



SAKTHI AUTO COMPONENT LIMITED



B U S I N E S S W I T H V A L U E S

Annual Report 2013-14



Sakthi Auto Component Limited

Registered Office

180, Race Course Road
Coimbatore - 641 018
Tamil Nadu
CIN : U29199TZ1999PLC008751
mail : shares@sakthisugars.com
Website : www.sakthiauto.com

Factory

Mukasi Pallagoundenpalayam
Uthukuli Taluk
Tirupur District - 638 056
Tamil Nadu

Bankers

Indian Overseas Bank
Central Bank of India
Bank of India
Axis Bank Ltd
CTBC Bank Co. Ltd

Board of Directors

Dr M MANICKAM
Chairman & Managing Director

Sri M BALASUBRAMANIAM
Sri S CHANDRASEKHAR
Sri M SRINIVAASAN
Sri B R KRISHNAKUMAR
Sri C RANGAMANI
Sri N RANGACHARY (Nominee Director)
Sri R VENKATARAMANAN (Nominee Director)

Auditors

M/s. P N RAGHAVENDRA RAO & CO.,
Coimbatore

Company Secretary

Smt S KAVITHA

CONTENTS

	Page No.
Notice to Members	3
Report of the Directors	6
Independent Auditors' Report	10
Balance Sheet	14
Statement of Profit and Loss	15
Cash Flow Statement	16
Notes to Financial Statements	17
Significant Accounting Policies	37
Statement relating to Subsidiaries	39
Consolidated Financial Statements	40



NOTICE TO MEMBERS

Notice is hereby given that the 15th Annual General Meeting of the Company will be held at its Registered Office at 180, Race Course Road, Coimbatore - 641 018, on Monday, the 29th September 2014 at 1.30 p.m to transact the following business:

1. To consider and adopt the financial statements, including audited Balance Sheet as at 31st March 2014, Statement of Profit and Loss for the year ended on that date, the Directors' Report and the Auditors' Report thereon.
2. To appoint M/s. P.N. Raghavendra Rao & Co., Chartered Accountants (ICAI Registration No.FRN003328S), as statutory auditors of the Company to hold office for a period of three years from the conclusion of this Annual General Meeting, until the conclusion of the third Annual General Meeting to be held after this meeting, subject to ratification at every Annual General Meeting, and to fix their remuneration for the financial year ending 31st March, 2015.

SPECIAL BUSINESS

3. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, as amended from time to time, Sri C Rangamani (holding DIN 00090786), a Director of the Company who retires by rotation at the ensuing Annual General Meeting under the provisions of the Companies Act, 1956 and in respect of whom the Company has received notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from 29th September 2014 to 28th September 2019".

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, as amended from time to time, Sri S Chandrasekhar (holding DIN 00011901), a Director of the Company who retires by rotation at the ensuing Annual General Meeting under the provisions of the Companies Act, 1956 and in respect of whom the Company has received notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from 29th September 2014 to 28th September 2019".

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, as amended from time to time, Sri B R Krishnakumar (holding DIN 00542360), a Director of the Company whose period of office is liable to retirement by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from 29th September 2014 to 28th September 2019".

6. To consider and, if thought fit, to pass, with or without modification, the following resolutions as a Special Resolution:

"RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors under Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 to hypothecate, mortgage and/or charge as security the whole of the immovable and movable properties of the Company,



present and future, and/or for conferring power to enter upon and take possession of the aforesaid assets of the Company in certain events to or in favour of banks, financial institutions or any other person or bodies corporate from which the Company has borrowed and/or will borrow money from time to time (hereinafter referred to as 'the Lenders'), or Security Trustee or Agent acting for and on behalf of the Lenders, for securing the financial facilities availed or to be availed from the Lenders or for securing performance by the Company of its obligation and that the Board of Directors of the Company be and is hereby authorised for agreeing with the Lenders the terms and conditions of hypothecation, mortgage or charge, including reserving a right to take over the management of the whole or any part of the immovable or movable assets or undertaking of the Company, in terms of the agreements/letters of sanction/terms and conditions in connection with the creation of security and other incidental matters".

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED that pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors to borrow from time to time any sum or sums of money in excess of the aggregate of the paid up share capital and free reserves of the company, provided that the total amount borrowed and outstanding at any point of time together with the amount to be borrowed, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs.1000 crores (Rupees One Thousand crores only) over and above the aggregate of the paid up share capital and free reserves of the Company".

By order of the Board

Coimbatore
04.09.2014

S. KAVITHA
Company Secretary

Note: A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Items No: 3 to 5

The Company has to appoint Independent Directors as required under Section 149 of the Companies Act 2013. These Independent Directors are to be appointed by the members and that they will hold office for a period of five years and will not be liable to retire by rotation.

Sri C.Rangamani, Sri S Chandrasekhar and Sri B R Krishnakumar are existing Non-executive Independent Directors on the Board of the Company and their period of office are liable to determination by retirement by rotation. They have given their consent to hold office as Independent Directors and declarations that they meet the criteria of independence as provided in Section 149(6) of the Companies Act 2013 and that they are not disqualified for appointment under Section 164 of the said Act. Individual Notices together with requisite deposits have been received from certain members proposing the appointment of Sri C.Rangamani, Sri S Chandrasekhar and Sri B R Krishnakumar as Independent Directors of the Company at the ensuing Annual General Meeting.

Necessary resolutions are set out under Items No. 3 to 5 of the Notice for members approval.

Except Sri C.Rangamani, Sri S Chandrasekhar and Sri B R Krishnakumar, being the appointees, none of the Directors and the Key Managerial Personnel of the Company and their relatives is concerned or interested in these resolutions.

**Item No: 6**

For the purpose of business of the Company, the Company has been availing financial facilities from banks, institutions and other bodies corporate and offering its assets as security by creating hypothecation, mortgage or charge in favour of the lenders. Security is also created by the Company for fulfilling some of its performance obligations. Section 180(1)(a) of the Companies Act 2013 requires prior approval of the members for creating such hypothecation, mortgage or charge by way of a special resolution.

