 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 - 4** in the prescribed form MGT-9 which forms part of this Report.

3. NUMBER OF MEETINGS OF THE BOARD

Six (6) meetings of the Board of Directors of the Company were held during the year. For details of the meetings, please refer to the Corporate Governance Report, which forms part of this Report.

4. INDEPENDENT DIRECTOR'S DECLARATION

Sri P S Gopalakrishnan, Dr A Selvakumar, Sri A Shanmugasundram, 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. Further, there has been no change in the circumstances which affect their status as independent directors during the year.

5. 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.

6. INTER SE RELATIONSHIP BETWEEN 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, none of the other Directors is related to each other within the meaning of the term "relative" as per Section 2(77) of the Companies Act 2013 read with Listing Regulations 2015.

7. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the financial year 2016-17, there has been no loans, guarantees or investments which would attract the provisions of Section 186 of the Act.

8. 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 to be disclosed under Sections 188(1) and 134(h) of the Companies Act 2013.

9. INTERNAL CONTROL

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

10. RISK MANAGEMENT

The Risk Management is overseen by the Audit Committee of the Company on a continuous basis. The Committee oversees the Company's processes and policies for determining risk tolerance against established levels. Major risks identified by the businesses 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.

11. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has put in place a process of conducting familiarization programme for independent directors. This is given in detail in the Corporate Governance Report which forms part of the Annual Report.

12. VIGIL MECHANISM

The Company has established a vigil mechanism of Directors and employees to report their genuine concerns. For details, please refer to Corporate Governance Report which forms part of this Report.

13. PARTICULARS OF REMUNERATION**a. Details pertaining to 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**

Sl No	Name and Designation of the Director / Key Managerial Personnel (KMP)	Remuneration for FY 2016-17 (₹ lakh)	% increase in remuneration in FY 2016-17	Ratio to median remuneration
1	Mr M Balasubramaniam, Vice Chairman and Managing Director	96.92	57.51	33.31
2	Mr M K Vijayaraghavan, Chief Financial Officer	26.53	40.30	NA
3	Dr S Veluswamy, Senior President (Operations)	17.96	(5.37)	NA
4	Mr S Venkatesh, Company Secretary	10.74	(3.94)	NA

Other Information

i	the percentage increase in the median remuneration of employees in the financial year	15.79%
ii	the number of permanent employees on the rolls of the company	456
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 in 2016-17 was 16.30%. Percentage increase in the managerial remuneration for the year was 5.00%.
iv	affirmation that the remuneration is as per the remuneration policy of the company.	The Company's remuneration policy is driven by the success and performance of the individual employees and the Company. Through its compensation package, the Company endeavours to attract, retain, develop and motivate high performance. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined through the annual appraisal process. The Company affirms that remuneration is as per the remuneration policy of the Company / the Act.

b. 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
Top 10 Employees in terms of remuneration drawn during the year

Sl No	Name of the Employee	Designation	Remuneration received (₹ lakh)	Qualifications	Total Experience (Years)	Date of commencement of employment	Age (in years)	Last employment held before joining the company
1	M. Balasubramaniam	Vice Chairman & Managing Director	96.92	M.Com, MBA (USA)	32	21/08/1985	59	Director ABT Industries Ltd
2	M K Vijayaraghavan	Chief Financial Officer	26.53	B.Com, FCA	42	10/07/2009	67	Vice President (Finance), Karur KPC Packagings Ltd
3	S Veluswamy	Senior President (Operations)	17.96	M.Com, ACS, Ph.D	36	01/04/1994	58	Asst Company Secretary, Sakthi Sugars Ltd
4	K Natesan	Vice President (Stressed Asset Management)	15.71	MA, LLB, MBA, Ph.D Diploma in Tourism & Development	36	03/04/1992	58	Asst Manager (Personnel), Tamilnadu Telecommunication Limited
5	K Guruprasad	Vice President (Management Services)	15.53	B.Com, MBA CAIIB, ICWAI (Inter)	44	03/05/1996	67	Credit-in-Charge, Regional Office, State Bank of India
6	G Sundar	Vice President - Credit	14.65	MA, MBA, Ph.D	37	20/01/1997	61	Manager, Union Bank of India
7	N Raveendran	Sr. General Manager - Office of Inform. Capital Mgmt.	13.98	B.Com, MBA, Ph.D.	36	11/06/2009	57	Senior Manager, IT Services, Pricol Ltd, Coimbatore
8	N Radhakrishnan	Vice President (Operations)	13.88	B.Sc, MBA Markt.Mngt.	24	01/09/2004	48	Senior Manager, ABT Industries Ltd
9	M Purushothaman	Associate Vice President - OSM	13.72	B.Sc., MBA	34	02/06/2010	58	General Manager - Business Excellence, Calcom Cement India Limited, Kolkata
10	A Sagayaraj Joseph	General Manager (Receivables Management)	13.23	B.Com	30	01/12/2005	54	Cluster Credit Manager, Cholamandalam Investment & Finance Company Ltd

Notes : a) The above table is based on payouts made during the year. b) Remuneration includes salary, bonus, various allowances, contribution to Provident Fund, Superannuation Fund, Gratuity Fund and taxable value of perquisites calculated in accordance with Income Tax Act / Rules. c) Sri M. Balasubramaniam, Vice Chairman and Managing Director is related to Dr. M. Manickam, Chairman and Sri. M. Srinivasan, Director d) During the Financial year 2016-17, 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. e) The appointment of Managing Director is contractual in nature.

14. 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.

For and on behalf of the Board
M Manickam
Chairman

10th August 2017
Coimbatore

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Annexure - 2

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2016-17

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 in the website of the company under the following link: <https://www.sakthifinance.com/policy.php>

2. The composition of CSR Committee is given below:

- Sri P S Gopalakrishnan, Chairman
- Dr A Selvakumar, Member
- Sri M Balasubramaniam, Member

3. Average net profits of the Company for the last three financial years: ₹ 2234.12 lakh

4. Prescribed CSR Expenditure (two percent of the amount as mentioned in item 3 above) : ₹ 44.68 lakh

5. Details of CSR spent during the financial year 2016-17 (₹ lakh)

Particulars	Amount
Total amount spent for the financial year	10.21
Amount unspent, if any	34.47

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	-	8.04	8.04	Direct
2	Rural Development, Healthcare and Sanitation	Healthcare	Local areas and others	-	2.17	10.21	Direct
Total CSR spent					10.21		

- 6. 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.**

Your Company has so far spent ₹ 10.21 lakh as against ₹ 44.68 lakh required to be spent during the financial year 2016-17.

- 7. 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.

10th August 2017
Coimbatore

M. Balasubramaniam
Vice Chairman and
Managing Director
- Member

P.S. Gopalakrishnan
Chairman-CSR Committee

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Annexure - 3

Form No. MR-3

Secretarial Audit Report for the financial year ended 31st March 2016

[Pursuant to Section 204(1) of the Companies Act 2013 and Rule No.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 2016 to 31st March 2017 (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 are issuing this report based on:

- i. Our verification of the physical/electronic books, papers, minute books and other records maintained by the Company and furnished to us, forms/returns filed (physical/electronic) and compliance related action taken by the Company during the year as well as after 31st March 2017 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 2017, to the extent, in the manner and subject to the reporting made hereinafter:

- i. The Company has complied with the statutory provisions listed hereunder; and
- ii. The Company has Board processes and compliance mechanism in place.

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 Companies Act, 1956 and the rules made thereunder.
 - iii. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
 - iv. The Depositories Act, 1996 and the regulations/ bye-laws framed thereunder.
 - v. 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, 2009;

- c. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - d. 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;
 - e. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - f. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi. The following law 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.
- vii. The listing agreement entered into by the Company with BSE Limited (BSE) (Agreement).
- viii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (FEMA).
- ix. Secretarial Standards (SS-1) on "Meetings of the Board of Directors" and Secretarial Standards (SS-2) on "General Meetings" issued by The Institute of Company Secretaries of India (Standards).
- 1.2. During the period under review, and also after considering the compliance related action taken by the Company after 31st March 2017 but before issue of this report, the Company has, to the best of our knowledge and belief and based on the records (physical/electronic), information, explanations and representations furnished to us:
- i. Complied with the applicable provisions/clauses of the Acts, Rules, SEBI Regulations and Agreements specified in sub-paragraphs (i) to (v) and (vii) to (viii) of paragraph 1.1 above;
 - ii. Generally complied with applicable provisions of the Standards mentioned under sub-paragraph (ix) of paragraph 1.1 above.
 - iii. Complied with the Specific laws specified in sub-paragraph (vi) of paragraph 1.1 above except for a delay of 29 days in filing the Returns in Forms NBS-1 and NBS-2 with Reserve Bank of India for the quarter ended 30th June 2016.
- 1.3 We are informed that, during/in respect of the year, 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 Investments and External Commercial Borrowings;
 - ii. Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998
 - iii. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - iv. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

2. Board processes

We further report that during the year ended/as at 31st March 2017 as the context indicates:

- 2.1 The Board of Directors of the Company was duly constituted with one Executive Director, two Non-Executive Non-Independent Directors and five Independent Directors including one Woman Director.
- 2.2 There was no change in composition of the Board of Directors during the year. At the 59th Annual General Meeting held on 24th September 2016 the members approved the re-appointment of the retiring director.
- 2.3 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings.
- 2.4 Notices of Board meetings were sent at least seven days in advance.
- 2.5 Agenda and detailed notes on agenda were sent at least seven days before the Board meetings with the exception of the following items, which were either circulated separately or at the

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meetings and consent of the Board for so circulating them was duly obtained as required under the Secretarial Standards:

- i. Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts/ results, unaudited financial results and connected papers; and
 - ii. Additional subjects/ information/ presentations and supplementary notes.
- 2.6 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.
- 2.7 We noted from the minutes that, at the Board meetings:
- i. Majority decisions were carried through; and
 - ii. 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 of the Company commensurate with its size and operations and to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The Company is taking steps to further strengthen the compliance monitoring systems and for ensuring timely updation and authentication of statutory registers.

4. Specific events/actions

- 4.1 During the year, the following specific events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations and standards took place:
- i. BSE Limited accorded trading approval for 16,48,708 Secured Redeemable Non-Convertible Debentures of ₹1,000 each with effect from 23rd May 2016.
 - ii. Members have accorded their approval at the 59th Annual General Meeting held on 24th September 2016:
 - a. By way of a Special Resolution, to offer, issue and allot, in one or more tranches, secured or unsecured Non-convertible Debentures (NCD's), 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 59th annual general meeting;
 - b. By way of a Special Resolution, to issue and allot 30,00,000 10% Redeemable Cumulative Preference Shares of ₹100 each for an amount not exceeding ₹30 Crores in aggregate on private placement basis;
 - c. By way of an Ordinary Resolution, to increase the authorised share capital from ₹75 crores to ₹100 crores;
 - d. By way of an Ordinary Resolution, to consequently amend Clause 5 (Capital Clause) of Memorandum of Association of the Company to reflect the increased authorised capital of ₹100 crores divided into 7,00,00,000 Equity Shares of ₹10 each and 30,00,000 Redeemable Cumulative Preference Shares of ₹100 each; and
 - e. By way of Special Resolution for substituting the existing Article 3 of the Company's Articles of Association with a new Article.
 - iii. Secured Redeemable Non-Convertible Debentures (Option I and II) allotted under Public Issue Prospectus on 1st April 2015, amounting to ₹48,16,78,000, due for redemption on 1st April 2017, were redeemed on 31st March 2017.

