

# ***IKF FINANCE LIMITED***



***23<sup>rd</sup> Annual Report  
2013-2014***

# IKF FINANCE LIMITED

CIN : L65992AP1991PLC012736



## BOARD OF DIRECTORS

Mr. V.G.K. Prasad  
Mrs. V.Indira Devi  
Mrs. K.Vasumathi Devi  
Dr. Sinha S. Chunduri  
Dr. Prasad J. Athota  
Mr. N.Haranadh  
Mr. S.Veerabhadra Rao  
Mr. P.S.V.Prasada Rao  
Mr. K.Satyanarayana Prasad

Managing Director  
Whole Time Director  
Executive Director  
Director (Alternate Director Mrs. D.Vasantha Lakshmi)  
Director (Alternate Director Mr. Ch.V.Rama Rao)  
Director  
Director  
Director  
Director

## AUDIT COMMITTEE

Mr. S.Veerabhadra Rao  
Mr. N. Haranadh  
Mr. P.S.V.Prasada Rao

## SHARE TRANSFER & INVESTOR GRIEVANCE COMMITTEE

Mr. N.Haranadh  
Dr. Prasad J. Athota  
(Alternate Director Mr. Ch.V.Rama Rao)

## MANAGEMENT COMMITTEE

Mr. V.G.K.Prasad  
Mrs. V.Indira Devi  
Mrs. K.Vasumathi Devi

## REMUNERATION AND COMPENSATION COMMITTEE

Mr. P.S.V.Prasada Rao  
Mr. S.Veerabhadra Rao  
Mr. N.Haranadh

## NOMINATION COMMITTEE

Mr. P.S.V.Prasada Rao  
Mr. S.Veerabhadra Rao  
Mr. V.G.K.Prasad

## ASSET LIABILITY COMMITTEE

Mr. V.G.K.Prasad  
Mrs. K.Vasumathi Devi  
Mr. S.Veerabhadra Rao

## RISK MANAGEMENT COMMITTEE

Mr. V.G.K.Prasad  
Mr. S.Veerabhadra Rao  
Mrs. K.Vasumathi Devi

## BANKERS

### **Central Bank of India (Lead Bank)**

Andhra Bank  
Indian Overseas Bank  
IDBI Bank Limited  
The Federal Bank Limited  
Axis Bank Limited  
Bank of India  
Punjab National Bank  
State Bank of India

HDFC Bank Limited  
SIDBI

## AUDITORS

**M/s.Hanumaiah & Co.,**  
Chartered Accountants  
1 & 2 Ground, RAM'S VSR Apartments  
Mogalrajpuram,  
VIJAYAWADA - 520 010.

## LISTING

Bombay Stock Exchange Limited, Mumbai

## REGISTERED OFFICE

# 40-1-144,  
Corporate Centre,  
M.G. Road,  
Vijayawada - 520 010. (A.P.)

## SHARE TRANSFER AGENTS

M/s.Bigshare Services Private Limited  
306, 3rd Floor, Right Wing, Amrutha Ville,  
Opp. Yashoda Hospital, Rajbhavan Road,  
Somajiguda, Hyderabad - 500 082.

## CORPORATE OFFICE

# 6-3-902/A, 4th Floor,  
Central Plaza, Near Yashoda Hospital,  
Raj Bhavan Road, Somaji guda,  
HYDERABAD - 500 082. (A.P.)

## DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited  
Asian Building, Ground Floor,  
17, R.Kamani Marg, Ballard Estate,  
MUMBAI - 400 001.

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**NOTICE**

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting of the **M/s.IKF Finance Limited** will be held at the Registered Office of the Company at Vijayawada - 520 010 on Tuesday, 30th September, 2014 at 4.30 p.m. to transact the following business:-

1. To consider and adopt the Balance Sheet as at March 31, 2014, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon;
2. To appoint a Director in place of Dr. Sinha S Chunduri (DIN: 03644504), who retires by rotation and, being eligible, offers himself for re-appointment
3. To appoint a Director in place of Dr. Prasad J Athota (DIN: 03618655), who retires by rotation and, being eligible, offers himself for re-appointment
4. Appointment of Statutory Auditors

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

**“RESOLVED THAT** M/s. Hanumaiah & Co., Chartered Accountants (Firm Registration No. 009021S) recommended by the Audit Committee of the Board of Directors, be and are hereby re-appointed as Statutory Auditors of the Company for a period of three financial years i.e., to hold office from the conclusion of this Annual General Meeting till the conclusion of 26<sup>th</sup> Annual General Meeting at such remuneration as may be fixed by the Board of Directors of the Company.”