The Members approval is sought for creation of hypothecation, mortgage or charge on the immovable and movable assets of the Company or any of its undertakings either in full or in part. Necessary special resolution is set out under Item No.6 of the Notice for members' approval.

None of the Directors and the Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution.

Item No: 7

The members of the Company at their 13th Annual General Meeting held on 27th September, 2012 had accorded their consent by way of an Ordinary Resolution under section 293(1)(d) of the Companies Act, 1956 to borrow, apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business, a sum or sums of money upto Rs.1000 crores (Rupees One Thousand crores only) over and above the aggregate of the paid up share capital and free reserves of the Company.

Most of the provisions of the Companies Act, 1956 have been replaced by the Companies Act, 2013 under Section 180(1)(c) of the Companies Act, 2013 approval of the Members for borrowing as above is to be by a special resolution instead of an ordinary resolution.

Approval of members is sought by way of Special Resolution under Section 180(1)(c) of the Companies Act, 2013 to borrow, apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of Business, a sum or sums of money upto Rs.1000 crores over and above the aggregate paid up share capital and free reserves of the Company, which has already been approved by the members by ordinary resolution as stated above.

Necessary resolution is set out in the Notice for approval of the members.

None of the directors and key managerial personnel of the Company and their relatives is concerned or interested in the resolution.

By order of the Board

Coimbatore
04.09.2014

S. KAVITHA
Company Secretary



REPORT OF THE DIRECTORS

To the Members

Your Directors present their 15th Annual Report together with the audited financial accounts of the Company for the year ended 31st March 2014.

FINANCIAL RESULTS FOR THE YEAR ENDED 31st MARCH 2014

(Rs.in lakhs)

Profit before Finance Cost and Depreciation and amortisation expense	9235.00
Less: Finance Cost	5193.62
Depreciation and amortisation expense	<u>2044.02</u>
	<u>7237.64</u>
Profit before tax	1997.36
Less: Deferred Tax	<u>797.30</u>
Profit after tax	<u>1200.06</u>
Less: Transferred to Debenture Redemption Reserve	122.37
Balance brought forward from previous year	<u>750.93</u>
Closing Balance	<u>1828.62</u>

OPERATIONS

During the year under review, your Company has achieved a gross turnover of Rs. 61541.13 lakhs as against Rs. 58855.06 lakhs in the previous year.

The performance of the Company during the financial year 2013-14 was very satisfactory. Though the Indian automobile industry was going through recession throughout the year, your company has achieved optimum capacity and targeted production. The export of this year is 20% of the sales.

Your Directors are glad to inform that the Company has received during the year 2013, 'Quality performance Award' from Volkswagen, 'Best Kaizen Certification Award' from Honda Suppliers Club, Best 'QCC Certification & Award' from Toyota Kirloskar Suppliers Association and Mahindra & Mahindra Ltd.

DIRECTORS

In accordance with the provisions of Section 149 of the companies Act, 2013, the Company proposes to appoint, Sri C Rangamani, Sri S Chandrasekhar and Sri B R Krishnakumar as Independent Directors at the ensuing Annual General Meeting

SUBSIDIARY COMPANY

Sakthi Sugars Limited holds 65% of the equity shares in Sakthi Auto Component Limited (SACL). With effect from 1.4.2014, your company is an Associate Company of Sakthi Sugars Limited and not a subsidiary of that Company.

The performance of the auto component manufacturing units both in India and in Portugal namely Sakthi Auto Ancillary Private Limited and Sakthi Portugal SA is satisfactory.

The step down subsidiaries in Netherlands, viz. Sakthi Netherlands BV, Sakthi European Foreign Sales Corporation BV and Sakthi Holdings BV have filed for voluntary liquidation as a part of restructure of entities during the year 2013.

Pursuant to the general direction given by the Central Government, vide general circular dated 8th February 2011, and the consent given by the Board of Directors of the Company in terms of the said circular, copies of the Balance Sheet, Statement of Profit and Loss, Reports of the Board and of the Auditors, as the case may be, of the following subsidiary companies, viz., Sakthi Auto Ancillary Pvt Limited, Orlandofin BV, Sakthi Services GmbH, Sakthi Portugal SA, and Sakthi Auto Mauritius Limited have not been attached to the Balance Sheet of the Company as at 31st March 2014. The consolidated financial statement and the details of the subsidiaries that are required



to be provided under the said circular have been separately furnished forming part of the Annual Report. The annual accounts of the subsidiary companies and the related detailed information on the accounts of the subsidiary companies will be made available to the shareholders of the Company and the subsidiary companies on specific request at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any shareholder at the Registered Office of the Company and of the subsidiary companies concerned.

In terms of Accounting Standard 21, relating to consolidated financial statements, accounts of the following subsidiaries viz. Sakthi Europe Verwaltungs GmbH, Arvika Gjuteri AB, Arvinova AB, Arvika Handforming Gjuteri AB and Sakthi Sweden AB are not consolidated since there is a long term restriction in the flow of cash from these subsidiaries to the holding company as the said subsidiaries are under the control of the Administrators appointed by the respective Courts in Germany and Sweden.

FIXED DEPOSIT

The Company has not accepted fixed deposit during the year and at the end of the financial year, there is no unclaimed deposits.

AUDITORS

M/s. P.N.Raghavendra Rao & Co., Chartered Accountants, Coimbatore, the Company's Auditors, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

The Board, on the recommendation of the Audit Committee, has proposed that M/s. P.N. Raghavendra Rao & Co., Chartered Accountants, Coimbatore be appointed as the Statutory Auditors of the Company for a period of three years at the Annual General Meeting of the Company. The Auditors have confirmed their willingness for reappointment as Auditors of the Company and has provided the necessary certificates in compliance of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

COST AUDIT

M/s. STR & Associates, Cost Accountants, Tiruchirapalli, are the Cost Auditors for auditing the cost accounts of the Company for the year ended 31st March 2014. The due date of filing the Cost Audit Report is 27th September 2014.