For S Krishnamurthy & Co.,
Company Secretaries

R. Sivasubramanian
Partner

10th August 2017
Coimbatore

Membership No: A22289
Certificate of Practice No: 12052

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 2017 is to be read along with this letter

1. The Company's management is responsible for the 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.
2. We have followed such audit practices and processes we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2017 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on Independent legal / professional opinion obtained as being in compliance with law.
5. 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.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
7. We have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S Krishnamurthy & Co.,
Company Secretaries

R. Sivasubramanian
Partner

10th August 2017
Coimbatore

Membership No: A22289
Certificate of Practice No: 12052

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Annexure - 4

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2017
(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	98.39

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	Physi- cal	Total	% of Total Shares	Demat	Physi- cal	Total	% of Total Shares	
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)									
1) Indian									
a) Individual/HUF	855691	0	855691	1.71	855691	0	855691	1.71	0.00
b) Central Govt./ State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	31251434	0	31251434	62.50	31251434	0	31251434	62.50	0.00
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
SUB TOTAL (A)(1)	32107125	0	32107125	64.21	32107125	0	32107125	64.21	0.00
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
SUB TOTAL (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	32107125	0	32107125	64.21	32107125	0	32107125	64.21	0.00
B. PUBLIC SHAREHOLDING									
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	2200	2200	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) FIIs	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
SUB TOTAL (B)(1)	0	2200	2200	0.00	0	2200	2200	0.00	0.00
2) Non Institutions									
a) Bodies corporates:									
i) Indian	6946515	947077	7893592	15.79	7022967	946877	7969844	15.94	0.15
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals:									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	2268409	1559076	3827485	7.66	2199586	1507641	3707227	7.42	-0.24
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1237997	243300	1481297	2.96	1251562	243150	1494712	2.99	0.03
c) Others (specify)									
Directors and their relatives	8175	0	8175	0.02	8175	0	8175	0.02	0.00
Non-resident Indians	78288	1600	79888	0.16	64083	1600	65683	0.13	-0.03

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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	0	4450000	4450000	8.90	0	4450000	4450000	8.90	0.00
Clearing Members	17025	0	17025	0.03	46004	0	46004	0.09	0.06
HUF	133213	0	133213	0.27	149030	0	149030	0.30	0.03
SUB TOTAL (B)(2)	10689622	7201053	17890675	35.79	10741407	7149268	17890675	35.79	0.00
Total Public Shareholding (B) = (B)(1)+(B)(2)	10689622	7203253	17892875	35.79	10741407	7151468	17892875	35.79	0.00
C. Shares held by Custodian for GDRs and ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	42796747	7203253	50000000	100.00	42848532	7151468	50000000	100.00	0.00

(ii) Share Holding of Promoters and Promoter Group

SI 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	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.Mariamammal	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 Limited*	8727400	17.46	0.00	0.00	0.00	0.00	-17.46
8	ABT Investment (India) Private Limited*	0	0.00	0.00	8727400	17.46	0.00	17.46
9	ABT Finance Limited	131162	0.26	0.00	131162	0.26	0.00	0.00
10	ABT Industries Limited	919926	1.84	1.84	919926	1.84	0.00	0.00
11	Sakthifinance Financial Services Limited	8110000	16.22	6.78	8110000	16.22	0.00	0.00
12	Sakthi Financial Services (Cochin) Private Limited	3411246	6.82	0.00	3411246	6.82	0.00	0.00
13	Sakthi Logistic Services Limited**	5700	0.01	0.00	5700	0.01	0.00	0.00
14	Sakthi Sugars Limited	1040000	2.08	0.00	1040000	2.08	0.00	0.00
15	Sri Chamundeswari Sugars Ltd	24000	0.05	0.00	24000	0.05	0.00	0.00
16	Sri Sakthi Textiles Limited	7000	0.01	0.00	7000	0.01	0.00	0.00
17	The Gounder and Company Auto Limited	3925000	7.85	1.75	3925000	7.85	0.00	0.00
18	Sakthi Realty Holdings Limited	2475000	4.95	0.00	2475000	4.95	0.00	0.00
19	ABT Foundation Limited	2475000	4.95	0.00	2475000	4.95	0.00	0.00
	Total	32107125	64.21	10.37	32107125	64.21	0.00	0.00

* Due to demerger, the shares were transferred to ABT Investment (India) Private Limited on 24th May 2016

** Name of this Company has been changed to "Sakthifinance Holdings Limited".

(iii) Change in Promoters' Shareholding* (Specify if there is no change)

SI 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	32107125	64.21	32107125	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 2016-17			
	At the end of the year	32107125	64.21	32107125	64.21

*includes promoter group

(iv) Shareholding Pattern of top ten Shareholders

(other than Directors, Promoters and Holders of GDRs and ADRs)

SI 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	Avdhoot Finance and Investment Private Limited				
	At the beginning of the year	5624208	11.25	5624208	11.25
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	5624208	11.25	5624208	11.25
2	Bridgewater Investment Corporation Limited				
	At the beginning of the year	4450000	8.90	4450000	8.90
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	4450000	8.90	4450000	8.90
3	Sakthi Management Services (Coimbatore) Limited				
	At the beginning of the year	1135434	2.27	1135434	2.27
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	1135434	2.27	1135434	2.27
4	Grahasakthi Properties Private Ltd				
	At the beginning of the year	927237	1.85	927237	1.85
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	927237	1.85	927237	1.85
5	Deepender Singh Poonian				
	At the beginning of the year	234722	0.47	234722	0.47
	Datewise increase / decrease in shareholding during the year:				
	Purchase of shares on 09/09/2016	3772	0.01	238494	0.48
	Purchase of shares on 24/03/2017	5713	0.01	244207	0.49
	At the end of the year	244207	0.49	244207	0.49
6	Tanvi Jignesh Mehta				
	At the beginning of the year	-	-	-	-
	Datewise increase / decrease in shareholding during the year:				
	Purchase of shares on 17/03/2017	218044	0.44	218044	0.44
	At the end of the year	218044	0.44	218044	0.44

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SI 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
7	Kushagra Gupta At the beginning of the year Datewise increase / decrease in shareholding during the year: Sale of shares on 22/07/2016 Sale of shares on 29/07/2016 Sale of shares on 12/08/2016 Sale of shares on 26/08/2016 At the end of the year	151100 5072 3928 1000 815 140285	0.30 0.01 0.01 0.00 0.00 0.28	151100 146028 142100 141100 140285 140285	0.30 0.29 0.28 0.28 0.28 0.28
8	Bannari Amman Sugars Limited At the beginning of the year Increase / decrease in shareholding during the year At the end of the year	84375 -	0.17 -	84375 -	0.17 -
9	Amit Subhash Kulkarni At the beginning of the year Datewise increase / decrease in shareholding during the year: Purchase of shares on 29/04/2016 Sale of shares on 15/07/2016 Sale of shares on 12/08/2016 Sale of shares on 16/09/2016 Sale of shares on 23/09/2016 Sale of shares on 30/09/2016 Sale of shares on 07/10/2016 Sale of shares on 14/10/2016 Sale of shares on 21/10/2016 Sale of shares on 28/10/2016 Sale of shares on 04/11/2016 Sale of shares on 11/11/2016 Sale of shares on 18/11/2016 At the end of the year	95975 10424 9098 3196 1000 3000 2899 2884 6843 7905 2478 2885 8450 1223 54538	0.19 0.02 0.02 0.01 0.00 0.01 0.01 0.01 0.02 0.00 0.00 0.02 0.00 0.10	95975 106399 97301 94105 93105 90105 87206 84322 77479 69574 67096 64211 55761 54538 54538	0.19 0.21 0.19 0.18 0.18 0.17 0.16 0.15 0.14 0.12 0.12 0.10 0.10 0.10
10	Kalpathy Viswanath Narayanmurti At the beginning of the year Datewise increase / decrease in shareholding during the year: Purchase of shares on 11/11/2016 Purchase of shares on 18/11/2016 Purchase of shares on 25/11/2016 Purchase of shares on 6/1/2017 At the end of the year	66766 1000 500 500 300 69066	0.14 0.00 0.00 0.00 0.00 0.14	66766 67766 68266 68766 69066 69066	0.14 0.14 0.14 0.14 0.14 0.14

(v) Shareholding of Directors and Key Managerial Personnel

SI 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	M Manickam, Chairman At the beginnning of the year 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	92813 0 92813	0.19 0 0.19	92813 0 92813	0.19 0 0.19

SI 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
2	M Balasubramaniam Vice Chairman and Managing Director				
	At the beginnning of the year	192000	0.38	192000	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)	0	0	0	0
	At the end of the year	192000	0.38	192000	0.38
3	M Srinivaasan, Director				
	At the beginnning of the year	251355	0.50	251355	0.50
	Date wise increase / decrease in in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc)	0	0	0	0
	At the end of the year	251355	0.50	251355	0.50
4	A Shanmugasundaram, Director				
	At the beginnning of the year	7875	0.02	7875	0.02
	Date wise increase / decrease in in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc)	0	0	0	0
	At the end of the year	7875	0.02	7875	0.02
5	A Selvakumar, Director				
	At the beginnning 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)	0	0	0	0
	At the end of the year	300	0.00	300	0.00
6	M K Vijayaraghavan, Chief Financial Officer				
	At the beginnning 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)	0	0	0	0
	At the end of the year	400	0.00	400	0.00
7	S Venkatesh, Company Secretary				
	At the beginnning of the year	1075	0.00	1075	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)	0	0	0	0
	At the end of the year	1075	0.00	1075	0.00

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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	48,722.92	19,078.27	16,242.60	84,043.79
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	1,466.35	1,884.44	1,063.58	4,414.37
Total (i+ii+iii)	50,189.27	20,962.71	17,306.18	88,458.16
Change in indebtedness during the financial year				
Additions	54,867.96	1,098.11	7840.65	63,806.72
Reduction	54,964.36	0.00	9065.26	64,029.62
Net Change	-96.40	1,098.11	-1,224.61	-222.90
Indebtedness at the end of the financial year				
i) Principal Amount	48,452.87	19,078.27	14,959.06	82,490.20
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	1,640.00	2,982.55	1,122.51	5,745.06
Total (i+ii+iii)	50,092.87	22,060.82	16,081.57	88,235.26

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	38.40
	(b) Value of perquisites u/s 17(2) of the Income Tax Act 1961	5.40
	(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	53.12
	- others (specify)	-
5	Others, please specify	-
	Total	96.92
	Ceiling as per the Act	123.62

B. Remuneration to other directors

(₹ Lakh)

SI No	Particulars of Remuneration	Name of Director					Total
		A Shanmuga sundaram	P S Gopala krishnan	Dr A Selva kumar	Priya Bhansali	K P Rama krishnan	
1	Independent Directors						
	(a) Fee for attending board / committee meetings	2.80	2.00	3.00	1.40	1.20	10.40
	(b) Commission	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-
	Total (1)	2.80	2.00	3.00	1.40	1.20	10.40
2	Other Non-Executive Directors	Dr M Manickam	M Srinivaasan				
	(a) Fee for attending board / committee meetings	1.00	2.00				3.00
	(b) Commission	-	-				-
	(c) Others, please specify	-	-				-
	Total (2)	1.00	2.00				3.00
	Total (1+2)	3.80	4.00	3.00	1.40	1.20	13.40
	Total Managerial Remuneration						13.40
	Overall ceiling as per the Act						NA

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C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTB

(₹ lakh)

SI No	Particulars of Remuneration	Key Managerial Personnel			
		Sri M K Vijayaraghavan, CFO	Dr S Veluswamy, Sr. President (OMS)	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	26.53	17.96	10.74	55.23
	(b) Value of perquisites u/s 17(2) of the Income Tax Act 1961	-	-	-	-
	(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	-	-	-	-
	Total	26.53	17.96	10.74	55.23

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)
A. COMPANY	NIL				
Penalty					
Punishment					
Compounding					
B. DIRECTORS	NIL				
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT	NIL				
Penalty					
Punishment					
Compounding					

10th August 2017
Coimbatore

For and on behalf of the Board
M Manickam
Chairman

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 reappointment, 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 fulfill 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.

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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 and other employees below KMPs, the Managing Director is authorised by the Nomination and Remuneration Committee to fix the remuneration based on the criticality and responsibility of the employees.

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

CORPORATE GOVERNANCE REPORT

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

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 objective 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

The Board of Directors consist of eight members. The Board has a Non-Executive Chairman, a Vice Chairman and Managing Director and six Non-Executive Directors of which five are Independent Directors (including a women director), who bring in a wide range of skills and experience 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 **(Listing Regulations)**.

None of the Independent Directors on the Board serve as an Independent Director in more than seven listed companies. All Independent Directors are also in compliance of the limit of Independent Directorship as prescribed in Regulation 25 of 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 nine (9) 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 and NCD Issuance 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 www.sakthifinance.com. These Independent Directors have confirmed that they satisfy the criteria of independence as stipulated under Section 149(6) of the Companies Act 2013.

During the year, the Independent Directors had a separate meeting on 16th March 2017 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, six Board Meetings were held on 28th May 2016, 10th August 2016, 24th September 2016, 14th November 2016, 9th February 2017 and 16th March 2017. The gap between two meetings is within one hundred and twenty days only. The information as required under Regulation 17(2) of the Listing Regulations is being 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 familiarisation 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 familiarisation process is disclosed at the Company's weblink <https://sakthifinance.com/familiarisation.php>.

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d. Performance Evaluation

In terms of the requirements of the Companies Act 2013, the Board carried out annual performance evaluation of its own performance 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://www.sakthifinance.com/policy.php>

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 2016-17 Attendance at		No. of other directorships (a) (excluding Sakthi Finance Ltd)	Committee position (b)	
			Board Meeting	Last AGM		Chairman	Member
Dr M Manickam DIN : 00102233	Non-executive Chairman, Promoter	Brother of Sri M Balasubramaniam and Sri M Srinivaasan	5	Yes	8	-	1
Sri M Balasubramaniam DIN : 00377053	Vice Chairman and Managing Director, Promoter	Brother of Dr M Manickam and Sri M Srinivaasan	6	Yes	9	-	3
Sri M Srinivaasan DIN : 00102387	Non-executive Director, Non-Independent	Brother of Dr M Manickam and Sri M Balasubramaniam	6	Yes	7	-	1
Sri A Shanmugasundaram DIN : 00001434	Non-executive Director, Independent	None	6	No	1	-	-
Dr A Selvakumar DIN : 01099806	Non-executive Director, Independent	None	6	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	2	-	1
Sri K P Ramakrishnan DIN: 07029959	Non-executive Director, Independent	None	5	Yes	2	1	-

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

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

3. COMMITTEES OF THE BOARD

A. Audit Committee

Terms of reference

The Company has adopted an Audit Committee Charter to 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 Listing Regulations.

