

IKF FINANCE LIMITED



***24th Annual Report
2014-2015***

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 Jagadish 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

EXECUTIVE OFFICER:

Mr. K P Venkatesh
Mr. Paruchuri Chandra Sekhar

Chief Executive Officer
Chief Financial Officer

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 Jagadish Athota
(Alternate Director Mr. Ch.V.Rama Rao)

MANAGEMENT COMMITTEE

Mr. V.G.K.Prasad
Mr. S.Veerabhadra Rao
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 MANAGEMENT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

CSR COMMITTEE

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

STATUTORY AUDITORS

M/s.Hanumaiah & Co.

Chartered Accountants
1 & 2 Ground,
RAM'S VSR Apartments
Mogalrajpuram,
VIJAYAWADA - 520 010.

BANKERS

Central Bank of India (Lead Bank)
Andhra Bank Indian Overseas Bank IDBI Bank Limited
Bank of India Axis Bank Limited The Federal Bank Ltd.
State Bank of India Punjab National Bank HDFC Bank Ltd.
SIDBI South Indian Bank Ltd. Oriental Bank of Commerce
DCB Bank Ltd.

SECRETARIAL AUDITORS

M/s.B S S & Associates

Company Secretaries,
Khairatabad,
Hyderabad - 500 004.

DEBENTURE TRUSTEE

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

REGISTERED OFFICE

40-1-144, Corporate Centre,
M.G. Road, Vijayawada - 520 010.

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 - 500082.

24 TH ANNUAL GENERAL MEETING	
Date	: 30th September, 2015
Time	: 4:30 P.M.
Day	: Wednesday
Venue	: Registered Office of the Company # 40-1-144, Corporate Centre, MG Road, Vijayawada - 520 010, Krishna District, Andhra Pradesh, India

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**NOTICE**

Notice is hereby given that the 24th 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 Wednesday, 30th September, 2015 at 4.30 p.m. to transact the following business:-

1. To consider and adopt the Audited Balance Sheet as at 31st March 2015, and Statement of Profit and Loss for the year ended as on that date and together with Reports of the Board of Directors and the Auditors thereon;
2. To appoint a Director in place of Mr. 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 Mr. Prasad Jagadish Athota (DIN: 03618655), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of fifth consecutive Annual General Meeting and to fix their remuneration in place of the retiring Auditors, and if thought fit, to pass, with or without modification(s) the following resolution as a Ordinary Resolution:

“RESOLVED THAT, pursuant to Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation made by the Audit Committee of the Board, in the place of M/s. Hanumaiah & Co., Chartered Accountants, who have conveyed their non-availability to act as Statutory Auditors of the Company after this AGM, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration No.301003E) be and are hereby appointed as Statutory Auditors of the Company, who shall hold office from the conclusion of this 24th Annual General Meeting upto the conclusion of the 29th Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) and that the Board be and is hereby authorised to fix such remuneration as may be determined by the Board in consultation with the Auditors of the Company.”

Special Business:

5. **To enhance the Borrowing Powers of the Company from 750 crores to 1000 crores**

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.1000 Crores (Rupees One Thousand 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.”

6. To enhance the power of Board of Directors of the Company to lease and mortgage of the property (ies) 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 pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, consent of the Company be and is hereby given to the Board of Directors of the company to create charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the company, on such assets and properties of the company, both present and future and in such manner as the Board may direct, in favour of all or any Banks, financial institutions, investments institutions and their subsidiaries, any other bodies corporate and any other lenders (hereinafter collectively referred to “the lending agencies”) and/ or Trustees for the holders of debentures/ bonds/ other instruments to secure borrowing of the Company by way of loans/ issue of debentures/ bonds/ other instruments which may be issued for a sum not exceeding Rs.1000 Crore (Rupees One Thousand Crore only) over and above the aggregate of the paid up capital of the company and its free reserves which have been /or propose to be obtained from or privately placed with the lending agencies together with interest there on at agreed rates, further interest, liquidated damages, premium on prepayment or on redemption, costs, charges, expenses, and all other monies payable by the company to the trustees under the trust deeds and/ or to the lending agencies under their respective agreements/ loan agreements /debentures trust deeds entered into to be entered by the company in respect of said borrowings.

RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize with the Lending Agencies / Trustees, the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to this Resolution.