For the year ended 31st March 2013, the due date for filing cost audit report in XBRL mode, was 27th September 2013 and the report was filed on the same date.

AUDIT COMMITTEE

The Audit Committee was reconstituted on 28.6.2013 and at present the Audit Committee Comprises the following Directors as its members.

1. Dr. M Manickam (Chairman)
2. Sri. M Balasubramaniam
3. Sri. S Chandrasekhar and
4. Sri. N Rangachary

CONSERVATION OF ENERGY

- a. Energy Conservation measures taken :-
315 KW, Variable Frequency drive has been installed for dust collector equipment.
- b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:-
Proposed to install the VFD drive for sand mixture vacuum pumps and screw compressors.
- c. Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :
Sizeable cost savings has been achieved.

Particulars regarding research and development, technology absorption and foreign exchange earnings and outgo have been provided in Annexure 1 to the Report.



PARTICULARS OF EMPLOYEES

The Company has no employee drawing remuneration attracting the provisions of Section 217(2A) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm:

- a) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give 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 that period;
- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) that the annual accounts for the year ended 31st March 2014 have been prepared on a going concern basis.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the valuable assistance and co-operation extended by the Banks and Government authorities. They also wish to appreciate the dedicated service rendered by officers, staff and workers of the Company.

On behalf of the Board of Directors

Coimbatore
29.05.2014

M. MANICKAM
Chairman & Managing Director

ANNEXURE - 1

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014

RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company:
SII and M2XX steering knuckle product designs are carried out in-house for the General Motors.
2. Benefits derived as a result of the above R & D:
Product designs are upgraded and customer needs are fulfilled.
3. Future plan of action:
Plan to install Image analyzer, Auto temperature scanning and pneumatic point conveying system.
4. Expenditure on Research and Development
 - a. Capital :
 - b. Recurring : Nil
 - c. Total :
 - d. Total R & D expenditure as :
a percentage of total turnover :

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts in brief, made towards technology absorption, adaptation and innovation:
LECO CS230 testing equipment has been used for checking accuracy of carbon and sulphur in the material.
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.:
Overall cost reduction with product quality improvement



3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:
- | | |
|--|------------------|
| a. Technology imported | } |
| b. Year of import | } |
| c. Has the technology been fully absorbed? | } Not applicable |
| d. If not fully absorbed, areas where this | } |
| has not taken place, reasons therefore | } |
| and future plans of action | } |

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans:

The value of exports made during the year is Rs 10799.51 lakhs. Efforts are being taken to increase the volume of export.

2. Total foreign exchange used and earned:

(Rs.in lakhs)

i) Earned	10799.51
ii) Used	734.27

On behalf of the Board of Directors

Coimbatore
29.05.2014

M. MANICKAM
Chairman & Managing Director



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAKTHI AUTO COMPONENT LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of Sakthi Auto Component Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for 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 Standards notified under 'the Companies Act, 1956' (the "Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of the Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control 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

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances,

but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

7. We draw attention to Note No.36(A)(v) to the financial statement which specifies the claim challenged by the company. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

8. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004,' issued by the Central Government in terms of sub-section (4A) of Section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by Section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;



- (c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September 2013 of Ministry of Corporate Affairs in respect of the Section 133 of Companies Act 2013; and
- (e) on the basis of written representations received from the directors as on March 31, 2013, and

taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For P.N. RAGHAVENDRA RAO & Co.,
Chartered Accountants
(Firm Regn.No. : FRN003328S)
P.R.VITTEL

Coimbatore
May 29, 2014

Partner
M.No.: 018111

Annexure referred to in paragraph 8 of our report of even date

Re : Sakthi Auto Component Limited (the "Company")

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) The Company has not disposed off substantial part of fixed assets during the year.
- ii. (a) As explained to us, inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.
- iii. (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register

maintained under Section 301 of the Act. Accordingly, the provisions of Clause 4(iii) (a) to (d) of the Order are not applicable to the Company.

- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of Clause 4(iii)(e) to (g) of the Order are not applicable to the Company.

- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

- v. (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under that Section have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are prima facie reasonable having regard to



the prevailing market prices at the relevant time.

- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of manufacturing activities where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under Clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- ix. (a) According to the information and explanations given to us and the records of the Company verified by us, in our opinion, the Company

is generally regular in depositing, with appropriate authorities, undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, excise duty, customs duty, cess and other material statutory dues applicable to it.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth-tax, service tax, excise duty, customs duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us and records of the Company, the

statutory dues that have not been deposited on account of any dispute are as under:

Name of the Statute	Nature of dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax	1.40	January 2005 to March 2006	CESTAT, Chennai.
		69.42	August 2005 to March 2006	CESTAT, Chennai.
		180.86	September 2006 to July 2007	CESTAT, Chennai.
		136.39	August 2007 to January 2013	Assistant/Deputy Commissioner of Central Excise, Erode
The Income Tax Act, 1961	Fringe Benefit Tax	31.22	April 2005 to March 2009	Madras High Court, Chennai
The Income Tax Act, 1961	Income Tax	92.30	AY 2010-11	CIT (Appeals), Coimbatore
		5.93	AY 2011-12	CIT (Appeals), Coimbatore

- x. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanations given by the management, we are of the opinion that the

Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

- xii. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund



or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.

xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.

xv. The Company has given guarantees for loans taken by its subsidiaries the outstanding amount as at March 31, 2014 is Rs.358.97 crores (previous year Rs.298.63 crores). Based on the Management representation, we are of the opinion that the terms and conditions of the guarantees are not prejudicial to the interest of the company.

xvi. In our opinion and according to the information and explanations given to us, the term loans obtained during the year have been applied for the purposes for which they were obtained.