The powers and 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 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. Qualifications in the draft audit report.
 - g. Disclosure of any related party transactions.
 - h. Compliance with listing and other legal requirements relating to financial statements.
 - 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.

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

The composition of the Audit Committee and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Dr A Selvakumar, Chairman	5	5
Sri A Shanmugasundaram, Member	5	5
Sri M Srinivaasan, Member	5	4

The committee held five meetings during the financial year on 28th May 2016, 9th August 2016, 12th November 2016, 8th February 2017 and 12th March 2017. The gap between two meetings was within one hundred and twenty days only.

All members of Audit Committee are financially literate. The minutes of Audit Committee are 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 Nomination and Remuneration Committee Charter. The role of Nomination and Remuneration Committee is required under Section 178 of the Companies Act 2013 and Regulation 19 read with Part D of Schedule II to 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 (KMP) 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 Key Managerial Personnel (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 Key Managerial Personnel (KMPs) to the Board
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 Listing Regulations 2015 regarding Nomination and Remuneration Committee.

Composition

The present composition of the Nomination and Remuneration Committee is given below:

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

The committee held two meetings during the financial year on 10th August 2016 and 16th March 2017. The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting.

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 fees paid to the executive / non-executive directors for the financial year 2016-17 and the shares held by them are given below.

Name of the Director	Salary	Comm- ission	Perqui- sites	Sitting Fees	Total	No. of equity shares held
	(₹ lakh)					
Dr M Manickam	-	-	-	1.00	1.00	92,813
Sri M Balasubramaniam	38.40	53.12	5.40	-	96.92	1,92,000
Sri M Srinivaasan	-	-	-	2.00	2.00	2,51,355
Sri A Shanmugasundaram	-	-	-	2.80	2.80	7,875
Dr A Selvakumar	-	-	-	3.00	3.00	300
Sri P S Gopalakrishnan	-	-	-	2.00	2.00	Nil
Smt Priya Bhansali	-	-	-	1.40	1.40	Nil
Sri K P Ramakrishnan	-	-	-	1.20	1.20	Nil

Notes:

1. The 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.
2. The Company has entered into an agreement with Managing Director for a period of 5 years with effect from 29th September 2015.
3. In terms of the Articles of Association, the resignation of a director becomes effective upon its acceptance by the Board.
4. No severance fee is payable to the Directors on termination of office.
5. The company has no stock option scheme either to its directors or to its employees.
6. None of the non-executive directors have any pecuniary relationship or transactions with the company.

C. Stakeholders' Relationship Committee

The function of the committee is to redress the grievances of Investors' and to create and review the systems for improving the services.

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

Terms of Reference

The powers and terms of reference of this Committee is as per Part D of Schedule II B of Listing Regulations 2015. The committee shall consider and resolve the grievances of the Security holders of the company, including complaints related to transfer of shares, non-receipt of Annual report and non-receipt of declared dividends.

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 Fax: (0422) 2231915
 E-mail : sakthif_info@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 three meetings during the financial year on 8th June 2016, 26th August 2016, 30th September 2016 and all the members attended the meeting.

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During the year, the Company received seven complaints from debentureholders in addition to the requests from shareholders for transfer / transmission of shares and issuance of duplicate share certificates. These were expeditiously attended to the satisfaction of the complainants. No complaint was pending as at the close of the financial year.

D. Asset Liability Management Committee

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

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, Member
3. Sri S Senthilkumar, Assistant General Manager (Accounts), Member

The committee held two meetings during the financial year on 23rd May 2016 and 12th November 2016 and all the members attended the meetings.

E. Risk Management Committee

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, one Meeting was held on 24th March 2017 and all the members attended the meeting.

F. Corporate Social Responsibility Committee (CSR Committee)

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 CSR Committee consisting of the following Directors:

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 16th March 2017 and all the members attended the meeting.

G. Finance and Investment Committee (Formerly Borrowing Committee)

The Committee is authorized 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.

The Board of Directors renamed Borrowing Committee as "Finance and Investment Committee" at their meeting held on 14th November 2016.

Composition

The composition of the Committee is given below:

1. Sri. M Manickam, Chariman
2. Sri M Balasubramaniam, Vice Chairman and Managing Director
3. Sri A. Shanmugasundaram, Director

During the financial year, seven meetings were held on 5th April 2016, 20th April 2016, 27th April 2016, 12th September 2016, 29th December 2016, 28th February 2017 and 24th March 2017 for approving the borrowings of the company and all the members attended the meeting.

H. Allotment Committee

The committee is authorised 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 Securities.

The allotment committee consist of following directors:

Composition

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

No meeting was required to be held during the year.

I. NCD Issuance Committee

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 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 for receiving comments from the public and the prospectus to be filed with the Stock Exchange, and any corrigendum, amendments, supplements thereto;

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- 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 a register of holders of the NCDs;
- l. finalization of the basis of allotment of the NCDs including in the event of oversubscription;
- m. finalization of the allotment of the NCDs on the basis of the applications received;
- n. acceptance and appropriation of the proceeds of the NCD Issue; and
- o. 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 NCD Issuance Committee consist of following Directors:

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

During the year, a Meeting was held on 18th May 2016 for the allotment of Secured, Redeemable, Non-Convertible Debentures made under a Public Issue.

4. SUBSIDIARY COMPANY

The company does not have any subsidiary company.

5. GENERAL BODY MEETINGS

Details of date, time and location where the last three Annual General Meetings held are given below:

Year	AGM	Date	Time	Location
2016	59th	24th September 2016	4.30 p.m	Smt. Padmavathi Ammal Cultural Centre 1548, Avanashi Road, Peelamedu Coimbatore - 641 004
2015	58th	28th September 2015	4.30 p.m	
2014	57th	27th September 2014	3.30 p.m	

Details of Special Resolutions passed in the previous three Annual General Meetings are as follows:

Date of AGM	Particulars of Special Resolutions passed
24th September 2016 (59th AGM)	1. Alteration of Capital Clause in the Articles of Association 2. Private Placement of Secured or Unsecured, Redeemable, Non-convertible Debentures (NCDs) and / or other Debt Securities for an amount not exceeding ₹ 750 Crore
28th September 2015 (58th AGM)	1. Private Placement of Secured, Redeemable, Non-convertible Debentures (SRNCDs) and / or other Debt Securities for an amount not exceeding ₹ 500 Crore.
27th September 2014 (57th AGM)	1. Private Placement of Secured Redeemable Non-convertible Debentures and / or other Debt Securities within the overall borrowing limits of the company. 2. Issue of Redeemable Cumulative Preference Shares for an aggregate amount not exceeding ₹ 20 crore.

The company has no proposal to pass any special resolution through postal ballot in terms of Section 110 of the Companies Act 2013 in the forthcoming Annual General Meeting.

6. MEANS OF COMMUNICATION

- a. The quarterly results are published in national / regional daily ("Business Line" in English and "Malaimalar" 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 and also filed with BSE Limited's Online portal.
 - Financial Results, Shareholding Pattern, Corporate Governance Report, Annual Reports under "Investors" section
 - Letters / intimation to Stock Exchanges in the "Announcement to SE" under "Investors" section

7. MANAGEMENT

A detailed Management Discussion and Analysis Report forms part of the Board's Report.

8. DIRECTORS' REAPPOINTMENT

Details of disclosure regarding reappointment of Director liable to retire by rotation is given in the Annexure to the Notice.

9. GENERAL SHAREHOLDER INFORMATION**60th Annual General Meeting**

Day, Date and Time : Monday, 25th September 2017 at 12.05 p.m

Location : Smt. Padmavathi Ammal Cultural Centre
1548, Avanashi Road, Peelamedu
Coimbatore - 641 004

FINANCIAL CALENDAR FOR 2016-17

Unaudited financial results for the quarter ended June 2017 : On or before 14th August 2017

Unaudited financial results for the quarter ending Sept. 2017 : On or before 14th November 2017

Unaudited financial results for the quarter ending Dec. 2017 : On or before 14th February 2018

Audited financial results for the year ending March 2018 : On or before 30th May 2018

Annual General Meeting for the year ending March 2018 : On or before 30th September 2018

BOOK CLOSURE DATES

From Tuesday, 19th September 2017 to Monday, 25th September 2017, both days inclusive.

Dividend Payment Date: After 25th September 2017 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 2016-17 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of beneficial accounts maintained by them as on 31st March 2017.

The Company's Non-Convertible Debentures (NCDs) are listed on the Debt Segment of BSE Limited, the details of which are given below:

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Issued and allotted on 1st April 2015

Option	ISIN Code	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Date of Maturity
III	INE302E07037	935389	11.25	Monthly	Sunday, 1 April 2018
IV	INE302E07045	935391	11.25*	Yearly	Sunday, 1 April 2018
V	INE302E07052	935393	NA	Cumulative	Sunday, 1 April 2018
VI	INE302E07060	935395	11.50	Monthly	Monday, 1 April 2019
VII	INE302E07078	935397	11.50*	Yearly	Monday, 1 April 2019
VIII	INE302E07086	935399	NA	Cumulative	Monday, 1 April 2019

As per the terms and conditions of the Public Issue Prospectus dated 18th February 2015, your company redeemed Non-Convertible Debentures issued under Option I and II aggregating to ₹ 4816.78 lakh. The redemption was made on 31st March 2017 to the respective Debenture holders.

Issued and allotted on 18th May 2016

Option	ISIN Code	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Date of Maturity
I	INE302E07094	935714	10.25	Monthly	Friday, 18 May 2018
II	INE302E07102	935716	NA	Cumulative	Friday, 18 May 2018
III	INE302E07110	935718	10.50	Monthly	Saturday, 18 May 2019
IV	INE302E07128	935720	10.50*	Yearly	Saturday, 18 May 2019
V	INE302E07136	935722	NA	Cumulative	Saturday, 18 May 2019
VI	INE302E07144	935724	11.00	Monthly	Monday, 18 May 2020
VII	INE302E07151	935726	11.00*	Yearly	Monday, 18 May 2020
VIII	INE302E07169	935728	NA	Cumulative	Monday, 18 May 2020

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

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

Stock Exchange

BSE Limited, Mumbai

Stock Code

511066

c. International Securities Identification Number (ISIN) INE302E01014

d. Corporate Identification Number (CIN) L65910TZ1955PLC000145

e. Market Price Data

The monthly high and low market price of the company's equity shares traded on BSE Limited, Mumbai for the financial year 2016-17 are given below:

Month	BSE Price		BSE Sensex	
	High (₹)	Low (₹)	High	Low
April 2016	20.35	18.50	26,101	24,523
May 2016	28.80	19.00	26,837	25,058
June 2016	39.50	23.30	27,105	25,911
July 2016	41.50	29.00	28,240	27,034
August 2016	49.50	34.65	28,532	27,628
September 2016	47.50	34.50	29,077	27,717
October 2016	41.00	35.00	28,478	27,488
November 2016	40.50	27.80	28,030	25,718
December 2016	33.95	27.75	26,804	25,754
January 2017	33.90	28.15	27,980	26,447
February 2017	38.00	30.10	29,065	27,590
March 2017	37.50	30.00	29,825	28,716

REGISTRARS AND TRANSFER AGENTS	DEBENTURE TRUSTEES
SKDC Consultants Limited (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	Catalyst Trusteeship Limited Catalyst House, Plot No. 5 Bhusari Colony (Right) Paud Road, Pune - 411 038 Phone : (020) 25280081 Fax : (020) 25280275 E-mail : dt@ctltrustee.com

Share Transfer System

All transfers / transmission / Issue of Duplicate Share certificates received are processed by the Registrars and Transfer Agents 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 2015, 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 1996, 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 2017

The distribution of shareholding as at 31st March 2017 is as under:

Share holdings	No. of share holders	% of share holders	No. of shares	% of share holding
1 - 500	12685	89.77	17,44,716	3.49
501 - 1000	765	5.41	5,97,748	1.20
1001 - 2000	331	2.34	4,88,289	0.98
2001 - 3000	119	0.84	3,06,848	0.61
3001 - 4000	48	0.34	1,72,273	0.34
4001 - 5000	49	0.35	2,27,266	0.46
5001 - 10000	73	0.52	5,31,404	1.06
10001 & above	61	0.43	4,59,31,456	91.86
Total	14,131	100.00	5,00,00,000	100.00

SHAREHOLDING PATTERN AS AT 31ST MARCH 2017

The shareholding pattern as at 31st March 2017 is as under:

Category	Percentage
Promoters	64.21
Other bodies corporate	15.94
Banks, Financial Institutions and mutual funds	0.00
Non-resident Incorporated Entity	8.90
Non-Resident Indians	0.13
Resident public	10.82
Total	100.00

DEMATERIALISATION 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 Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 4,28,48,532 Equity Shares of the Company constituting 85.70% of the paid-up capital were dematerialised as on 31st March 2017.