By Order of the Board

Place: Vijayawada
Date : 31-08-2015

Sd/-
(V G K Prasad)
Managing Director
DIN: 01817992

NOTES

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. 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.
3. The Register of Members of the Company will remain closed from Saturday, September 26, 2015 to Wednesday, September 30, 2015 (both days inclusive).
4. 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.
5. 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.
6. A member of a company registered under Section 8 of the Companies Act, 2013 shall not be entitled to appoint any other person as its proxy unless such other person is also a member of such company.
7. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll in the meeting instead of such member. The proxy need not be a member of the Company. A person can act as a proxy on behalf of members not exceeding fifty (50) members and holding in aggregate not more than ten (10) percent of the total share capital of the Company. A member holding more than ten (10) percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other member or shareholder.
8. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
9. Members / proxies / authorized representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
10. Electronic copy of the Notice of the 24th 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 Participants(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 24th 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.
11. Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by Companies (Management and Administration) Amendment, Rules 2015, 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.
12. The facility for voting, either through electronic voting system or ballot or polling paper is also available at the meeting and members who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
13. In spite of casting the vote by remote e-voting or ballot prior to the meeting, a member may also attend the meeting; however that member shall not be permitted to cast his/her vote again.

14. 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 as substituted by Companies (Management and Administration) Amendment, Rules 2015, 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 and amended rules.

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., Wednesday, September 23, 2015, may cast their votes electronically.

Members who do not have access to e-voting facility may send duly completed Ballot Form so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. S.Srikanth, Partner of M/s. B S S & Associates C/o. Flat No.304, Right Wing, Amrutha Ville, Opp:Yashoda Hospital, Raj Bhavan Road, Somajiguda, Hyderabad – 500 082 not later than Thursday, September 25, 2015 (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 by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach Mr. S.Srikanth, Partner of M/s. B S S & Associates C/o. Flat No.304, Right Wing, Amrutha Ville, Opp:Yashoda Hospital, Raj Bhavan Road, Somajiguda, Hyderabad– 500 082 not later than Thursday, September 25, 2015 (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 Sunday, September 27, 2015 at 9.00 a.m. and ends on Tuesday, September 29, 2015 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cutoff date (record date) i.e. Wednesday, September 23, 2015, 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 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 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"> ○ 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. ○ 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.
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"> ○ 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”.

- ix. After entering these details appropriately, click on “SUBMIT” tab.

- x. 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.

- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant <IKF Finance Limited> EVSN Reference No: **150908013** on which you choose to vote.
- xiii. 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.
- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv. 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.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xviii. 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.
- xix. 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.
 - 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 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.
- xx. 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 under help section or write an email to helpdesk.evoting@cdslindia.com.
- xxi. You are advised to cast your vote only through E-voting or through Poll at the AGM. In case you cast your votes through both the modes, votes cast through e-voting shall only be considered and votes cast at the meeting through Poll would be rejected

Other Instructions:

- i) The e-voting period commence on Sunday, September 27, 2015 at 9.00 a.m. and ends on Tuesday, September 29, 2015 at 5.00 p.m. During this period, member of the company holding share either in physical form or in dematerialize form as on Wednesday, September 23, 2015 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 in proportion to their shares of the paid-up equity share capital of the company as on Wednesday, September 23, 2015.
- 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, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by the Chairman, who shall declare the result of the voting forthwith.



- v) The results declared along with the scrutinizers report shall be placed on the company website www.ikffinance.com and with the website of CDSL within two days of passing of resolutions at the 24th AGM of the company on September 30, 2015 and communicated to the BSE Limited where the share of the company are listed.
- vi) Members may also note that the Notice of the 24th Annual General Meeting and the Annual Report 2014-2015 is available on the Company's website, www.ikffinance.com. Members who require physical copies may write to us at cs@ikffinance.com.
- vii) All documents referred to in this Notice are available for inspection at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.
- viii) Members are requested to bring their copy of Annual Report to the Meeting.

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 Jagadish Athota
1.	Date of Birth	04-05-1945
2.	Date of Appointment	01-02-1993
3.	Qualification	M.B.B.S., M.S.
4.	Experience	Management & Administration
5.	Other Directorships	Nil
6.	Member of the Committees	Share Transfer & Investor Grievance Committee

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

Item No.4

The statutory Auditors, M/s. Hanumaiah & Co., have expressed their unwillingness to be re-appointed as the auditors of the Company. A special notice has been received under section 140(4)(i) of the Companies Act, 2013 from a member proposing appointment of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, as the statutory auditors.

The Board has considered the qualifications and experience of the proposed auditors and has recommended their appointment. The Board of Directors has also considered the matter and recommends the passing of the Ordinary Resolution appointing M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, as statutory auditors in place of the retiring Auditors M/s. Hanumaiah & Co., Written consent of the proposed auditors together with a certificate that the appointment, if made, shall be in accordance with the conditions specified in Rule 4 of the Companies (Audit and Auditors) Rules, 2014 have been received.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 4 of the Notice.

Item No.5

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.1000 Crores (Rupees One Thousand Crores Only). The Directors recommends the resolution for members' approval as a Special Resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 5 of the Notice.