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

xviii. The Company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under Section 301 of the Act.

xix. In our opinion and according to the information and explanations given to us, with respect to the debentures issued by the Company, requisite security/charge has been created.

xx. As informed to us, the Company has not raised any money by public issue during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.

xxi. Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For P.N. RAGHAVENDRA RAO & Co.,
Chartered Accountants
(Firm Regn.No. : FRN003328S)

P.R.VITTEL

Partner

Coimbatore

May 29, 2014

M.No.: 018111



Sakthi Auto Component Limited

BALANCE SHEET AS AT 31.03.2014

		(Rs. in lakhs)	
	Note No.	As at 31.03.2014	As at 31.03.2013
I. EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS			
(a) Share Capital	1	24,631.00	24,631.00
(b) Reserves and Surplus	2	41,068.82	40,708.04
		<u>65,699.82</u>	<u>65,339.04</u>
(2) NON-CURRENT LIABILITIES			
(a) Long-term borrowings	3	30,191.95	30,805.02
(b) Deferred tax liabilities		2,133.06	1,335.76
(c) Other Long term liabilities	4	26.76	25.11
(d) Long term provisions	5	419.15	367.51
		<u>32,770.92</u>	<u>32,533.40</u>
(3) CURRENT LIABILITIES			
(a) Short-term borrowings	6	14,747.01	13,547.16
(b) Trade payables		5,128.18	5,561.29
(c) Other current liabilities	7	7,128.49	7,750.79
(d) Short term provisions	8	1,126.70	1,124.29
		<u>28,130.38</u>	<u>27,983.53</u>
TOTAL (1 to 3)		<u>1,26,601.12</u>	<u>1,25,855.97</u>
II. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	9	5,8917.48	59,812.57
(ii) Intangible Assets	10	2373.94	2,506.96
(iii) Capital work-in-progress		231.29	132.73
		<u>61,522.71</u>	<u>62,452.26</u>
(b) Non-current investments	11	35,494.31	35,423.00
(c) Long term loans and advances	12	4014.69	3,628.85
(d) Other non-current assets	13	550.86	543.71
		<u>1,01,582.57</u>	<u>1,02,047.82</u>
(2) CURRENT ASSETS			
(a) Inventories	14	8,423.63	9,014.88
(b) Trade receivables	15	12,985.71	11,117.48
(c) Cash and cash equivalents	16	1,190.69	1,350.05
(d) Short term loans and advances	17	2,164.82	2,083.58
(e) Other current assets	18	253.70	242.16
		<u>25,018.55</u>	<u>23,808.15</u>
TOTAL (1 and 2)		<u>1,26,601.12</u>	<u>1,25,855.97</u>

The Notes form part of these financial statements.

Vide our report annexed

For P N RAGHAVENDRA RAO & Co.

Chartered Accountants

(Firm Regn. No. : FRN003328S)

P R VITTEL

Partner

M.No. 018111

Coimbatore

29.05.2014

M MANICKAM

Chairman & Managing Director

S CHANDRASEKHAR

Director

S KAVITHA

Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2014

(Rs. in lakhs)

	Note No.	Year ended 31.03.2014	Year ended 31.03.2013
I. Revenue from Operations (Gross)		61,541.13	58,855.06
Less : Excise Duty		<u>5,707.96</u>	5,540.57
Revenue from Operations (Net)	19	<u>55,833.17</u>	53,314.49
II. Other Income	20	240.21	167.14
III. Total Revenue (I + II)		56,073.38	53,481.63
IV. Expenses:			
Cost of material consumed	21	14,759.37	14,649.83
Changes in inventories of finished goods, - work in progress and Stock in Trade	22	491.95	292.12
Employee benefits expense	23	2,437.38	2,140.29
Finance costs	24	5,193.62	4,748.86
Depreciation and amortisation expense	25	2,044.02	1,914.14
Other expenses	26	29,149.68	27,816.12
Total expenses		<u>54,076.02</u>	<u>51,561.36</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		1,997.36	1,920.27
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V-VI)		1,997.36	1,920.27
VIII. Extraordinary items		-	-
IX. Profit before tax (VII-VIII)		1,997.36	1,920.27
X. Tax Expenses:			
1. Current Tax		399.60	384.18
MAT credit Entitlement		(399.60)	(384.18)
2. Deferred Tax		797.30	704.31
		<u>797.30</u>	<u>704.31</u>
XI. Profit for the period from continuing operations (IX-X)		1,200.06	1,215.96
XII. Earnings per equity share of Rs. 10 each			
1. Basic		(1.90)	(7.02)
2. Diluted		0.23	0.49

The Notes form part of these financial statements.

Vide our report annexed

For P N RAGHAVENDRA RAO & Co.

Chartered Accountants

(Firm Regn. No. : FRN003328S)

P R VITTEL

Partner

M.No. 018111

Coimbatore

29.05.2014

M MANICKAM

Chairman & Managing Director

S CHANDRASEKHAR

Director

S KAVITHA

Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

(Rs. in lakhs)
2012-13

Particulars	2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per statement of Profit and Loss	1,997.36	1,920.27
Adjustment for:		
Depreciation and Amortisation Expense	2,044.02	1,914.14
Finance Costs	5,193.62	4,748.86
Miscellaneous Expenses & Other exp. written off	2.08	6.65
Loss on Sale of Assets	(2.05)	-
Interest Income	(171.44)	(161.56)
Dividend Income	(0.12)	(0.12)
Operating Profit before Working Capital Changes	9,063.47	8,428.24
Adjustment for:		
Inventories	591.25	(430.85)
Trade and Other Receivables	(1,868.23)	(2,873.79)
Other Current Assets	(18.69)	55.60
Loans and Advances	(14.99)	(681.48)
Trade and Other Payables	(605.45)	(160.69)
Intangible Assets / Misc. Expenditure Paid	(330.49)	(798.01)
Cash Generated from Operations	6,816.87	3,539.02
Income tax paid	(429.17)	(475.40)
Net Cash from Operating Activities	6,387.70	3,063.62
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(1,653.02)	(2,086.91)
Sale of Fixed Assets	6.80	-
Investment Income	171.56	161.68
Purchase of Investment - Subsidiaries	(78.99)	(2,148.77)
Sale / Purchase of Investment - Others	7.68	(13.68)
Net Cash used in Investing Activities	(1,545.97)	(4,087.68)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares	5,438.62	-
Redemption of Preference Shares	(5,438.62)	-
Finance Costs Paid	(5,285.30)	(4,567.99)
Loss due to Foreign Exchange Fluctuation	-	(189.66)
Proceeds from Long Term Borrowings	1,087.27	1,575.33
Repayment of Long Term Borrowings	(2,282.91)	(2,372.19)
Short Term Borrowings (net)	1,846.06	391.71
Loans from Related Parties (net)	(366.21)	6,395.50
Net Cash (used in)/from Financing Activities	(5,001.09)	1,232.70
Net Increase in Cash and Cash Equivalents	(159.36)	208.64
Opening Balance of Cash and Cash Equivalents	1,350.05	1,141.41
Closing Balance of Cash and Cash Equivalents	1,190.69	1,350.05

Vide our report annexed

For P N RAGHAVENDRA RAO & Co.