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 share department at the Registered Office of the company or the Registrar and Transfer Agents. Members holding shares in dematerialised 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 Fax: (0422) 2231915
E-mail : sakthif_info@sakthifinance.com **Website: www.sakthifinance.com**

INVESTORS' CORRESPONDENCE

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

Contact Person: Sri K Marimuthu

Shareholders 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

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

svenkatesh_shares@sakthifinance.com

Mandatory Requirement of Permanent Account Number (PAN):

SEBI by its Circular dated 7th January 2010 has 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 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.

Unclaimed Shares Demat Suspense Account

Pursuant to Regulation 39(4) of the Listing Regulations with the Stock Exchanges, the company opened a demat account viz. Unclaimed Shares Demat 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 2017 are as follows:

SI No	Particulars	No. of Share holders	No. of Shares
1	Outstanding shares in Unclaimed Shares Demat Suspense Account at the beginning of the year	34	2,975
2	Approached for transfer of shares from Unclaimed Shares Demat Suspense Account	–	–
3	Shares transferred from Unclaimed Shares Demat Suspense Account	–	–
4	Outstanding shares in Unclaimed Shares Demat Suspense Account at the end of the year.	34	2,975

10. OTHER DISCLOSURES
Related party Disclosures

The details of transactions with related parties are disclosed in Note 33 to the 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. 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.

Commodity Risk or Foreign Exchange Risk and Hedging Activities

Our Company's operations does not give rise to any of these risk or activities.

Statutory 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 Exchange or SEBI or any other statutory authority on any matter relating to capital markets during the last three years.

Whistle Blower Policy and Vigil Mechanism

The Company has adopted a Whistle Blower Policy and 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 victimisation of employees who avail of this mechanism but also direct access to the Chairman of Audit Committee. No personnel of the Company has been denied access to the Chairman of the Audit Committee. During the year, no complaint was received in this regard.

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 106 of the Companies (Accounts) Rules 2014 and the relevant provisions of Companies Act 2013 / 1956 as applicable.

CEO/ CFO Certification

In accordance with Regulation 17(8) read with Part B of Schedule II to the Listing Regulations 2015 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 2017.

MANDATORY REQUIREMENTS

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

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 www.sakthifinance.com . Therefore, the results are not being sent separately to the shareholders.
Modified opinion in Audit 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 Practicing Chartered Accountant as internal auditor and he reports directly to the Audit Committee of the Company.

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.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

11. AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As stipulated in Regulation 34(3) of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Auditors' certificate on compliance of conditions of corporate governance is annexed to this Report.

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	https://sakthifinance.com/independentdirectors.php
Board Committees	The composition of various committees of the Board	https://sakthifinance.com/compositionofcommitte.php
Code of Conduct	The code lays down the ethical standards that Directors and Senior Management Personnel have to observe in their professional conduct.	https://sakthifinance.com/policy.php
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.	https://sakthifinance.com/policy.php
Policy on Related Party Transactions	This policy deals with related party transactions and regulation of all transactions between the Company and its related parties.	https://sakthifinance.com/policy.php
Familiarisation Programme	For Independent Directors through various programmes / presentations	https://sakthifinance.com/familiaraisation.php
Policy on determination of Materiality for Disclosure of Event / Information	The policy applies to disclosures of material events affecting the Company.	https://sakthifinance.com/policy.php
Policy on Preservation of documents	The policy provides guidelines for archiving of corporate records and documents as required by various statutes.	https://sakthifinance.com/policy.php
Unpaid dividend account details	Statement of unclaimed and unpaid amounts.	https://sakthifinance.com/unclaimed.php
Corporate Social Responsibility Policy	The policy outlines the Company's policy on society through programmes focusing on Health, Education etc.	https://sakthifinance.com/policy.php
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.	https://sakthifinance.com/policy.php

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ANNUAL DECLARATION BY VICE CHAIRMAN AND MANAGING DIRECTOR PURSUANT TO REGULATION 34(3) READ WITH SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015

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 2017.

10th August 2017
Coimbatore

For Sakthi Finance Limited
M BALASUBRAMANIAM
Vice Chairman and Managing Director

AUDITORS' 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 on 31st March 2017, as referred in Regulation 15(2) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof adopted by the company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Listing Regulations. 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 and based on the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

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.

10th August 2017
Coimbatore

For P N Raghavendra Rao & Co
Chartered Accountants
Firm Regn. No.:003328S
Pon Arul Paraneedharan
Partner
Membership No:212860

INDEPENDENT AUDITORS' REPORT

To

The Members of Sakthi Finance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of SAKTHI FINANCE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility 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 judgements 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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 Act 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 2017 and its profit and its cash flows for the year ended on that date.

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.

SAKTHI FINANCE LIMITED

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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017, 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.27 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 amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 on the basis of information available with the company. Based on the audit procedures, and relying on management's representation, we report that the disclosures are in accordance with the books of accounts maintained by the company and as produced to us by the Management.

For P.N. Raghavendra Rao & Co
Chartered Accountants
Firm Regn. No.:003328S

Pon Arul Paraneedharan
Partner
Membership No.212860

Coimbatore
24th May 2017

Annexure 'A' to the Independent Auditors' report of even date on the Financial Statements of SAKTHI FINANCE LIMITED

The 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 2017, 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.

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- 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, guarantees 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 the Company Law Board or 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, service tax, sales 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 ₹1338.12 Lakhs that have not been deposited on account of matters pending before appropriate authority are as under:

Name of the Statute	Nature of the 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	Income Tax Appellate Tribunal, Chennai
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 public offer and term loans during the year for the purpose for which those were raised.
- 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, where applicable. 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 not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, para 3 (xiv) of the Order is not applicable.
- 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.N. Raghavendra Rao & Co
Chartered Accountants
Firm Regn. No.:003328S
Pon Arul Paraneedharan
Partner
Membership No.212860

Coimbatore
24th May 2017

Annexure 'B' to the Independent Auditors' 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 2017 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.

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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 2017, 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
24th May 2017

For P.N. Raghavendra Rao & Co
Chartered Accountants
Firm Regn. No.:003328S
Pon Arul Paraneedharan
Partner
Membership No.212860

BALANCE SHEET AS AT 31ST MARCH 2017

(₹ Lakhs)

Particulars	Note	As at 31st March 2017	As at 31st March 2016
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	6,050.00	6,050.00
Reserves and Surplus	4	10,332.43	9,536.67
		16,382.43	15,586.67
Non-Current Liabilities			
Long-Term Borrowings	5	59,224.22	44,251.78
Deferred Tax Liabilities (net)	6	424.79	588.67
		59,649.01	44,840.45
Current Liabilities			
Short-Term Borrowings	7	13,790.74	24,570.86
Other Current Liabilities	8	16,423.40	21,029.09
Short-Term Provisions	9	1,667.88	1,975.92
		31,882.02	47,575.87
TOTAL		107,913.46	108,002.99
ASSETS			
Non-Current Assets			
Fixed Assets:	10		
- Tangible Assets		6,005.11	5,956.76
- Intangible Assets		462.83	577.26
- Capital Work-in-Progress		5.43	100.48
Non-Current Investments	11	2,604.90	2,236.35
Long-Term Loans and Advances	12	1,045.27	194.19
Other Non-Current Assets	13	-	162.17
		10,123.54	9,227.21
Current Assets			
Current Investments	14	-	110.99
Stock on Hire	15	90,366.43	92,178.98
Trade Receivables	16	136.12	148.81
Cash and Bank Balances	17	3,566.42	3,751.17
Short-Term Loans and Advances	18	3,481.50	2,361.14
Other Current Assets	19	239.45	224.69
		97,789.92	98,775.78
TOTAL		107,913.46	108,002.99

The accompanying Notes form an integral part of the financial statements 1-41

As per our report attached
For P.N. Raghavendra Rao & Co
Chartered Accountants
Firm Regn. No.:003328S

PON ARUL PARANEEDHARAN
Partner
Membership No.212860
Coimbatore
24th May 2017

M. BALASUBRAMANIAM
Vice Chairman and Managing Director

S. VENKATESH
Company Secretary

For and on behalf of the Board

M. MANICKAM
Chairman

M.K. VIJAYARAGHAVAN
Chief Financial Officer

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STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2017	For the year ended 31st March 2016
REVENUE FROM OPERATIONS			
Income from Operations	20	16,781.20	16,802.56
Other Income	21	274.20	404.16
Total Revenue from Operations		17,055.40	17,206.72
EXPENSES			
Employee Benefits Expense	22	2,084.86	1,933.09
Finance Costs	23	10,346.56	10,261.07
Depreciation and Amortization Expense	24	321.71	285.05
Other Expenses	25	1,503.32	1,555.85
Provisions and Write-off	26	655.51	647.16
Contingent Provision against Standard Assets		31.90	52.45
Total Expenses		14,943.86	14,734.67
Profit before Exceptional and Extraordinary Items and Tax		2,111.54	2,472.05
Exceptional Items		-	432.12
Profit before Extraordinary Items and Tax		2,111.54	2,039.93
Extraordinary Items		-	-
Profit before Tax		2,111.54	2,039.93
Tax Expense:		435.98	787.36
- Current Tax		599.84	863.07
- Deferred Tax		(163.88)	(75.71)
- Provision for Taxation (earlier years)		0.02	-
Profit after tax from continuing operations		1,675.56	1,252.57
Earnings per Equity Share			
Par Value per Equity Share (₹)		10.00	10.00
- Basic (₹)		3.10	2.25
- Diluted (₹)		3.10	2.25

The accompanying Notes form an integral part of the financial statements 1-41

As per our report attached

For P.N. Raghavendra Rao & Co

Chartered Accountants

Firm Regn. No.:003328S

PON ARUL PARANEEDHARAN

Partner
Membership No.212860

Coimbatore
24th May 2017

M. BALASUBRAMANIAM

Vice Chairman and Managing Director

S. VENKATESH
Company Secretary

For and on behalf of the Board

M. MANICKAM

Chairman

M.K. VIJAYARAGHAVAN
Chief Financial Officer

CASH FLOW STATEMENT

(₹ Lakhs)

Particulars	For the year ended 31st March 2017		For the year ended 31st March 2016	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax	2,111.54		2,039.93	
Adjustments for:				
Add: Finance costs	10,346.56	12,458.10	10,261.07	12,301.00
Depreciation and amortisation expense		321.71		285.05
Increase / (Decrease) in diminution in value of Investments		19.35		(129.92)
Increase / (Decrease) in provision against Non Performing Assets		356.93		164.25
Increase / (Decrease) in provision against Standard Assets		31.90		52.45
Loss / (Profit) on sale of assets		-		431.56
Interest received		(596.80)		(581.65)
Dividend received		-		(1.35)
Operating profit before working capital changes		12,591.19		12,521.39
Adjustments for:				
Adjustments for (Increase)/Decrease in Operating Activities				
Stock on Hire	1,812.55		(4,196.38)	
Trade receivables	12.69		(16.79)	
Cash and Bank Balances	571.55		141.27	
Short Term Loans and Advances	(1,120.36)		2,268.38	
Long Term Loans and Advances	(851.08)		447.00	
Other Current Assets	(14.76)		23.59	
Other Non-Current Assets	162.17		(41.34)	
Other Current Liabilities	(4,720.12)	(4,147.36)	(10,195.63)	(11,569.90)
Cash Generated from operations		8,443.83		951.49
Finance costs	(10,346.56)		(10,261.07)	
Direct taxes paid	(599.86)	(10,946.42)	(863.07)	(11,124.14)
Net cash used in Operating Activities	(A)	(2,502.59)		(10,172.65)
B CASH FLOW FROM INVESTING ACTIVITIES				
Capital Expenditure on Fixed Assets		(160.58)		(1,745.02)
Sale of Fixed Assets		-		157.22
Purchase of Investments		(257.56)		58.65
Interest received		596.80		581.65
Dividend received		-		1.35
Net cash from/(used in) Investing Activities	(B)	178.66		(946.15)
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital		-		(7.25)
NCD Public issue expenses transferred to Securities Premium Reserve		(753.42)		-
Increase/(Decrease) in Long Term Borrowings		14,972.44		11,263.54
Increase/(Decrease) in Short Term Borrowings		(10,780.12)		(9,640.91)
Dividend and Tax on dividend paid		(728.17)		(848.30)
Net Cash from Financing Activities	(C)	2,710.73		767.08
Net Increase/(Decrease) in Cash and Cash Equivalents	(A+B+C)	386.80		(10,351.72)
Cash and cash equivalents at the beginning of the year		2,728.30		13,080.02
Cash and cash equivalents at the close of the year		3,115.10		2,728.30
Components of cash and cash equivalents at the end of the year:				
Cash on hand		845.18		858.02
Balance with Banks:				
- cheques, drafts on hand		1,652.03		1,065.84
- in current accounts		617.89		804.44

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.N. Raghavendra Rao & Co
Chartered Accountants
Firm Regn. No.:003328S
PON ARUL PARANEEDHARAN
Partner
Membership No. 212860
Coimbatore, 24th May 2017

M. BALASUBRAMANIAM
Vice Chairman and Managing Director

S. VENKATESH
Company Secretary

For and on behalf of the Board

M. MANICKAM
Chairman

M.K. VIJAYARAGHAVAN
Chief Financial Officer

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

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). The Company has been classified as an Asset Financing Company by RBI. The Company is engaged in the business of Hire Purchase Financing of Commercial Vehicles, Infrastructure Equipments, Machineries etc.