**Special Business:**

5. Appointment of Sri. Veerabhadra Rao Sunkara (DIN: 01180981) as an Independent Director of the Company

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement Sri. Veerabhadra Rao Sunkara (DIN: 01180981), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 28th Annual General Meeting of the Company in the calendar year 2019.”

6. Appointment of Sri. Satyanarayana Vara Prasada Rao Parvathaneni (DIN: 02204359) as an Independent Director of the Company.

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri Satyanarayana Vara Prasada Rao Parvathaneni (DIN: 02204359), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 28th Annual General Meeting of the Company in the calendar year 2019.”

7. Appointment of Sri. Haranadh Nallani (DIN: 03161131) as an Independent Director of the Company.

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri. Haranadh Nallani (DIN: 03161131), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 28th Annual General Meeting of the Company in the calendar year 2019.”

8. Appointment of Sri. Satyanarayana Prasad Kanaparti (DIN: 03598603) as an Independent Director of the Company.

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri. Satyanarayana Prasad Kanaparti (DIN: 03598603), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 28th Annual General Meeting of the Company in the calendar year 2019.”

**9. Increase in Borrowing powers of the Company**

To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

**“RESOLVED THAT** subject to the provisions of Section 180 (1) (c) and other applicable provisions, if any, and the Companies Act, 2013 including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions passed in this regard, the Board of Directors (hereinafter referred to as the Board), including any committee thereof for the time being exercising the powers conferred on them by this resolution, be and are hereby authorized to borrow money, as and when required, from, including without limitation, any Bank and/or Public Financial Institution as defined under Section 2(72) of the Companies Act, 2013 and/or eligible foreign lender and/or any entity/entities and/or authority/ authorities and/ or through suppliers credit, any other securities or instruments, such as floating rate notes, fixed rate notes, syndicated loans, debentures, commercial papers, short term loans or any other instruments etc. and/or through credit from official agencies and/or by way of commercial borrowings from the private sector window of multilateral financial institution, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding Rs.750 Crores (Rupees Seven Hundred Fifty Crores Only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specified purpose.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

**10. Creation of Charge on Movable and Immovable properties of the Company both present and future**

To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 180 (1) (a) and other applicable provisions , if any, of the Companies Act, 2013 including any statutory modifications or re-enactments thereof the members of the Company hereby accord their consent to the Board of Directors, including any committee thereof for the time being exercising the powers conferred on them by this resolution, to create mortgage and/or charge on all or any of the moveable and/or immovable assets of the Company, both present and future and/or whole or any part of the Company in favour of the lenders, agents, trustees for securing the borrowings of the Company availed/to be availed by way of loans (in foreign currency and/or in Indian currency) and securities (comprising of fully/partly convertible debentures and/or secured premium notes and/or floating rates notes/ bonds or other debt instruments) issued/to be issued by the Company from time to time, in one or more tranches, upto an aggregate limit of Rs. 750 Crores (Rupees Seven Hundred and Fifty Crores Only) together with interest as agreed, additional interest in case of default, accumulated interest, liquidated damages and commitment charges, all other costs, charges and expenses and all other monies payable by the Company in terms of respective loan agreement(s) or any other document entered / to be entered into between the Company and the lenders/agents/investors and trustees in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or any committees thereof and the lenders, agents or trustees.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalise the terms and conditions for creating the aforesaid mortgage and/or charge and to execute the documents and such other agreements and also to agree to any amendments thereto from time to time as it may think fit for the aforesaid purpose and to do all such acts, deeds, matters and things as may be necessary and expedient for giving effect to the above resolution.”