Chartered Accountants

(Firm Regn. No. : FRN003328S)

P R VITTEL

Partner

M.No. 018111

Coimbatore

29.05.2014

M MANICKAM

Chairman & Managing Director

S CHANDRASEKHAR

Director

S KAVITHA

Company Secretary



NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

NOTE No. 1

SHARE CAPITAL

Authorised

	As at 31.03.2014	As at 31.03.2013
9,90,00,000 Equity Shares of Rs.10 each (9,90,00,000)	9,900.00	9,900.00
2,25,00,000 Preference Shares of Rs.100 each (2,25,00,000)	22,500.00	22,500.00
	<u>32,400.00</u>	<u>32,400.00</u>

Issued, Subscribed and Paid up

9,82,46,160 Equity Shares of Rs.10 each fully paid up (4,38,60,000)	9824.62	4,386.00
-- Series A 15% Participatory Cumulative Convertible (60,82,500) Preference Shares of Rs. 100 each fully paid up	—	6,082.50
-- Series B 15% Participatory Cumulative Convertible (1,01,37,500) Preference Shares of Rs. 100 each fully paid up	—	10,137.50
-- Series C 15% Participatory Cumulative Convertible (20,00,000) Preference Shares of Rs. 100 each fully paid up	—	2,000.00
-- Series I 15% Participatory Cumulative Convertible (12,15,000) Preference Shares of Rs. 100 each fully paid up	—	1,215.00
-- Series II 15% Participatory Cumulative Convertible (8,10,000) Preference Shares of Rs. 100 each fully paid up	—	810.00
46,68,884 Series A 16.96% Participatory Cumulative compulsorily -- Convertible Preference Shares of Rs. 100 each fully paid up	4,668.88	—
1,01,37,500 Series B 16.96% Participatory Cumulative compulsorily -- Convertible Preference Shares of Rs. 100 each fully paid up	10,137.50	—
TOTAL	<u>24,631.00</u>	<u>24,631.00</u>

Reconciliation of Number of shares

	No. of shares	No. of shares
Equity shares at the beginning of the period	43,860,000	43,860,000
Add: Preference shares converted to equity shares during the period	54,386,160	—
Equity shares at the end of the period	98,246,160	43,860,000
Preference shares at the beginning of the period	20,245,000	20,245,000
Less: Preference shares converted to equity shares during the period	5,438,616	—
Preference shares at the end of the period	14,806,384	20,245,000

Rights, preferences and restrictions of each class of shares

The Company has following two class of shares:

(i) Equity

The Company has only one class of Equity shares having face value of Rs.10 each. Each shareholder is eligible for one vote per share. Dividend is payable when it is recommended by the Board of Directors and approved by the Members at the Annual General Meeting. In the event of liquidation, the equity shareholders will get the remaining assets after payment of all the preferential amounts.



- (ii) Series C 15% Participatory Cumulative Convertible Preference Shares of Rs. 2000 lakhs were converted into equity shares on 26.04.2013.

(iii) 16.96% Participatory Cumulative Compulsorily Convertible Preference Shares

Holders of these shares, under the Companies Act 1956, section 87(2) (corresponding to section 47 of Companies Act 2013), get voting rights on par with those of the equity shareholders when dividends on them remain in arrears for a period of two years. The Company has not declared any dividends on these shares since their issue in 2007. Voting rights under section 87(2) have therefore been accrued on these holdings.

Part of these shares, amounting to Rs. 3438.62 lakhs have been converted in to equity shares on 28.05.2013 under an agreement with the holders of these shares

This class of Preference shares are convertible into equity shares on 28.5.2018.

After conversion of the Preference shares into equity shares as mentioned in (ii)&(iii) above, the equity shareholding of Sakthi Sugars Limited has gone up to 6,38,60,000 and of Castle Titanium (Mauritius) Limited to 3,43,86,160. The Preference shareholding of Sakthi Sugars Limited has got extinguished and of Castle Titanium (Mauritius) Limited has been reduced to 1,48,06,384.

Shares held by the holding company

Sakthi Sugars Limited

	No. of shares	No. of shares
(i) Equity Shares	6,38,60,000	4,38,60,000
(ii) 15% Participatory Cumulative Convertible Preference Shares (Series C)	–	20,00,000

List of shareholders holding more than 5% of the total number of shares.

(i) Equity shares		
Sakthi Sugars Limited	6,38,60,000	4,38,60,000
Castle Titanium (Mauritius) Limited	3,43,86,160	–
(ii) Participatory Cumulative Convertible Preference Shares		
Castle Titanium (Mauritius) Limited	1,48,06,384	1,82,45,000
Sakthi Sugars Limited	–	2,000,000

(Rs. in lakhs)

As at	As at
31.03.2014	31.03.2013

NOTE No. 2

RESERVES AND SURPLUS

Securities premium account

Balance as per last Balance Sheet	8,493.15	8,493.15
	8,493.15	8,493.15

Debenture redemption reserve

Balance as per last Balance Sheet	1,074.47	891.53
Created during the year	122.37	182.94
	1,196.84	1,074.47