2 Significant Accounting Policies

a. Change in Accounting Policy

During the year, the company has changed the policy with regard to amortizing the debenture issue expenses. Accordingly, instead of amortizing the expenses over the tenure of Debentures, the same has been entirely adjusted against the Securities Premium Account as is permitted under Section 52 of the Companies Act 2013. As a result, the income from operations and Profit before Tax are higher by ₹ 75.86 lakhs.

b. 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 (Indian GAAP) 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 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 except as stated in 2(a) above.

c. 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.

d. Tangible Fixed Assets

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

e. Depreciation

Depreciation on tangible Fixed Assets has been determined on Straight Line Method (SLM) as per the Useful Life prescribed in Schedule II to the Companies Act 2013.

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

f. Intangible Assets

Intangible Assets viz. Computer Software are stated at the consideration paid for its acquisition. Intangible assets are amortized based on the management's estimate of useful economic life of the asset, reckoned as 6 years.

g. 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.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**

- 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.
- h. Investments**
- Long-term investments are carried at cost. Provision for diminution in value is made to recognize a decline, if any, other than temporary, in the value of investments. Current investments are carried at the lower of cost and fair value.
- i. 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 Mediciam benefits. Obligations under these benefits which are in 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.
- j. Leases**
- Operating lease payments are recognized as an expense in the Statement of Profit and Loss.
- k. 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.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

l. Cash and Cash Equivalents

Cash and Cash Equivalents in the Cash Flow statement comprise Cash at Bank and in hand, Cheques on hand and Balance in Current Account and Short term investments with an original maturity of three months or less.

m. Taxes on Income

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.

n. Stock on Hire

Stock on Hire represents unexpired Instalments under Hire Purchase Finance Agreements including that in relation to repossessed assets.

o. Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized only where 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 attached to and forming part of the Balance sheet. Contingent Assets are neither recognized nor disclosed in the financial statements.

p. 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 the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007.

(ii) Contingent Provision against Standard Assets

RBI by its Notification No.DNBR.011/CGM(CDS)-2015 dated 27th March 2015 has issued directions to all Non-Banking Financial Companies to make a provision of 0.35% on the Standard Assets as on 31st March 2017. Accordingly, necessary provision has been made.

(₹ Lakhs)

	Particulars	As at 31st March 2017		As at 31st March 2016	
		No. of Shares	Amount	No. of Shares	Amount
3. SHARE CAPITAL					
	AUTHORISED SHARE CAPITAL				
	Equity Shares of ₹10 each	7,00,00,000	7,000.00	5,50,00,000	5,500.00
	10% Redeemable Cumulative Preference Shares of ₹100 each	30,00,000	3,000.00	20,00,000	2,000.00
			10,000.00		7,500.00
	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL				
	Equity Shares of ₹10 each fully paid-up	5,00,00,000	5,000.00	5,00,00,000	5,000.00
	10% Redeemable Cumulative Preference Shares of ₹100 each	10,50,000	1,050.00	10,50,000	1,050.00
			6,050.00		6,050.00

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017
a) Reconciliation of shares and amount outstanding at the beginning and end of the year (₹ Lakhs)

Particulars	As at 31st March 2017		As at 31st March 2016	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares with Voting Rights				
No. of Shares at the beginning of the year	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Add : Fresh issue of Shares during the year	-	-	-	-
Number of Shares at the end of the year	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Redeemable Cumulative Preference Shares				
No. of Shares at the beginning of the year	10,50,000	1,050.00	10,57,250	1,057.25
Add : Fresh issue of Shares during the year	-	-	3,02,450	302.45
Less : Redemption of shares during the year	-	-	(3,09,700)	(309.70)
Number of Shares at the end of the year	10,50,000	1,050.00	10,50,000	1,050.00

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 **₹ 601.79 Lakhs**, including dividend distribution tax of **₹ 101.79 Lakhs**. In terms of the revised Accounting Standard (AS-4) "Contingencies and Events occurring after the Balance Sheet date" as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendments Rules 2016 dated 31st March 2016, the Company has not recognised the proposed dividend as a liability as at 31st March 2017. However, the proposed dividend was accounted for as a liability as at 31st March 2016 in accordance with the then existing Accounting Standard.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the member.

Redeemable Cumulative Preference Shares

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

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.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

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 16th March 2017, declared an interim dividend of ₹ 10 per share, (10% on a par value of ₹ 100) for the year ended 31st March 2017. The total Preference Dividend comes to ₹ **126.38 Lakhs**, including corporate dividend tax of ₹ **21.38 Lakhs**.

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

Name of the Shareholder	As at 31st March 2017		As at 31st March 2016	
	% of Holding	No. of Shares	% of Holding	No. of Shares
Equity Shares with Voting Rights				
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
Redeemable Cumulative Preference Shares				
Ms Aashika Jayanth	2.38	25,000	5.56	58,400
Ms Jayasree Jayanth	-	-	16.34	1,71,550
Mr Jayanth Balakrishna	-	-	11.58	1,21,600

(₹ Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
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4. RESERVES AND SURPLUS

Capital Reserve

Balance as at the Opening and Closing of the year **52.61** 52.61

Securities Premium Account

Opening Balance **1,554.49** 1,554.49

Add : NCD Public issue expenses **(753.42)** -

Closing Balance **801.07** 1,554.49

Revaluation Reserve

Opening Balance **1,865.68** 2,006.84

Less : On disposal of Fixed Assets - 95.10

Transfer to surplus in Statement of Profit and Loss **43.24** 46.06

Closing Balance **1,822.44** 1,865.68

General Reserve

Balance as at the Opening and Closing of the year **1,500.00** 1,500.00

Debenture Redemption Reserve

Opening Balance **960.00** -

Add : Transfer from surplus in the Statement of Profit and Loss **1,643.00** 960.00

2,603.00 960.00

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**

(₹ Lakhs)		
Particulars	As at 31st March 2017	As at 31st March 2016
Statutory Reserve as per Section 45IC of the RBI Act 1934		
Opening Balance	2,131.01	1,880.50
Add : Transfer from surplus in Statement of Profit and Loss	335.11	250.51
Closing balance	<u>2,466.12</u>	<u>2,131.01</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.		
Surplus in Statement of Profit and Loss		
Opening Balance	1,472.88	2,112.13
Add : Profit after tax for the year	1,675.56	1,252.57
Add : Transfer from Revaluation Reserve (Depreciation on Revalued Assets)	43.24	46.06
	<u>3,191.68</u>	<u>3,410.76</u>
Less: Appropriations		
Provision for Interim dividend on Preference shares (₹ 10 per share)	105.00	104.34
Tax on Interim dividend on Preference Shares	21.38	21.24
Provision for Equity Dividend (₹ 1 per share)	-	500.00
Tax on Dividend-Equity Shares	-	101.79
Transfer to Statutory Reserve	335.11	250.51
Transfer to Debenture Redemption Reserve	1,643.00	960.00
Closing Surplus	<u>1,087.19</u>	<u>1,472.88</u>
Total	<u>10,332.43</u>	<u>9,536.67</u>
5. LONG-TERM BORROWINGS		
Secured		
Debentures	24,826.99	11,945.64
Term Loans from Financial Institutions / Other Lenders	4,342.06	4,940.84
	<u>29,169.05</u>	<u>16,886.48</u>
Unsecured		
Deposits	7,994.34	6,402.59
Subordinated Debts	19,558.98	18,459.91
Senior Unsecured NCD	2,501.85	2,502.80
Total	<u>59,224.22</u>	<u>44,251.78</u>

Nature of security and terms of repayment for Debentures

- a) 46,57,84,941 Secured Redeemable Non-Convertible Debentures of the face value of ₹1 each and redeemable at par are secured by specified Hire Purchase receivables and an immovable property situated at Mumbai. The rate of interest varies from 9% to 12%; the date of redemption is reckoned at 12 to 36 months from the date of first allotment in relation to each of the series allotted upto 14th November, 2015 and 15 to 36 months in relation to each of the series allotted from 1st August 2010 onwards. Out of the debentures mentioned above, ₹ Nil (₹ 2707.94 lakhs), is classified as short-term borrowings and is shown under Note 7.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

- b) 1,00,00,000 Secured Redeemable Non-Convertible Debentures of ₹100 each aggregating to ₹ 100 Crores are secured by specified Hire purchase receivables and a building situated at Madurai. The rate of interest varies from 11% to 11.50%. The date of redemption is reckoned at 24 to 48 months from the date of allotment i.e 1st April 2015. Out of the debentures mentioned above, **₹ 1626.89 Lakhs** (₹ Nil), is classified as short-term borrowings and is shown under Note 7.
- c) 16,48,708 Secured Redeemable Non-Convertible Debentures of ₹ 1,000 each aggregating to **₹ 164.87 Crores** 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%. The date of redemption is reckoned at 24 to 48 months from the date of allotment i.e 18th May 2016.
- d) The Company has utilised the entire sum of **₹ 16036.36 Lakhs** (net of expenses) towards the objects stated in the prospectus for the issue.
- e) During the year, as per the terms and conditions of the Public Issue Prospectus dated 18th February 2015, the Company redeemed on 31st March 2017 Option I and II of Secured Redeemable Non-Convertible Debentures aggregating to **₹ 4816.78 Lakhs**.

f) Term loans from The Lakshmi Vilas Bank Ltd is secured as under:

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Mortatorium period	Security details	Amount outstanding as on 31st March 2017	Amount outstanding as on 31st March 2016
			Commencement date	End date				
1	3,000.00	12.45%	31.10.2016	30.09.2019	-	Hypothecation of specified Hire Purchase receivables and a personal guarantee by a director	2,535.71	-

g) Term loans from Tamil Nadu Industrial Investment Corporation Ltd (TIIC) is secured as under:

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Mortatorium period	Security details	Amount outstanding as on 31st March 2017	Amount outstanding as on 31st March 2016
			Commencement date	End date				
1	1,000.00	13.75%	01.04.2015	01.03.2018	3 mths	Hypothecation of specified Hire Purchase receivables and Land & Buildings situated at Coimbatore and Chennai and personal guarantee by three directors	37.00	683.00

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**
h) 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		Mora-torium period	Security details	Amount outstanding as on 31st March 2017	Amount outstanding as on 31st March 2016
			Commence-ment date	End date				
1	750.00	14.00%	08.06.2014	08.05.2016	-	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	-	70.87
2	550.00	14.00%	17.08.2014	17.07.2016	-		-	102.32
3	1,100.00	13.00%	08.01.2016	08.11.2017	-		415.03	974.16
4	750.00	12.90%	03.05.2016	03.04.2017	-		66.17	-

ii) Reliance Capital 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 2017	Amount outstanding as on 31st March 2016
			Commence-ment date	End date				
1	1,000.00	15.00%	01.09.2014	01.08.2016	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	-	233.31

iii) IFMR Capital Finance Pvt 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 2017	Amount outstanding as on 31st March 2016
			Commence-ment date	End date				
1	1,500.00	14.00%	27.10.2014	27.09.2016	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	-	415.31
2	1,500.00	13.50%	23.03.2015	23.02.2018	-		523.82	1,026.13
3	220.00	13.50%	27.03.2015	27.02.2018	-		76.90	150.59
4	1,000.00	13.50%	14.04.2016	14.09.2018	6		639.99	1,000.00
5	395.00	13.50%	12.05.2016	12.10.2018	6		265.36	395.00
6	730.00	13.50%	19.09.2016	19.02.2019	6		580.95	730.00
7	330.00	12.90%	24.10.2016	25.03.2019	6		272.03	330.00
8	170.00	12.90%	22.11.2016	22.04.2019	6		145.14	-

iv) Hinduja Leyland Finance 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 2017	Amount outstanding as on 31st March 2016
			Commence-ment date	End date				
1	2,500.00	12.50%	07.11.2014	08.10.2017	-	Hypothecation of specified Hire Purchase receivables	561.29	1,436.82
2	1,500.00	12.50%	07.02.2015	07.04.2018	-		567.56	1,027.68
3	250.00	12.50%	07.04.2015	07.06.2018	-		108.55	184.01
4	2,600.00	10.71%	07.05.2017	07.04.2020	-		2,600.00	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

v) Mahindra & Mahindra Financial Services Ltd

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Mortgage period	Security details	Amount outstanding as on 31st March 2017	Amount outstanding as on 31st March 2016
			Commencement date	End date				
1	1,500.00	12.90%	20.04.2015	20.03.2018	-	Hypothecation of specified Hire Purchase receivables	565.35	1,062.62

i) Repayment Terms for Deposits

Deposits are repaid on maturity. The period of deposit ranges from 12 to 36 months.

j) The period of subordinated debt is 61 months.