**By Order of the Board**

**Place: Vijayawada**  
**Date : 30-08-2014**

**Sd/-**  
**(V G K Prasad)**  
**Managing Director**

### NOTES

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself. A Proxy need not be a member of the Company. Proxies, to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
2. The Register of Members of the Company will remain closed from September 26, 2014 to September 30, 2014 (both days inclusive).
3. Members are requested to quote their Registered Folio Numbers in all their Correspondence with the Company and notify change in their registered address, if any.
4. Members/proxies should bring the Attendance slips duly signed to the meeting and hand it over at the entrance. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting. Xerox copy of attendance slips will not be accepted at the entrance of the Meeting Hall. Members are requested to bring their copy of the Annual Report to the Meeting.
5. Electronic copy of the Notice of the 23rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 23rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
6. Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the revised Clause 35B of the Listing Agreement, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in this Notice. The detailed instructions for e-voting are given as a separate attachment to the Annual Report.

**7. Voting through electronic means:**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement executed by the company with the BSE Limited, the company is pleased to provide members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Ltd. (CDSL).

A member may exercise his/her votes at any General Meeting by electronic means and Company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2014.

During the e-voting period, members of the Company holding shares either in physical form or dematerialised form, as on the cutoff date i.e., August 29, 2014, may cast their votes electronically.

Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. S.Srikanth, C/o. IKF Finance Limited, # 40-1-144, Corporate Centre, M G Road, Vijayawada - 520 010, Andhra Pradesh not later than Thursday, September 25, 2014 (6.00 p.m. IST).

Members have the option to request for physical copy of the Ballot Form by sending an e-mail to [cs@ikffinance.com](mailto:cs@ikffinance.com) by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach # 6-3-626, Parameswara Appartments, 5th Floor, 5-A, Anand Nagar, Khairatabad, Hyderabad-500004, Telangana not later than Thursday, September 25, 2014 (6.00 p.m. IST).

Ballot Form received after this date will be treated as invalid. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid

**The instructions for shareholders voting electronically are as under:**

- i. The voting period begins on Tuesday, September 23, 2014 at 10.00 a.m. and ends on Thursday, September 25, 2014 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 29, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period
- iii. Click on "Shareholders" tab.
- iv. Now, select the "Company Name: IKF Finance Limited" from the drop down menu and click on "SUBMIT"

- v. Now Enter your User ID,
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification Code as displayed and Click on Login.
- vii. If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form |   |
|--|---|
| PAN  | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)-</p> <ul style="list-style-type: none"> <li>○ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>○ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Suresh Kumar with sequence number 1 then enter SA00000001 in the PAN field.</li> </ul> |
| DOB  | <p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>  |
| Dividend Bank Details                                      | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>○ Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction "v".</li> </ul>   |

- i. After entering these details appropriately, click on "SUBMIT" tab.
- ii. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- iii. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- iv. Click on the EVSN for the relevant IKF FINANCE LIMITED EVSN Reference No: **140908046** on which you choose to vote.
- v. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- vi. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- vii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- viii. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- ix. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- x. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xi. Note for Institutional Shareholders
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- i. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Other Instructions:**

- i) The e-voting period commence on Tuesday, September 23, 2014 (10.00 a.m.) and end on Thursday, September 25, (6.00 p.m.). During this period, member of the company holding share either in physical form or in dematerialize form as on August 29, 2014 may cast their vote electronically. The e-voting module shall be disabling by CDSL for voting Thereafter. Once the vote on resolution is cast by the member, he shall not be allowed to change it subsequently.
- ii) The voting rights of members shall be incorporation to their shares of the paid-up equity share capital of the company as on August 29, 2014.
- iii) Mr. S.Srikanth, Company Secretary In Practice has been appointed as the scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) and in a fair and transparent manner.
- iv) The scrutinizer, shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the company and make scrutinizer’s report of the vote cast in favour or against, if any, forthwith to the chairman of the company.

The results declared along with the scrutinizers report shall be placed on the company website [www.ikffinance.com](http://www.ikffinance.com) and with the website of CDSL within two days of passing of resolutions at the 23rd AGM of the company on September 30, 2014 and communicated to the BSE Limited where the share of the company are listed.