	(Rs. in lakhs)	
	As at 31.03.2014	As at 31.03.2013
Revaluation Reserve		
Balance as per last Balance Sheet	30,389.49	31,228.77
Less: Depreciation on Revalued Assets (Refer Note No.25)	839.28	839.28
	<u>29,550.21</u>	<u>30,389.49</u>
Surplus		
Net Profit/(Loss) after tax	1,200.06	1215.96
Less: Transfer to Debenture redemption reserve	122.37	182.94
	<u>1,077.69</u>	<u>1033.02</u>
Balance as per last Balance Sheet	750.93	(282.09)
	<u>1,828.62</u>	<u>750.93</u>
TOTAL	<u>41,068.82</u>	<u>40,708.04</u>
NOTE No. 3		
LONG TERM BORROWINGS		
(a) Debentures		
Secured Redeemable Non-Convertible Debentures	985.54	699.64
(b) Term Loans		
Secured Loans		
(i) From Banks	6933.43	8,074.34
(ii) From other parties	897.84	621.01
	<u>7831.27</u>	<u>8,695.35</u>
Unsecured Loans		
(iii) From Banks	138.98	225.60
(iv) From other parties	29.57	255.58
	<u>168.55</u>	<u>481.18</u>
	<u>7,999.82</u>	<u>9,176.53</u>
(c) Loans and advances from related parties (Unsecured) (for details, please refer Note No.33)	21,203.72	20,923.72
(d) Long term maturities of finance lease obligations (Secured)	2.87	5.13
TOTAL	<u>30,191.95</u>	<u>30,805.02</u>



NATURE OF SECURITY AND OTHER TERMS OF LONG TERM BORROWINGS :

(a) DEBENTURES

Following Series of 13% secured Redeemable Non-convertible Cumulative Debentures of Rs.100 each (SRNCD) aggregating to Rs.985.54 lakhs (Rs.699.64 lakhs) are secured by residual charge on the immovable properties of the Company situated at Mukasi Pallagoundenpalayam, Koonampatti and Sengalipalayam Villages Tirupur District, Tamil Nadu and are redeemable on maturity date mentioned against each series.

Series	31.03.2014			31.03.2013		
	No. of Debentures	Amount outstanding (Rs. in lakhs)	Maturity date	No. of Debentures	Amount outstanding (Rs. in lakhs)	Maturity date
13% SRNCD:						
NCD-30/12-13				75980	75.98	29/06/2014
NCD-29/12-13				78770	78.77	27/06/2014
NCD-28/12-13				82410	82.41	24/06/2014
NCD-27/12-13				55430	55.43	21/06/2014
NCD-26/12-13				87520	87.52	15/06/2014
NCD-25/12-13				99890	99.89	03/06/2014
NCD-24/12-13				53050	53.05	27/05/2014
NCD-23/12-13				79610	79.61	10/05/2014
NCD-22/12-13				86980	86.98	15/04/2014
NCD-43/13-14	70110	70.11	29/06/2015			
NCD-42/13-14	77950	77.95	24/06/2015			
NCD-41/13-14	69380	69.38	09/06/2015			
NCD-40/13-14	74370	74.37	23/05/2015			
NCD-39/13-14	108080	108.08	14/05/2015			
NCD-38/13-14	89000	89.00	07/05/2015			
NCD-37/13-14	126850	126.85	02/05/2015			
NCD-36/13-14	71280	71.28	26/04/2015			
NCD-35/13-14	98910	98.91	19/04/2015			
NCD-34/13-14	122400	122.40	10/04/2015			
NCD-33/13-14	77210	77.21	05/04/2015			
	985540	985.54		699640	699.64	

Interest is payable on maturity.

(b) (i) SECURED LOANS FROM BANKS :

Nature of Security

Terms of Repayment

1 Term loan amounting to Rs.1141.31 lakhs (Rs.1291.49 lakhs) is secured by:

- Equitable mortgage of the Company's immovable properties and hypothecation of the Company's movable properties including movable machinery, machinery spares, tools and accessories, both present and future. (except assets charged on exclusive basis)
- Escrow of receivables from Maruti Suzuki India Ltd
- Second charge on the current assets, viz. Stock including raw material, Stock in Process and other current assets, both present and future. (except assets charged on exclusive basis) ranking paripassu with Bank of India.

Repayable in 96 monthly instalments commencing from January 2011.

Rate of Interest : BR +4.25%



2. Term loan amounting to Rs. 3559.78 lakhs (Rs. 4028.52 lakhs) is secured by:
 - a. Equitable mortgage of the Company's immovable properties and hypothecation of the Company's movable properties including movable machinery, machinery spares, tools and accessories, both present and future. (except assets charged on exclusive basis).
 - b. Escrow of receivables from Maruti Suzuki India Ltd
 - c. Second charge on the current assets, viz. Stock including raw material, Stock in Process and other current assets, both present and future,(except assets charged on exclusive basis) ranking paripassu with Bank of India.

Repayable in 96 monthly instalments commencing from January 2011
Rate of Interest : BR +4.25%
3. Term loan amounting to Rs. 2232.34 lakhs (Rs. 2754.33 lakhs) is secured by:
 - a. Exclusive charge on the Machineries purchased out of the term loan
 - b. Escrow of receivables from Iljin Automotive P Ltd, General Motors India Ltd, Mahindra Renault P Ltd, Mahindra and Mahindra, Haldex India Ltd, Ford India Ltd, Toyota Kirloskar Auto Parts P Ltd, Volkswagon India Private Limited, Nissan Motor India P Ltd, Dynamatic Technologies Ltd, Myunghwa Automotive India P Ltd, Sona Steering systems Limited, Fiat India P Ltd, Maini Precision Products P Ltd, RSB Transmission P Ltd and any other addition of new receivables in future.
 - c. Second charge on the entire fixed assets of the Company ranking pari passu with Indian Overseas Bank and Bank of India (except assets charged on exclusive basis).