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

(₹ Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
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6. DEFERRED TAX LIABILITIES (net)

Tax effect of items constituting deferred tax liability:

On difference between book balance and tax balance of depreciation	(A)	835.60	941.13
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Tax effect of items constituting deferred tax assets:

Provision for NPA/Contingent Provision against Standard Assets		402.98	336.19
Provision for increase/(diminution) in value of Investments		-	8.44
Brought forward capital losses		7.83	7.83
	(B)	410.81	352.46
Total	(A-B)	424.79	588.67

7. SHORT-TERM BORROWINGS

Secured Loans

Debentures (Refer Note 5)	1,626.89	2,707.94
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From Banks

Cash Credit and Working Capital Demand Loans	12,163.85	21,862.92
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Total	13,790.74	24,570.86
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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 ₹ 20100 lakhs are repayable on demand and are secured by hypothecation of hire purchase receivables along with personal guarantee of 2 / 3 directors of the company.

b) There are no overdues in the above accounts.

8. OTHER CURRENT LIABILITIES

Current Maturities of Long-Term Debt:

- Debentures	975.35	812.05
- Term Loans from Financial Institutions / Other Lenders	5,618.80	4,880.99
- Deposits	6,849.33	9,222.44
Interest accrued but not due on Deposits	652.85	868.69
Interest accrued but not due on NCD	117.28	302.34
Interest accrued and due on Bank Cash Credit etc.	129.57	133.60

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**

(₹ Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
Unclaimed dividends	48.06	43.88
Unclaimed matured deposits and interest accrued thereon	585.05	812.46
Unclaimed matured debentures and interest accrued thereon	292.07	2,602.95
Unclaimed Interest Warrants	-	37.28
Advances from Customers	771.20	868.18
Security Deposits	0.45	0.45
Tax Deducted at source	72.91	58.30
Liability for Expenses	246.55	299.56
Unclaimed Redeemable Cumulative Preference Shares	54.05	77.30
Other Payables	9.88	8.62
Total	16,423.40	21,029.09

- a) There is no amount due to be transferred to Investor Education and Protection Fund as on 31st March 2017.
- b) The company has not received any information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to their outstanding amount and interest have not been made.

9. SHORT-TERM PROVISIONS
Provision for Employee Benefits

Provision for bonus	45.17	40.93
Provision for gratuity (net)	48.88	35.02

Other Provisions

Provision for Taxation (Net of Advance tax and refund dues)	-	132.53
Contingent Provision against Standard Assets	315.34	283.44
Provision for Non Performing Assets	1,214.75	857.82
Provision for diminution in value of Investments	43.74	24.39
Provision for proposed equity dividend	-	500.00
Provision for tax on proposed equity dividend	-	101.79
Total	1,667.88	1,975.92

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 the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007, as amended.

(ii) Contingent Provision against Standard Assets

The RBI by its Notification No.DNBR-011/CGM(CDS)-2015 dated 27th March 2015, has issued directions to all Non-Banking Financial Companies to make a provision of 0.35% on the Standard Assets as on 31st March 2017. Accordingly, necessary provision has been made. The company has made an incremental provision of **₹ 31.90 lakhs** as at 31st March 2017.

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NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

10. FIXED ASSETS

(₹ Lakhs)

Description	Gross Block				Accumulated Depreciation/Amortisation				Net Block		
	As at 1.4.2016	Additions	Deletions/ Disposals/ Capitalized	As at 31.3.2017	Upto 01.4.2016	For the year		Withdrawn on account of disposal	Upto 31.3.2017	As on 31.3.2017	As on 31.3.2016
						On Cost	On revalued amount				
Tangible Assets											
Land	1,928.51	-	-	1,928.51	-	-	-	-	-	1,928.51	1,928.51
Buildings	2,350.00	15.22	-	2,365.22	351.76	8.13	43.24	-	403.13	1,962.09	1,998.24
Plant and Machinery	111.84	29.30	-	141.14	64.41	5.52	-	-	69.93	71.21	47.43
Plant - Wind Mills	2,539.91	-	-	2,539.91	715.40	104.55	-	-	819.95	1,719.96	1,824.51
Furniture and Fixtures	169.47	179.64	-	349.11	126.33	15.59	-	-	141.92	207.19	43.14
Vehicles	89.67	-	-	89.67	47.33	7.87	-	-	55.20	34.47	42.34
Office Equipments	401.46	31.47	-	432.93	328.87	22.38	-	-	351.25	81.68	72.59
TOTAL A	7,590.86	255.63	-	7,846.49	1,634.10	164.04	43.24	-	1,841.38	6,005.11	5,956.76
Intangible Assets											
Computer Software	779.81	-	-	779.81	202.55	114.43	-	-	316.98	462.83	577.26
TOTAL B	779.81	-	-	779.81	202.55	114.43	-	-	316.98	462.83	577.26
Assets Under Development											
Capital Work-in-Progress	100.48	49.94	144.99	5.43	-	-	-	-	-	5.43	100.48
TOTAL C	100.48	49.94	144.99	5.43	-	-	-	-	-	5.43	100.48
Total (A + B + C)	8,471.15	305.57	144.99	8,631.73	1,836.65	278.47	43.24	-	2,158.36	6,473.37	6,634.50
Previous year figures	7,781.17	1,751.37	1,061.39	8,471.15	1,922.77	238.99	46.06	371.17	1,836.65	6,634.50	

An amount of ₹ 8.44 lakhs pertaining to a building, comprised in the value of Buildings, includes value of five shares of ₹ 50 each in a co-operative society allotted by it (in relation to that building) under its by-laws in the company's name.

Particulars	Number	Face Value Per Unit (₹)	As at 31st March 2017 (₹ Lakhs)	As at 31st March 2016
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11. NON-CURRENT INVESTMENTS (At Cost)

Other than Trade : Investments in Equity Instruments

Quoted - Associates

Sakthi Sugars Ltd	5,52,833	10	226.10	226.10
Sri Bhagavathi Textiles Ltd	5	100	0.04	0.04
Sri Chamundeswari Sugars Ltd	1,86,666	10	7.82	7.82

Quoted - Others

Chokani International Ltd	100	10	0.02	0.02
Stiles India Ltd	100	10	0.02	0.02
			234.00	234.00

Unquoted - Associates

ABT Industries Ltd	1,50,000	10	15.00	15.00
Sakthi Beverages Ltd	1,25,000	10	12.50	12.50
Sakthi Soft Drinks Pvt Ltd	30,000	10	3.00	3.00

Unquoted - Others

ABT Co-operative Stores Ltd	500	10	0.05	0.05
			30.55	30.55

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**

(₹ Lakhs)

Particulars	Number	Face Value Per Unit (₹)	As at 31st March 2017	As at 31st March 2016
NON-CURRENT INVESTMENTS (Contd..)				
Investment in Government Securities – Quoted				
Bonds of Central and State Governments #	23,14,000	100	2,340.35	1,971.80
Net Carrying amount of Investments			2,604.90	2,236.35
Aggregate Book value of Quoted Investments			2,574.35	2,205.80
Aggregate Market Value of Quoted Investments			2,524.65	2,175.45
Aggregate Book value of Unquoted Investments			30.55	30.55
# Investments made to comply with the requirements of the directives issued by the Reserve Bank of India.				
Non-Current investments				
In accordance with the Reserve Bank of India Circular no. RBI/2006-2007/225/DNBS(PD)C.C No.87/03.02.004/2006-07 dated 4th January 2007, 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, trustees representing the fixed deposit holders of the company.				
12. LONG-TERM LOANS AND ADVANCES				
(Unsecured, considered good unless stated otherwise)				
Security Deposits (Secured, considered good)			1,017.89	166.59
Other loans and advances			27.38	27.60
Total			1,045.27	194.19
13. OTHER NON-CURRENT ASSETS				
Debenture Issue Expenses			–	162.17
Total			–	162.17
14. CURRENT INVESTMENTS (At Cost and Fair Value)				
(Secured, Considered Good)				
Investments in Government Securities				
Quoted				
Bonds of Central and State Governments#			–	110.99
Total			–	110.99
Aggregate Book Value of Quoted Investments			–	110.99
Aggregate Market Value of Quoted Investments			–	110.99
# Investments made to comply with the requirements of the directives issued by the Reserve Bank of India.				
Current investments				
In accordance with the Reserve Bank of India Circular no. RBI/2006-2007/225/DNBS(PD)C.C No.87/03.02.004/2006-07 dated 4th January 2007, 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, trustees representing the fixed deposit holders of the company.				
15. STOCK ON HIRE				
Net Receivable under Hire Purchase Finance			90,366.43	92,178.98
Total			90,366.43	92,178.98

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**

(₹ Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016
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As per Accounting Standard (AS-19) on Lease, the details of maturity pattern of hire purchase finance receivables (Stock on Hire) for the contracts executed as on 31st March 2017 are given below:

Particulars	As at 31.03.2017		As at 31.03.2016	
	Gross	Net	Gross	Net
Less than one year	57,858.14	43,837.38	61,340.36	46,999.03
Later than one year and not later than 5 years	54,056.06	46,529.05	53,166.78	45,179.95
Total	1,11,914.20	90,366.43	1,14,507.14	92,178.98

16. TRADE RECEIVABLES

(Secured, considered good unless stated otherwise)

Dues from sale of Wind Power:

Receivables outstanding for a period exceeding six months	110.14	136.63
Receivables outstanding for a period below six months	25.98	12.18
Other receivables	-	-
Total	136.12	148.81

17. CASH AND BANK BALANCES**a. Cash and Cash Equivalents**

Cash on hand	845.18	858.02
Balance with Banks:		
- Cheques, drafts on hand	1,652.03	1,065.84
- Current Accounts	617.89	804.44

b. Other Bank Balances

In Margin Money Deposits:		
- Deposits with original maturity of more than 12 months	403.26	978.94
In Earmarked Accounts:		
- Unpaid Dividend Accounts	48.06	43.93
Total	3,566.42	3,751.17

18. SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good unless stated otherwise)

Prepaid Expenses	101.59	56.80
Advance Tax and TDS (Net of Provision)	42.39	-
Service Tax Credit Receivable	32.92	-
Loans and Advances to Employees	318.73	277.65
Other Loans and Advances:		
- Unsecured, considered good	2,985.87	2,026.69
Total	3,481.50	2,361.14

Due from officers of the company	5.56	5.43
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19. OTHER CURRENT ASSETS

Repossessioned Assets (HP Assets)	188.75	80.13
Interest accrued on deposits	42.22	35.44
Debenture Issue Expenses	-	100.90
Others	8.48	8.22
Total	239.45	224.69

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**

(₹ Lakhs)

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
20. INCOME FROM OPERATIONS		
Income from Hire purchase operations	15,796.44	16,029.61
Interest from:		
- Loans and Other receipts	358.38	327.46
- Banks deposits	50.21	86.82
- Long Term Investments	179.33	158.49
- Current Investments	8.88	8.88
Bad debts recovery	387.96	191.30
Total	16,781.20	16,802.56
21. OTHER INCOME		
Income from Wind mill-Sale of Electricity	230.40	228.90
Dividend Income		
- Non-Current Investments	-	1.35
Other non-operating income (net of expenses directly attributable to such income):		
- Profit on sale of fixed assets	-	0.56
- Profit on redemption of Investment	-	3.74
- Rental income	43.01	39.46
- Diminution in value of Investments reversed	-	129.92
- Miscellaneous income	0.79	0.23
Total	274.20	404.16
22. EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	1,912.27	1,733.65
Contributions to Provident and Other Funds	74.67	66.99
Staff Welfare Expenses	97.92	132.45
Total	2,084.86	1,933.09
23. FINANCE COSTS		
Interest Expense on:		
- Debentures	3,575.62	2,302.43
- Term Loans from Financial Institutions / Other Lenders	1,171.15	1,336.97
- Cash Credit from Banks	1,631.76	2,418.04
- Deposits	1,551.43	1,853.45
- Subordinated Debts	2,173.97	2,062.95
Bank Charges	152.38	183.79
Other Financial Charges	90.25	103.44
Total	10,346.56	10,261.07
24. DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation	207.28	209.01
Add: Amortization Expenses	114.43	76.04
Total	321.71	285.05
25. OTHER EXPENSES		
Rent	111.97	92.25
Rates, Taxes and Licences	134.77	146.47
Communication	106.04	61.42
Insurance	14.66	13.64
Travelling and Conveyance	426.24	448.64
Printing and Stationery	60.53	55.88
Power and Fuel	35.65	27.11
Advertisements	46.07	23.32