## Annexure to the Notice

Notes on Directors seeking appointment/re-appointment as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges. Profile of Directors being Appointed/Re-appointed:

### Item No. 2

| S.No. | Particulars              | Dr. Sinha S Chunduri        |
|-------|--------------------------|-----------------------------|
| 1.    | Date of Birth            | 02-02-1945                  |
| 2.    | Date of Appointment      | 01-02-1993                  |
| 3.    | Qualification            | M.B.B.S., M.D.              |
| 4.    | Experience               | Management & Administration |
| 5.    | Other Directorships      | Nil                         |
| 6.    | Member of the Committees | Nil                         |

### Item No. 3

| S.No. | Particulars              | Dr. Prasad J Athota                           |
|-------|--------------------------|---|
| 1.    | Date of Birth            | 04-05-1945                                    |
| 2.    | Date of Appointment      | 01-02-1993                                    |
| 3.    | Qualification            | M.B.B.S., M.D.                                |
| 4.    | Experience               | Management & Administration                   |
| 5.    | Other Directorships      | Nil   |
| 6.    | Member of the Committees | Share Transfer & Investor Grievance Committee |

### Item No. 5

| S.No. | Particulars              | S.Veerbhadrha Rao  |
|-------|--------------------------|--|
| 1.    | Date of Birth            | 01-06-1946   |
| 2.    | Date of Appointment      | 30-12-2005   |
| 3.    | Qualification            | M.Sc.  |
| 4.    | Experience               | Finance Business in last 22 years  |
| 5.    | Other Directorships      | SVR Finance & Leasing (P) Ltd  |
| 6.    | Member of the Committees | Audit Committee, Remuneration and Compensation Committee, Nomination Committee, Asset Liability Committee, Risk Management Committee |

### Item No. 6

| S.No. | Particulars              | P.S.V.Prasada Rao  |
|-------|--------------------------|--|
| 1.    | Date of Birth            | 21-01-1937   |
| 2.    | Date of Appointment      | 31-03-2011   |
| 3.    | Qualification            | Undergraduate  |
| 4.    | Experience               | Finance Business in last 28 years  |
| 5.    | Other Directorships      | DFL Finance Limited  |
| 6.    | Member of the Committees | Audit Committee, Remuneration and Compensation Committee, Nomination Committee |

### Item No. 7

| S.No. | Particulars              | N.Haranadh  |
|-------|--------------------------|---|
| 1.    | Date of Birth            | 14-11-1954  |
| 2.    | Date of Appointment      | 23-01-1992  |
| 3.    | Qualification            | Undergraduate   |
| 4.    | Experience               | Finance Business in last 18 years   |
| 5.    | Other Directorships      | Nil   |
| 6.    | Member of the Committees | Audit Committee, Share Transfer & Investor Grievance Committee, Remuneration and Compensation Committee |

### Item No. 8

| S.No. | Particulars              | K.Satyanarayana Prasad              |
|-------|--------------------------|-------------------------------------|
| 1.    | Date of Birth            | 30-06-1951                          |
| 2.    | Date of Appointment      | 31-03-2011                          |
| 3.    | Qualification            | B.E. (Civil), MIGS                  |
| 4.    | Experience               | Construction Works in last 30 years |
| 5.    | Other Directorships      | Nil                                 |
| 6.    | Member of the Committees | Nil                                 |



**Explanatory Statement  
Pursuant to Section 102 (1) of the Companies Act, 2013**

**Item No. 5, 6, 7 and 8**

It is proposed to appoint Sri. Sunkara Veerabhadra Rao (DIN:01180981), Sri Satyanarayana Varaprasad Rao Parvathaneni (DIN:02204359), Sri Haranadh Nallani (DIN: 03161131), and Sri. Satyanarayana Prasad Kanaparti (DIN: 03598603) as Independent Directors under Section 149 of the Act to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 28th Annual General Meeting of the Company in the calendar year 2019.

Sri. Sunkara Veerabhadra Rao, Sri. Satyanarayana Vara Prasada Rao Parvathaneni, Sri. Haranadh Nallani, and Sri. Satyanarayana Prasad Kanaparti are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Sri. Sunkara Veerabhadra Rao, Sri. Satyanarayana Vara Prasada Rao Parvathaneni, Sri. Haranadh Nallani, and Sri. Satyanarayana Prasad Kanaparti for the office of Directors of the Company.