60 equal monthly instalments beginning from 31st January 2012
Rate of Interest : BR + 4.50%
4. Term Loans under 1 & 2 above are further secured by pledge of 1,55,28,244 equity shares held by Sakthi Sugars Limited, the holding company.
5. Guarantees given by Directors/Others:
 - a. Term Loans amounting to Rs. 4701.08 lakhs (Rs. 5320.01 lakhs) are guaranteed by Chairman and Managing Director, Sri.M.Balasubramaniam and Sri. M.Srinivaasan, Directors.
 - b. Term Loans amounting to Rs.2232.34 lakhs (Rs.2754.33 lakhs) are guaranteed by Chairman and Managing Director.
 - c. Term Loans amounting to Rs. 4701.08 lakhs (Rs. 5320.01 lakhs) are further guaranteed by Sakthi Sugars Limited, the Holding Company.

(ii) SECURED LOANS FROM OTHER PARTIES :

1. Term loan amounting to Rs. 229.93 lakhs (Rs.296.89 lakhs) is secured by:

Exclusive charge on the Machineries purchased out of the term loan

60 equal monthly instalments beginning from 25th January 2013
Rate of Interest : 15.75%
2. Term loan amounting to Rs. 114.89 lakhs (Rs.179.22 lakhs) is secured by:

Exclusive charge on the Machineries purchased out of the term loan

60 equal monthly instalments beginning from 16th February 2013
Rate of Interest : 13.58%



3. Term loans amounting to Rs. 93.17 lakhs (Rs. 144.90 lakhs) is secured by: Exclusive charge on the Machineries purchased out of the term loan
60 equal monthly instalments beginning from 16th April 2013
Rate of Interest : 12.41%
4. Term loans amounting to Rs. 459.85 lakhs (Nil) is secured by: First Exclusive charge by way of hypothecation on specific equipments and machineries.
54 equal monthly instalments beginning from 15th December 2013
Rate of Interest : 15%
5. Guarantees given by Directors/others :
Term Loans amounting to Rs. 897.85 lakhs (Rs.621.01 lakhs) are guaranteed by the Chairman & Mananging Director.

(iii) UNSECURED LOANS FROM BANKS:

Nature of Security

Terms of Repayment

1. Loan Amounting to Rs. 138.98 lakhs (Rs.225.60 lakhs) is secured by collateral security given by the holding company.
84 equal monthly instalments beginning from May 2009
2. Guarantees given by Directors/Others:
 - a) Loan amounting to Rs. 138.98 lakhs (Rs.225.60 lakhs) is guaranteed by the Chairman & Mananging Director.
 - b) Loan amounting to Rs. 138.98 lakhs (Rs.225.60 lakhs) is further guaranteed by Sakthi Sugars Limited, the holding company.

(iv) UNSECURED LOANS FROM OTHER PARTIES:

Loan under Sales Tax Deferral amounting to Rs 29.57 lakhs (Rs. 255.58 lakhs)
Instalments beginning from December 2006 to April 2015

(d) FINANCE LEASE OBLIGATIONS

The Hire Purchase Finance amounting to Rs.2.87 lakhs (Rs.5.13 lakhs) are secured by hypothecation of the vehicles so financed.
Repayable in 36 Monthly Instalments

(Rs. in lakhs)

As at	As at
31.03.2014	31.03.2013

NOTE No. 4

OTHER LONG TERM LIABILITIES

Security Deposits & Other Payables	<u>26.76</u>	<u>25.11</u>
------------------------------------	--------------	--------------

NOTE No. 5

LONG TERM PROVISIONS

Provision for employee benefits	<u>419.15</u>	<u>367.51</u>
---------------------------------	---------------	---------------

NOTE No. 6

SHORT TERM BORROWINGS

(a) Loans repayable on demand

Secured Loans

(i) From Banks	<u>13,060.35</u>	<u>10,776.38</u>
----------------	------------------	------------------

Unsecured Loans

(ii) From Banks	<u>200.00</u>	<u>200.00</u>
-----------------	---------------	---------------

(iii) From other parties	<u>1,486.66</u>	<u>1,924.57</u>
--------------------------	-----------------	-----------------

	<u>1,686.66</u>	<u>2,124.57</u>
--	-----------------	-----------------

	<u>14,747.01</u>	<u>12,900.95</u>
--	------------------	------------------

(b) Loans and advances from related parties (Unsecured)

(for details please refer Note No. 33)	<u>-</u>	<u>646.21</u>
--	----------	---------------

TOTAL

	<u>14,747.01</u>	<u>13,547.16</u>
--	------------------	------------------



NOTE No. 6 (Contd..)