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NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

(₹ Lakhs)

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Auditors Remuneration:		
As Auditor:		
- Audit Fee	10.00	8.50
- Tax Audit Fee	3.00	4.00
- Limited Review Fee	3.55	5.50
In Other Capacity:		
- Certification Fee	4.39	6.50
- Reimbursement of Expenses	9.05	9.24
Legal and Professional Charges	212.93	232.29
Repairs and Maintenance on:		
- Buildings	78.76	66.75
- Machinery	143.69	95.73
- Other Assets	46.30	44.54
Filing Fees	26.39	14.69
Directors' Sitting Fees	13.40	12.00
Diminution in value of Investments	19.35	-
Expenses on Corporate Social Responsibility	10.21	49.07
Miscellaneous Expenses	61.24	135.50
Loss on Sale / Redemption of SLR Investments	0.99	2.81
Reversal of Debenture Issue Expenses	(75.86)	-
Total	1,503.32	1,555.85
26. PROVISIONS AND WRITE-OFF		
Provision against Non-Performing Assets (net)	173.07	176.42
Bad Debts - Trade and other receivables written off	482.44	470.74
Total	655.51	647.16
27. CONTINGENT LIABILITIES		
a) Income Tax issues	9.83	80.31
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.		
28. 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.		
29. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF:		
Travelling	28.23	4.46
30. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND		
Year to which the dividend relates	2015-16	2014-15
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 2017**
31. DISCLOSURE REQUIREMENTS UNDER AS-15 – “EMPLOYEE BENEFITS”

(₹ Lakhs)

SI No	Particulars	For the year ended 31st March 2017 (Gratuity)	For the year ended 31st March 2016 (Gratuity)
I	Principal Actuarial Assumptions (Expressed as weighted averages)		
	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%	8.20%
II	Changes in the present value of the obligation (PVO) – Reconciliation of Opening and closing balances		
	PVO at the beginning of the period	155.87	150.04
	Interest cost	12.47	12.00
	Current service cost	12.68	12.20
	Past service cost – (non-vested benefits)	-	-
	Past service cost – (vested benefits)	-	-
	Benefits paid	(6.38)	(20.58)
	Actuarial loss / (gain) on obligation	22.44	2.21
	PVO as at the end of the period	197.08	155.87
III	Changes in the fair value of plan assets – Reconciliation of Opening and Closing balances		
	Fair value of plan Assets at the beginning of the period	156.28	164.04
	Expected return on plan assets	13.49	12.82
	Contributions	11.29	-
	Benefits paid	(6.38)	(20.58)
	Actuarial loss/(gain) on plan assets	-	-
	Fair value of Plan Assets as at the end of the period	174.68	156.28
IV	Actual Return on Plan Assets		
	Expected return on plan assets	13.49	12.82
	Actuarial gain / (loss) on plan assets	-	-
	Actual return on plan assets	13.49	12.82
V	Actuarial Gain / Loss recognized		
	Actuarial gain / (loss) for the period– Obligation	(22.44)	(2.21)
	Actuarial gain / (loss) for the period– Plan Assets	-	-
	Total (gain)/ loss for the period	22.44	2.21
	Actuarial (gain) / loss recognized in the period	22.44	2.21
	Unrecognised actuarial (gain) / Loss at the end of the year	-	-

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NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

(₹ Lakhs)

Sl No	Particulars	For the year ended 31st March 2017 (Gratuity)	For the year ended 31st March 2016 (Gratuity)
VI	Amounts recognized in the Balance Sheet and related analyses		
	Present value of the obligation	197.08	155.87
	Fair value of Plan Assets	174.68	156.28
	Difference	22.40	(0.41)
	Unrecognised transitional liability	-	-
	Unrecognised past service cost - non vested benefits	-	-
	Liability recognized in the Balance Sheet	22.40	(0.41)
VII	Expenses recognized in the statement of Profit and Loss		
	Current service cost	12.68	12.20
	Interest cost	12.47	12.00
	Expected return on plan assets	(13.49)	(12.82)
	Actuarial (gain) / loss recognized in the year	22.44	2.21
	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	34.10	13.59
VIII	Movements in the liability recognized in the Balance Sheet		
	Opening net liability	-	-
	Expenses as above	(34.10)	(13.59)
	Contributions paid	(11.29)	-
	Closing net liability	(45.39)	(13.59)
IX	Amount for the current period		
	Present value of obligations	197.08	155.87
	Plan Assets	174.68	156.28
	Surplus / (Deficit)	(22.40)	0.41
	Experience adjustments on plan liabilities - (loss) / gain	-	-
	Actuarial (loss)/gain on obligation	(22.44)	(2.21)
	Experience adjustments on plan assets - (loss) / gain	-	-
X	Major categories of Plan Assets		
	Fund manager by insurer	100%	100%
XI	Enterprise's best estimate of contribution during next year	22.40	(0.41)

32. 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 2017**
33. RELATED PARTY DISCLOSURES FOR THE YEAR ENDED 31ST MARCH 2017
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 Sakthifinance Financial Services Ltd. Sakthifinance Holdings Ltd. Sakthi Realty Holdings Ltd. Sakthi Sugars 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 Sri M K Vijayaraghavan Chief Financial Officer Dr S Veluswamy Sr President (Operations) Sri S Venkatesh Company Secretary
C	Relatives of Key Management Personnel	Smt M Mariammal, Mother Dr M Manickam, Brother Sri M Srinivaasan, Brother Smt Vinodhini Balasubramaniam, Wife Selvi Shruthi Balasubramaniam, Daughter

Transactions with Related Parties made during the year

(₹ Lakhs)

SI 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 2017	For the year ended 31st March 2016
1	Income					
	Rent received					
	Sakthifinance Financial Services Ltd	4.40	-	-	4.40	4.40
	ABT Industries Ltd.	18.90	-	-	18.90	15.77
	Interest Income					
	ABT Industries Ltd.	2.03	-	-	2.03	-
	Dividend Income					
	ABT Industries Ltd.	-	-	-	-	1.35
2	Expenses					
	Purchase of fuel					
	N.Mahalingam & Co	18.73	-	-	18.73	9.48
	Rent paid					
	M.Balasubramaniam	-	2.40	-	2.40	2.40
	M. Srinivaasan	-	-	0.60	0.60	0.60
	Resource Mobilisation Charges					
	Sakthifinance Financial Services Ltd.	90.15	-	-	90.15	103.08

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NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

(₹ Lakhs)

SI 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 2017	For the year ended 31st March 2016
	Printing charges Nachimuthu Industrial Association Sakthi Sugars Ltd.(Om Sakthi)	19.68 2.48	-	-	19.68 2.48	14.20 2.40
	Corporate Social Responsibility Expenses Nachimuthu Gounder Rukmani Ammal Charitable Trust	-	-	-	-	29.00
	Deputation Charges Sakthifinance Financial Services Ltd.	28.26	-	-	28.26	76.90
	Remuneration M.Balasubramaniam	-	43.80	-	43.80	41.24
	M.K.Vijayaraghavan	-	26.53	-	26.53	18.91
	S.Veluswamy	-	17.96	-	17.96	18.98
	S.Venkatesh	-	10.74	-	10.74	11.18
	B.Shruti	-	-	12.81	12.81	7.96
	Commission M.Balasubramaniam	-	53.12	-	53.12	24.23
	Sitting Fees M.Manickam	-	-	1.00	1.00	0.80
	M.Srinivaasan	-	-	1.80	1.80	1.60
3	Assets: Lease Rental Advance: Sakthi Properties (Coimbatore) Ltd	850.00	-	-	850.00	-
	Purchase of Fixed Assets: ABT Foundation Ltd	-	-	-	-	1084.02
4	Liabilities: Subscription in Non Convertible Debentures Sri Chamundeswari Sugars Ltd	200.00	-	-	200.00	-
	Liabilities for Expenses Payable: Sakthi Sugars Ltd.	-	-	-	-	0.39
	N. Mahalingam And Co.	0.29	-	-	0.29	0.67
	Nachimuthu Industrial Association	0.45	-	-	0.45	4.91
	M.Srinivaasan	-	-	0.65	0.65	-

34. 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 **₹ 109.16 Lakhs** (₹ 89.04 Lakhs).

35. EARNINGS PER SHARE

(₹ Lakhs)

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Profit after tax (A)	1,675.56	1,252.57
Less: Preference dividend	126.38	125.58
Profit after Preference dividend	1,549.18	1,126.99
Weighted average number of equity shares (B)	5,00,00,000	5,00,00,000
The nominal value per equity share (₹)	10.00	10.00
Earnings per share – Basic (₹) (A/B)	3.10	2.25
– Diluted (₹) (A/B)	3.10	2.25

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**
36. DISCLOSURE AS REQUIRED IN TERMS OF PARAGRAPH 13 OF NON-BANKING FINANCIAL (DEPOSIT-ACCEPTING OR HOLDING) COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS 2007 (₹ Lakhs)

SI No	Particulars	Amount Outstanding	Amount overdue
	LIABILITIES SIDE		
(1)	Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid:		
	(a) Debentures: – Secured	27,838.58	–
	– Unsecured (Other than falling within the meaning of Public deposit)	2,501.85	–
	(b) Deferred Credits	–	–
	(c) Term Loans	9,992.73	–
	(d) Inter-Corporate loans and borrowing	–	–
	(e) Commercial paper	–	–
	(f) Public Deposits	16,081.57	585.05[#]
	(g) Subordinated Debts	19,558.98	–
	(h) Other Loans - Cash Credit	12,261.55	–
(2)	Break-up of (1)(f) and (g) above (outstanding public deposits inclusive of interest accrued thereon but not paid)		
	(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	16,081.57	585.05[#]
	(d) Subordinated Debts	19,558.98	–
	[#] represents unclaimed deposits		
	ASSETS SIDE		
(3)	Break-up of Loans and Advances including bills receivables (Other than those included in (4) below)		Amount Outstanding
	(a) Secured		466.04
	(b) Unsecured		1,515.00
(4)	Break-up of Leased Assets and Stock on Hire and other assets counting towards AFC activities		
	(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		90,366.43
	(b) Repossessed Assets		188.75
	(iii) Other Loans counting towards AFC Activities		
	(a) Loans where assets have been repossessed		–
	(b) Loans other than (a) above		–
(5)	Break-up of Investments		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		–

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**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017** (₹ Lakhs)

(₹ 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	— — — — — <

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**
**37. DISCLOSURE AS PER NON-BANKING FINANCIAL COMPANIES-CORPORATE GOVERNANCE
(RESERVE BANK) DIRECTIONS 2015**

(₹ Lakhs)

Sl. No	Particulars	31.03.2017	31.03.2016							
1	Capital to Risk (Weighted) Assets Ratio i) CRAR(%) ii) CRAR - Tier I Capital (%) iii) CRAR - Tier II Capital (%) iv) Subordinated debts considered as Tier-II Capital v) Amount raised by issue of Perpetual Debt Instruments	19.73 12.60 7.13 5,134.13 -	19.42 11.54 7.88 5,915.34 -							
2	Investments i) Value of Investments Gross Value of Investments a) In India b) Outside India ii) Provisions for diminution in value of investments a) In India b) Outside India iii) Net Value of Investments a) In India b) Outside India Movement of provisions held towards diminution in value of investments (i) Opening balance (ii) Add : Provisions made during the year (iii) Less: Write-off / write-back of excess provisions during the year (iv) Closing balance	2,604.90 - 43.74 - 2,561.16 - 24.39 19.35 - 43.74	2,347.33 - 24.39 - 2,322.94 - 154.31 - 129.92 24.39							
3	Derivatives (i) Forward Rate Agreement / Interest Rate Swap (ii) Exchange Traded Interest Rate (IR) Derivatives (iii) Disclosures on Risk Exposure in Derivatives Qualitative Disclosure:- The Company has no derivatives transactions	Nil Nil Nil	Nil Nil Nil							
4	Disclosures relating to Securitisation (i) SPV and Minimum Retention Requirements (ii) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction (iii) Details of Assignment transactions undertaken by NBFCs (iv) Details of non-performing financial assets purchased / sold a) Details of non-performing financial assets purchased b) Details of Non-performing Financial Assets sold	Nil Nil Nil Nil Nil	Nil Nil Nil Nil Nil							
5	Asset Liability Management Maturity pattern of certain items of Assets and Liabilities									
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	1,050.06	801.73	855.99	3,497.48	1,150.88	7,602.92	-	-	14,959.06
(ii)	Advances	3,983.26	4,319.91	4,236.27	12,382.80	21,019.33	42,363.36	2,880.43	-	91,185.36
(iii)	Investments	-	-	-	-	-	283.76	204.44	2,072.96	2,561.16
(iv)	Borrowings	809.22	517.21	551.47	1,688.53	3,694.21	50,764.05	7,006.45	2,500.00	67,531.14
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**