Item No.6

As mentioned in Item No.6, it is proposed to increase the borrowing powers to Rs.1000 crore (Rupees One Thousand crore only). To secure such borrowings, the Company would be required to mortgage and/or charge its moveable and/or immoveable properties, the whole or substantially the whole of the undertaking(s) or any other assets of the Company (both present and future) in favour of the financial institutions/banks/ other lender(s)/ trustees. The approval of the shareholders in the AGM is required as per Section 180(1)(a) of the Companies Act, 2013. In the circumstances, the board recommends this resolution for acceptance.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 5 of the Notice.

By Order of the Board

**Place: Vijayawada
Date : 31-08-2015**

**Sd/-
(V G K Prasad)
Managing Director
DIN: 01817992**

DIRECTORS REPORT

Your directors have pleasure in presenting the 24th Annual Report along with audited accounts of the Company for the year ended 31st March, 2015. The summarized financial results of the Company, are given hereunder:

Financial Results:

(Rs.in Lacs)

Particulars	Year ended	
	31.03.15	31.03.14
Income from Operations	7952.42	6073.48
Total Expenditure	1266.10	1002.73
Interest	4326.60	3197.79
Profit before Dep. & Taxes	2359.72	1872.96
Depreciation	61.24	31.46
Provisions NPA	7.95	15.16
Provisions Repossessed Assets	25.15	14.05
Provision for Standard Assets	48.36	23.31
Provision for Current Tax	705.82	620.25
Provision for Deferred Tax	1.74	6.01
Profit After Tax	1509.46	1162.72
Surplus brought forward	1443.43	579.61
General Reserve	75.47	58.14
Reserve Fund	301.89	232.54
Dividend (proposed)	0.00	0.00
Dividend Tax	0.00	0.00
Prior Year Income Tax	40.85	8.22
Prior Year <small>(Transition provision for depreciation)</small>	81.73	0.00
Surplus Carried to Balance Sheet	2452.95	1443.43

Corporate Governance:

As the Company has got its Equity Shares delisted from the Stock Exchanges with effect from 18th February, 2015, your directors wish to comply with the Clause 49 of the Listing Agreement as the Company was listed for substantial period during the financial year under review and hence the a detailed report on the 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.

Management's Discussion and Analysis:

Economic Environment:

The economic environment in the country appears to be positive when compared with the previous financial year. The bold initiatives taken by the new government at Centre have unequivocally improved the overall sentiments. Service sector continue to grow at double digit level and has contributed to the overall economic growth. GDP growth, measured on the revised base year 2011-2012, is estimated at 7.4% in Financial Year 2014-2015 when compared to 6.9% for FY 2013-2014.

Inflation continues to ease as compared to previous year. The financial sector continued to struggle with rising Non Performing Assets (NPAs) on account of underperformance of core industries and the infrastructure sectors.

Automotive Sector:

The automobile sector seems to be reviving but not at the expected pace. Except the Medium and heavy commercial vehicles (M/HCV) segment which registered a growth of 16%, other vehicle sales were subdued. Freight rates remains on account of lower demand from industrial and agriculture segments. LCV sales continued to struggle and Sales of Cars and Utility Vehicles are reported to have registered a marginal growth of 4%.

Future Outlook:

The current year is continued to be a challenging year for the Indian economy. The economic growth for the FY 2015-16 is expected to be at above 8% in the light of positive signs of recovery in industrial front and the steps initiated by the new government to revive the infrastructure and mining segments to provide conducive environment for economic growth. The policy rate cuts announced by RBI since January 2015 are yet to be passed on to the borrowers by the Banks. Further rate cuts are expected from RBI, in the light of easing inflation, in the current financial year and as such the bank rates are expected to come down to certain extent.

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 recovery in industrial and agricultural production. Competition is expected to intensify further on account of lower volumes and interest rates are expected to play a key 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 ventured in to SME and asset backed loans. Your Company is confident of sustaining the growth and profitability as it has built strong relationship with the customers over the last two decades.

Risk Management & Credit Monitoring:

As risk is inevitable fallout of the lending business, your Company has to manage various risks like credit risk. Liquidity risk, interest rate risk, operational risk, market risk etc. The Risk management Committee and the Asset Liability Management Committee review and monitor these risks at periodic intervals. Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. The Company monitors ALM periodically to mitigate the liquidity risk. The Company also measures the interest rate risk by the duration gap method. Operational risks arising from inadequate or failed internal processes, people and

systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored at regular intervals. Your Company is proactive in assessing the risk associated with its various loan products and has evolved a variety of Risk management and monitoring tools while dealing with a wide spectrum of retail customers. The Risk Management Policy of the Company encompasses various risk tools such as Credit, Operational, Market, Liquidity and Interest Rate Risk and has put in place appropriate mechanism to effectively mitigate the risk factors.