The Company has also received declarations from Sri. Sunkara Veerabhadra Rao, Sri Satyanarayana Vara Prasada Rao Parvathaneni, Sri Haranadh Nallani, and Sri. Satyanarayana Prasad Kanaparti that they meet with the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Act.

In the opinion of the Board, Sri. Sunkara Veerabhadra Rao, Sri Satyanarayana Vara Prasada Rao Parvathaneni, Sri. Haranadh Nallani, and Sri. Satyanarayana Prasad Kanaparti fulfill the conditions for appointment as Independent Directors as specified in the Act. Sri. Sunkara Veerabhadra Rao, Sri. Satyanarayana Vara Prasada Rao Parvathaneni, Sri. Haranadh Nallani, and Sri. Satyanarayana Prasad Kanaparti are independent of the management.

Copy of the draft letters for respective appointments of Sri. Sunkara Veerabhadra Rao, Sri. Satyanarayana Vara Prasada Rao Parvathaneni, Sri. Haranadh Nallani, and Sri. Satyanarayana Prasad Kanaparti as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

Sri. Sunkara Veerabhadra Rao, Sri. Satyanarayana Vara Prasada Rao Parvathaneni, Sri. Haranadh Nallani, and Sri. Satyanarayana Prasad Kanaparti are interested in the resolutions set out respectively at Item Nos. 5, 6, 7 and 8 of the Notice with regard to their respective appointments.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Ordinary Resolutions set out at Item Nos. 5, 6, 7 and 8 of the Notice for approval by the shareholders.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution at Item Nos 5, 6, 7 and 8 of the accompanying Notice

**Item No. 9**

As per Section 180 (1) (c) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company's bankers in ordinary course of business) by the Company beyond the aggregate of the paid up capital of the company and its free reserve requires approval from the shareholders of the Company.

With a view to meet the funds requirements of the Company for both short term as well as long term, the Company may require to borrow from time to time by way of loans and/or issue of Bonds, Debentures or other securities and the existing approved limit may likely to be exhausted in near future and it is therefore recommended to enhance the borrowing limits of the Company up to Rs.750 Crores (Rupees Seven Hundred Fifty Crores Only).

The Directors recommends the resolution for members' approval as a Special Resolution.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution at Item No.9 of the accompanying Notice.

**Item No.10**

The Company is required to create security for the said facilities as mentioned under Item No.9 above in favour of the Lenders/ Trustees for the Non-Convertible Debentures and loans/ financial assistance availed by the Company, by way of creation of mortgage and/ or charge on the assets of the Company, as stated in the resolution.

In furtherance to the Resolution No.9 of this notice, the said borrowings/ issue of securities may be required to be secured by way of mortgage/ charge over all or any part of the movable and/or immovable assets of the Company and as per provisions of Section 180 (1) (a) of the Companies Act 2013, the mortgage or charge on all or any part of the movable and/or immovable properties of the Company, may be deemed as the disposal of the whole, or substantially the whole, of the undertaking of the Company and hence, requires approval from the shareholders of the Company.

Accordingly, it is proposed to pass an enabling resolution authorizing the Board to create charge on the assets of the Company for a value not exceeding Rs.750 Crores (Rupees Seven Hundred Fifty Crores Only)

Your Directors recommend the resolution for your approval as a Special Resolution.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution at Item No.10 of the accompanying Notice

**By Order of the Board**

**Place: Vijayawada  
Date : 30-08-2014**

**Sd/-  
(V G K Prasad)  
Managing Director**

## DIRECTORS REPORT

Your directors have pleasure in presenting the 23<sup>rd</sup> Annual Report along with audited accounts of the Company for the year ended 31st March, 2014. The summarized financial results of the Company, are given hereunder:

### Financial Results:

(Rs.in Lacs)

| Particulars                      | Year ended |          |
|----------------------------------|------------|----------|
|                                  | 31.03.14   | 31.03.13 |
| Income from Operations           | 6073.48    | 4278.61  |
| Total Expenditure                | 1002.73    | 681.64   |
| Interest                         | 3197.79    | 2422.27  |
| Profit before Dep. & Taxes       | 1872.96    | 1174.70  |
| Depreciation                     | 31.46      | 26.83    |
| Provisions NPA                   | 29.21      | 26.52    |
| Provision for Standard Assets    | 23.31      | 26.31    |
| Provision for Current Tax        | 620.25     | 388.41   |
| Provision for Deferred Tax       | 6.01       | 0.63     |
| Profit After Tax                 | 1162.72    | 706.00   |
| Surplus brought forward          | 579.61     | 344.28   |
| General Reserve                  | 58.14      | 35.31    |
| Reserve Fund                     | 232.54     | 141.23   |
| Dividend (proposed)              | 0.00       | 230.09   |
| Dividend Tax                     | 0.00       | 39.10    |
| Prior Year Income Tax            | 8.22       | 24.94    |
| Surplus Carried to Balance Sheet | 1443.43    | 579.61   |

### Corporate Governance:

A detailed report on corporate governance, together with a certificate from the statutory auditors and a declaration by the Managing Director with regard to Code of Conduct in compliance with Clause 49 of the Listing Agreement, are attached as part of this Report.

Further, a certificate, duly signed by the Managing Director on the Financial Statements of the Company for the year ended March 31, 2014, as required under Clause 49 of the Listing Agreement, was submitted to the Board of Directors at their meeting held on August 30, 2014. The certificate is attached to the Report on Corporate Governance.

### Management's Discussion and Analysis:

#### Economic Environment:

GDP growth for the year 2013-14 is expected to be lower than 5% on account of poor performance of all most all the industrial sectors and slowdown in the services sector. The inflation remained on the higher side for quite some time. The banking system continued to grapple with rising Non Performing Assets (NPAs) and the core industries and the infrastructure sectors continues to witness lower growth and as such the overall business sentiment was not so positive in view of high interest rates coupled with Government's indecisiveness on various policy matters.

### Automotive Sector:

The slowdown of economy has cast its shadow on many sectors and automotive industry was one of the worst hit sectors. Medium and heavy commercial vehicles (M/HCV) segment registered a steep fall of 25% during 2013-14 as a direct result of continuing sluggishness in the manufacturing and infrastructure sectors. Light commercial vehicles were also registered a steep fall of 18% as against a growth of 14% in the previous year. Cars and multi-utility vehicles were down by 6% as against a growth of 2% in the previous year. Despite the cut in excise duties, the overall performance of the automotive sector was very disappointing in comparison to several other sectors. High interest rates, low freight rates and spiraling fuel prices, throughout the year, coupled with sluggish economic conditions have contributed to the steep decline in the growth of automotive sector.

### Future Outlook:

The current year is going to be a challenging year for the Indian economy. The economic growth for the FY 2014-15 is expected to be at around 6% in the light of positive signs of recovery in industrial front and the steps initiated by the new government to revive the infrastructure segment.

The chances of interest rate cuts are expected in the fourth quarter of the current financial year as inflation seems to be at moderate levels and the rupee is expected to be stabilized more or less at Rs.60 levels in view of positive inflows.

The course corrections measures taken by the new government in the recent past, strengthening rupee, moderating commodity prices and expectation of normal monsoon, though late, are expected to turnaround the economy.

The automobile sector is likely to remain sluggish in the short term with marginal recovery in the last two quarters of the current financial year. However, the same is subject to many factors such as good monsoon, proactive government policies, recovery in industrial production, crude prices and currency fluctuations. Competition is expected to increase in view of lower volumes and interest rates are expected to play a pivotal role.

Your Company continues to focus on Retail segment with focus on providing superior service to customers, lowering the cost of borrowings, maintaining the asset quality with enhanced operating efficiencies to sustain the growth and profitability. To cope up with the adversities, the management of your Company has already taken initiatives by launching new products like Top Up / Working Capital Loans to the existing customers, SME Loans, asset backed loans etc. Your Company is confident of sustaining the growth and profitability as it has built strong relationship with the customers over the last two decades.