(₹ Lakhs)

Sl. No	Particulars	31.03.2017	31.03.2016															
6	Exposure																	
	i) Exposure to Real Estate Sector	Nil	Nil															
	ii) Exposure to Capital Market	Nil	Nil															
	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	234.00	234.00															
	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	234.00	234.00															
	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	1,515.00	750.00															
7	Miscellaneous																	
	i) Registration obtained from other financial sector regulators	NA	NA															
	ii) Disclosure of Penalties imposed by RBI and other regulators	-	0.02															
	iii) Related Party Transactions - Refer Note No. 33																	
	iv) Ratings assigned by credit rating agencies and migration of ratings during the year																	
	<table><tr><th>Sl No.</th><th>Particulars</th><th>ICRA</th></tr><tr><td>(i)</td><td>Deposits</td><td>MA-</td></tr><tr><td>(ii)</td><td>Debentures</td><td>BBB</td></tr><tr><td>(iii)</td><td>Long-Term Borrowings</td><td>BBB</td></tr><tr><td>(iv)</td><td>Short-Term Borrowings</td><td>A2</td></tr></table>	Sl No.	Particulars	ICRA	(i)	Deposits	MA-	(ii)	Debentures	BBB	(iii)	Long-Term Borrowings	BBB	(iv)	Short-Term Borrowings	A2		
Sl No.	Particulars	ICRA																
(i)	Deposits	MA-																
(ii)	Debentures	BBB																
(iii)	Long-Term Borrowings	BBB																
(iv)	Short-Term Borrowings	A2																
	Migration of ratings during the year : NIL																	
	v) Remuneration of Directors																	
	Ref. Page No. 32 of Corporate Governance Report 2017																	
	vi) Management																	
	Ref. Management and Discussion and Analysis report on Page No. 6																	
	vii) Net Profit or Loss for the period, prior period items and changes in accounting policies	75.86	Nil															

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**

(₹ Lakhs)

Sl. No	Particulars	31.03.2017	31.03.2016
8	Other Disclosures		
	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	19.35	(129.92)
	b Provision towards NPA	173.07	176.42
	c Provision for Standard Assets	31.90	52.45
	d Provision made towards Income tax	435.98	787.36
	e Other Provision and Contingencies (with details)	-	-
	ii) Draw-down from Reserves	Nil	Nil
	iii) Concentration of Deposits, Advances, Exposures and NPAs		
	a Concentration of Deposits:-		
	Total Deposits of twenty largest depositors	214.82	248.01
	Percentage of Deposits of twenty largest depositors to Total Deposits	1.44%	1.53%
	b Concentration of Advances:-		
	Total Advances to twenty largest borrowers	1,525.03	1,886.27
	Percentage of Advances to twenty largest borrowers to Total Advances	1.68%	2.04%
	c Concentration of Exposures		
	Total Exposure to twenty largest borrowers / customers	1,324.64	1,376.29
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	1.46%	1.49%
	d Concentration of NPAs		
	Total Exposure to top four NPA accounts	51.68	44.01
	e Sector-wise NPAs		
	Sl Sector No.	% NPAs to Total Advances in that sector	
	i) Agriculture & allied activities	-	-
	ii) MSME - Engineering	1.58%	0.14%
	iii) Corporate borrowers - Textiles	-	-
	iv) Services - Others	2.25%	5.12%
	v) Unsecured personal loans	-	-
	vi) Auto loans - Transport	2.99%	1.72%
	vii) Other personal loans	-	-
	f Movement of NPAs		
	i) Net NPAs to Net Advances (%)	3.03%	0.89%
	ii) Movement of NPAs (Gross)		
	Opening balance	1,678.99	1,266.48
	Additions during the year	3,746.96	1,415.66
	Reductions during the year	1,473.51	1,003.15
	Closing balance	3,952.44	1,678.99
	iii) Movement of Net NPAs		
	Opening balance	821.17	572.91
	Additions during the year	2,642.77	703.85
	Reductions during the year	726.25	455.59
	Closing balance	2,737.69	821.17

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**

(₹ Lakhs)

Sl. No	Particulars	31.03.2017	31.03.2016
	iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	857.82	693.57
	Provisions made during the year	1,104.19	711.81
	Write-off / write-back of excess provisions	747.26	547.56
	Closing balance	1,214.75	857.82
	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
9	Disclosure of Complaints		
	a No. of complaints pending at the beginning of the year	Nil	Nil
	b No. of complaints received during the year	7	5
	c No. of complaints redressed during the year	7	5
	d No. of complaints pending at the end of the year	Nil	Nil

38. Public Issue of Secured Redeemable Non-Convertible Debentures (NCDs)

The Company made a public issue of Secured, Redeemable, Non-Convertible Debentures (NCDs) of ₹1000 each for an amount of ₹100 crore with an option to retain over-subscription for ₹100 crore, aggregating to ₹200 crore. The NCD issue opened on 7th April 2016 and closed on 6th May 2016. The Company made allotment of 16,48,708 NCDs to the eligible applicants on 18th May 2016. The NCDs were listed and admitted to dealings on the BSE Limited with effect from 23rd May 2016.

39. 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 2017:

I. Gross amount required to be spent by the company during the year: ₹44.68 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	3.54
Promoting Healthcare	-
Promoting Healthcare including preventive health care and others	3.47
Swachh Bharath Project	-
Promoting Sports	3.20
Others	-
Total	10.21

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**

40. In terms of Ministry of Corporate Affairs Notification No.GSR 308(E) dated 30th March 2017, the disclosures are made for the Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016 the details of which are given below:

(₹ Lakhs)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	601.25	12.49	613.74
Add : Permitted receipts	-	1,052.38	1,052.38
Less : Permitted payments	-	4.35	4.35
Less : Amount deposited in Banks	601.25	989.28	1,590.53
Closing cash in hand as on 30.12.2016	-	71.24	71.24

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

As per our report attached
For P.N. Raghavendra Rao & Co
Chartered Accountants
Firm Regn. No.:003328S

For and on behalf of the Board

PON ARUL PARANEEDHARAN
Partner
Membership No. 212860

M. BALASUBRAMANIAM
Vice Chairman and Managing Director

M. MANICKAM
Chairman

Coimbatore
24th May 2017

S. VENKATESH
Company Secretary

M.K. VIJAYARAGHAVAN
Chief Financial Officer

BRANCH NETWORK

BRANCH OFFICES		ADDRESS	FAX		PHONES	
TAMILNADU						
Coimbatore Main	641 018	62, Dr.Nanjappa Road	0422	2231915	0422	2231471
Coimbatore South	641 045	1776 Trichy Road, Olampus, Ramanathapuram			0422	2318900
Chennai	600 004	Raja Rajeswari Towers, No.29 & 30, Dr Radhakrishnan Salai, Mylapore			044	28114286
Dindigul	624 002	No.67/3, Nehruji Nagar, 80 Feet Road, Opp:SBI ATM			0451	2441121
Erode	638 003	Sakthi Sugars Building, 122, Veerabadra Road			0424	2222209
Hosur	635 109	92/3 First Floor, K.K.Complex, Bagalur Road			04344	241142
Kallakurichi	606 202	59/5, Durgam Road, Gopuram Towers, Second Floor			04151	223567
Kancheepuram	631 501	14/69, Ground Floor, Mettu Street			044	27231677
Karaikudi	630 002	45, First Floor, Subramaniapuram, 4th Street South			04565	227204
Kumbakonam	612 001	Anna Ice Cream Building, No.1-E Second Floor, Dr. Besant Road			0435	2430096
Madurai	625 020	757, West Main Road, Anna Nagar			0452	2535585
Mettupalayam	641 301	Sundaram Type Office Complex, 41/A Annur Main Road			04254	224686
Namakkal	637 001	First Floor, Annai Palaniammal Plaza, 3A, Salem Road			04286	275125
Perambalur	621 212	140/2A3, 3B7A II Floor, Ruckmani Srinivasan Complex			04328	225570
Pollachi	642 001	No.33, First Floor, Coimbatore Main Road, Near Ramanathan Medicals			04259	225004
Sakthi Nagar	638 315	Sakthi Nagar, Bhavani Taluk			04256	246238
Salem	636 004	215/4, Abiroopa Towers, Omalur Main Road, Kuruvangu Chavadi			0427	2448840
Sivakasi	626 123	100/A4, Thiruthangal Road, Marutham Hotel Upstairs			04562	227226
Theni	625 531	No.15-1-60, Devi Towers, Cumbam Road, Union Bank Upstairs, P.C. Patti,			04546	264955
Tirunelveli	627 002	10-A/1, Trivandrum High Road			0462	2502989
Tirupur	641 602	No.15, First Floor, Ganga Nagar, First Street, Avinashi Road, Bangla Stop			0421	2242511
Trichy	620 018	174, 10th Cross West, Thillai Nagar			0431	2765969
Tuticorin	628 003	93A-1 Devarpuram Road, First Floor			0461	2323977
Vellore	632 004	80 - 62, Bangalore Road			0416	2224653
PUDUCHERRY	603 001	94, Kamaraj Salai			0413	2213786
KERALA						
Alapuzha	688 561	No. AMCW 20/115, 2nd Floor, Ambalapuzha			0477	2260111
Ernakulam	682 016	Room No: 101 - B, Land Mark Enclave, No. 39/3633-B, S.A. Road, Valanjambalam			0484	2357359
Kanhangad	671 315	Door No.KM/1353/Ward I/B5/B6, Brother's Buildings, II Floor Main Road, Near LIC Office			0467	2201102
Kannur	670 002	SB - 5/1102/E, Ennes Enclave, (Near Ashoka Hospital), South Bazaar			0497	2703223
Kottayam	686 001	Arryattuparambil Building, Sastri Road	0495	2720414	0481	2564167
Kozhikode	673 004	5/2248-D, Mavoor Road, Opp:Civil Supplies Corporation			0495	2723699
Manjeri	676 121	Kurikkal Plaza, Opp. Court Complex, Kacheripadi			0483	2767468
Muvattupuzha	686 673	Door No.8/386 - D, 1st Floor, NH 49,Kottayil Buildings, Velloorkunnam, Market PO			0485	2812465
Pala	686 575	Vettipuzhichalil House, Century VEE TEE Arcade, Ward No.18, Building No.303 (4), Kottaramattam			04822	210930
Palakkad	678 007	12/872, First Floor, KAV Central, Chandranagar			0491	2573232
Pathanamthitta	689 645	PMC IX /1128(1)10(E), First Floor, Aban Arcade, Ring Road, Near Bus Stand			0468	2224300
Thrissur	680 001	Damodaran & Sons Complex, Round West			0487	2335023
Vadakara	673 101	No.25/125-A, Elite Building, 2nd Floor, Opp. Keerthi Mudra Theatre, Edodi			0496	2275985
KARNATAKA						
Bengaluru	560 001	No.204, II Floor, No. 92, Kedia Arcade, Infantry Road			080	25583365
Mangaluru	575 002	Door No.213, II Floor, Mangalore Shalimar Gate, Bypass Road, Near Kankanady Bus Stand			0824	2434811
MAHARASHTRA						
Mumbai	400 021	1012, Dalamal Towers, 211, Nariman Point			022	22830942
ANDHRA PRADESH						
Rajahmundry	533 103	79-16-12/2, III Floor, E & S Reddy Complex Tilak Road Behind Aryapuram Coop Urban Bank, Opp: Saibaba Temple			0883	2433934
Vijayawada	520 008	No.59 - 14 - 5, 5th Floor, BSR Plaza, NH - 5 Opp. Stella College, Ring Road			0866	2476333
Visakhapatnam	560 016	No.49-24-51, A, 6, First Floor	0891	2550060	0891	2550060
NEW DELHI	110 057	Flat No. 101-A, Pavan Estate Shankaramadam Road 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. Bank Account Number (10-Digit or more number only)	:																					
7. Account type [Please tick ✓]	:	<table border="1"><tr><td>a) S.B.</td><td>b) Current</td><td>c) Cash Credit/OD</td></tr></table>			a) S.B.	b) Current	c) Cash Credit/OD															
a) S.B.	b) Current	c) Cash Credit/OD																				
8. 9-Digit Code Number of the Bank and Branch appearing on the MICR cheque issued by the Bank	:																					
9. 11-Digit IFS Code	:	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																				
10. Contact Number	:	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																				

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. For transfer of shares held in physical form, procedure will be long-drawn and the buyers do not generally opt for physical shares while purchasing, as the transaction cannot take place through the Stock Exchanges. 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.

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:

- members holding shares in electronic form are requested to register their e-mail addresses in respect of their holdings through their Depository Participants concerned.
- 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.