Review of Operations:

Your Company's performance for the year ended March 31, 2015 continues to be encouraging and has registered a growth of 30.68% in Revenue from Operations to Rs.77.89 Cr as against Rs.59.60 Cr and the Net Profit increased from Rs.11.63 Cr to Rs.15.09 Cr registering a growth of 29.82% against the corresponding previous year. During the year, the disbursements have grown by 32% to Rs.371 Cr from Rs.279 Cr and the Loan Book has grown by 41% from Rs.297 Cr to Rs. 419 Cr. The gross receivables managed by the Company, including Channel Business and receivables assigned / securitized stood at around Rs.526 Cr as at March 31, 2015 as against Rs.392 Cr in the previous year thereby registering a growth of 34%.

Your Company has offered 1,41,40,969 Equity Shares of the Company on rights basis to the Share holders in the ratio of 100 Equity Shares for Every 227 Equity Shares held by them. The issue was subscribed to an extent of 1,34,26,254 Equity Shares and the same were allotted on 6th May 2015. Accordingly the Company has mobilized Rs. 55.05 Cr.

Resource Mobilization:

Deposits:

The Company has not accepted any deposits during the year under review and it continues to be a Non-deposit taking Non Banking Financial Company in conformity the guidelines of the Reserve Bank of India and Companies (Acceptance of Deposits) Rules, 1975.

Working Capital Limits:

Your company continues to enjoy Working Capital (Cash Credit) Limits of Rs.250 Cr from the Consortium of Nine Banks led by Central Bank of India. The Lead Bank has assessed the requirement for the year under review at Rs.325 Cr and the Company has tied up the limits to the tune of Rs.316.20 Cr.

Term Loans:

Your Company has mobilized Term Loan of Rs.113.50 Cr (Rs.10 Cr from South Indian Bank Limited, Rs.15 Cr from DCB Bank Limited, Rs.25 Cr from Andhra Bank, Rs.25 Cr from Bank of India, Rs.10 Cr from Oriental Bank of Commerce, Rs.25 Cr from HDFC Bank Limited and Rs.3.50 Cr from Small Industries Development Bank of India (SIDBI) during the year under review. Besides, your company has mobilized Rs.50.66 Cr Term Loans from NBFCs – Sundaram Finance Limited (Rs.9.66 Cr), L & T Finance Limited (Rs.10 Cr), Hinduja Leyland Finance Limited (Rs.3 Cr) and IFMR Capital Finance (P) Limited (Rs.28 Cr) to have a judicious mix of resources.

Commercial Paper:

During the year under review, your Company has mobilized short term funds by issue of Commercial Paper (maturity value) to the tune of Rs.23.50 Cr from two NBFCs – Unifi AIF (Rs.8.50 Cr) and Mahindra and Mahindra Financial Services Limited (Rs.15 Cr)

Securitization:

During the year, your Company has securitized / assigned loan receivables to the extent of Rs.68.57 Cr.

Borrowing Profile:

Total borrowings of the Company for the year under review stood at Rs.361 Cr of which borrowings from Banks constituted 75.75%, borrowings from NBFCs 16.50%, Non Convertible Debentures (NCDs) 0.86%, Commercial Paper (CP) 6.21% and Security Deposits & others 0.68%. Your Company is continuously exploring options to access low cost funds by way of Commercial Paper (CPs), Non Convertible Debentures (NCDs) and Short Term Loans, besides requesting the working capital consortium banks and as well as term lenders for reduction of rate of interest in the current financial year, to further expand the operations.

Business Associations/Tie-Ups:

Your Company has been continuing its association with HDFC Bank Limited (Channel Business Arrangement).

Capital Adequacy:

The Capital to Risk Assets Ratio of your company is 16.40% as on 31.03.2015, well above the minimum of 15% prescribed by the Reserve Bank of India, of which Tier I Capital constituted 16.01%.

Credit Rating:

During the current financial year, Brickwork Ratings India Private Limited has retained "BWR A-" (Stable) rating to your Company's Long Term Bank Loan limits of Rs.475 Cr (including a Bank Guarantee of Rs.15 Cr), signifying adequate degree of safety regarding timely servicing of financial obligations with low credit risk and "BWR A2" rating for Short Term Bank Loan limits of Rs.25 Cr, signifying strong degree of safety regarding timely payment of financial obligations with low credit risk Credit Analysis and Research Limited (CARE) has retained "BBB+" rating to your Company for its Secured Non Convertible Debentures of Rs.3.50 Cr and earlier Bank Loan facilities of Rs.171 Cr, signifying adequate degree of safety regarding timely payment of interest and principle. The short term borrowings (commercial paper), backed by the Stand by Letter of the Working Capital Consortium Banks by carving out the working capital limits sanctioned to the company, are rated "A1+(SO) (highest safety)

Dividend:

Your Directors have not recommended payment of dividend for the financial year ended 31st March 2015 so as to consolidate the Capital Base keeping in view the future expansion plans of the Company.