NATURE OF SECURITY AND OTHER TERMS FOR SHORT TERM BORROWINGS

(a) (i) SECURED LOANS FROM BANKS

1. Working capital facility of Rs. 2477.19 lakhs (Rs.1499.53 lakhs) is secured by
 - a) Hypothecation of finished goods, raw materials, stock in process and stores and spares of the company ranking paripassu with Central Bank of India and exclusive charge on the export receivables of Thyssen krupp Automotive Systems, Mexico, Haldex Brake Products, Sweeden, Gabriel De Columbia and Omnibus BB Transportes, Ecuador.
 - b) Second charge on the fixed assets of the Company on pari passu with Bank of India and Central Bank of India (except asstes charged on exclusive basis).
 - c) Second charge on the receivables of the Company on parripassu with Bank of India. (except receivables charged to Central Bank of India on first charge basis)
2. Working capital facility of Rs. 499.39 lakhs (Rs. 495.84 lakhs) is secured by
Hypothecation of raw materials, work in progress, finished goods and stores of the Company ranking paripassu with Indian Overseas Bank.
3. Working capital facility amounting to Rs.4010.47 lakhs (Rs.3013.83 lakhs) is secured by
 - a) Escrow of receivables from Maruti Suzuki India Ltd, Honda Siel Cars and Bosch Chassis.
 - b) Second charge on the fixed assets of the Company on pari passu with Bank of India and Central Bank of India (except assets charged on exclusive basis).
4. Working capital facility amounting to Rs. 22.98 lakhs (Rs.103.83 lakhs) is secured by
 - a) Exclusive charge by way of first security interest on Bills drawn on GM Korea company, Korea.
 - b) Second charge on inventory, other receivables and fixed assets of the Company ranking pari passu with Indian Overseas Bank and Central Bank of India.
5. Working capital facility amounting to Rs. 3857.58 lakhs (Rs. 3933.09 lakhs) is secured by
 - a) Exclusive first charge on the entire receivables from Iljin Automotive P Ltd, General Motors India Ltd, Mahindra Renault p Ltd, Haldex India Ltd, Ford India Ltd, Toyata Kirloskar Auto Parts, Mahindra & Mahindra, Volkswagen India Private Ltd, Nissan Motor India P Ltd, Dynamatic Technologies Ltd, Myunghwa Automotive India P Ltd, Sona Steering Systems Ltd, Fiat India P Ltd, Maini Precision Products P Ltd, RSB Transmission P Ltd and any addition of new receivables in future.
 - b) Exclusive charge on the specified plant and machinery.
 - c) Second charge on the fixed assets of the Company on pari passu with Indian Overseas Bank and Bank of India (except assets charged on exclusive basis).
6. Working capital facility amounting to Nil (Rs. 400.00 lakhs) is secured by :
Subservient charge on the current and movable fixed assets of the Company.
7. Working capital facility amounting to Rs. 1493.09 lakhs (Rs.531.59 lakhs) is secured by
Exclusive charge on the current and future receivables from Volvo, GM Orion and GM Brazil outstandings, monies receivables, claims, bills, engagements, securities, rights, choses-in action etc.
8. Letter of Credit facility of Rs.699.65 lakhs (Rs. 798.67 lakhs) is secured by :
 - a) Documents of title to goods/accepted hundies
 - b) Second charge on the fixed assets of the Company on pari passu with Bank of India and Central Bank of India (except assets charged on exclusive basis).
9. Working capital facilities under 1,3 & 8 above are futher secured by pledge of 1,55,28,244 equity shares held by the holding company.



NOTE No. 6 (Contd..)

10. Guarantees given by Directors/Others:

- Working Capital facilities outstanding amounting to Rs.7187.31 lakhs (Rs.5312.03 lakhs) are guaranteed by Chairman and Managing Director, Sri.M.Balasubramaniam and Sri. M.Srinivaasan, Directors.
- Working Capital facilities outstanding amounting to Rs.5873.04 lakhs (Rs.5464.35 lakhs) are guaranteed by Chairman and Managing Director
- Working Capital facilities outstanding amounting to Rs.1500.00 lakhs (Rs.1499.53 lakhs) are further guaranteed by the Holding Company.

(ii) UNSECURED LOANS FROM BANKS

Unsecured loan amounting to Rs. 200 lakhs (Rs. 200 lakhs) is secured by collateral security and corporate gurantee by a promoter company and personal guarantee of the Chairman and Managing Director.

(Rs. in lakhs)

As at	As at
31.03.2014	31.03.2013

NOTE No. 7

OTHER CURRENT LIABILITIES

Current maturities of long term debts	5,951.98	6,240.08
Current maturities of finance lease obligations	2.27	16.74
Interest accrued but not due on borrowings	389.05	387.37
Interest accrued and due on borrowings	157.89	251.26
Unclaimed interest on matured deposits	0.05	0.14
Unclaimed matured debentures and interest	15.04	142.31
Other payables :		
Statutory remittance	151.18	210.21
Advance from customers	74.84	120.75
Other liabilities	50.23	91.91
Liabilities for capital expenditure	335.96	290.02
	612.21	712.89
TOTAL	7,128.49	7,750.79

NOTE No. 8

SHORT TERM PROVISIONS

Provision for employee benefits	12.05	11.21
Provisions for expenses	1,114.65	1,113.08
TOTAL	1,126.70	1,124.29

**Note No. 9****TANGIBLE ASSETS**

(Rs. in lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2013	Additions	Deletions / Adjustments	As on 31.03.2014	Upto 31.03.2013	For the year	With- drawn	Upto 31.03.2014	As on 31.03.2013	As on 31.03.2014
Land	15550.00	—	—	15550.00	—	—	—	—	15550.00	15550.00
Buildings	6260.50	53.36	—	6313.86	194.42	196.26	—	390.68	6066.08	5923.18
Plant and Equipment	40290.84	1480.85	7.91	41763.78	2525.97	2172.49	3.16	4695.30	37764.87	37068.48
Furniture and Fixtures	44.60	1.95	—	46.55	26.67	2.68	—	29.35	17.93	17.20
Vehicles	237.06	—	—	237.06	102.40	23.63	—	126.03	134.66	111.03
Office Equipment	474.51	18.29	—	492.80	195.48	49.73	—	245.21	279.03	247.59
Total	62857.51	1554.45	7.91	64404.05	3044.94	2444.79	3.16	5486.57	59812.57	58917.48
Work in Progress	132.73	98.56	—	231.29	—	—	—	—	132.73	231.29
Total For The Year	62990.24	1653.01	7.91	64635.34	3044.94	2444.79	3.16	5486.57	59945.30	59148.77
Total for the previous year	60903.31	2086.93	—	62990.24	677.14	2367.80	—	3044.94	60226.17	59945.30

Note :1) Land, Buildings, plant and equipment have been revalued by an extenal valuer on 31.12.2008 and 31.03.2012. Other assets are shown at Written Down book Value.

2) The net increase on revaluation on the above dates amounting to Rs. 9389.16 lakhs and Rs. 22901.60 lakhs respectively have been credited to Revaluation reserve.

Note No. 10**INTANGIBLE ASSETS**

(Rs. in lakhs)

PARTICULARS	GROSS BLOCK				AMORTISATION			NET BLOCK	
	As on 01.04.2013	Additions	Deletions	As on 31.03.2014	Upto 31.03.2013	For the Year	Upto 31.03.2014	As on 31.03.2013	As on 31.03.2014
Product Development	4654.20	305.49	—	4959.69	2147.24	438.51	2585.75	2506.96	2373.94
Total for the year	4654.20	305.49	—	4959.69	2147.24	438.51	2585.75	2506.96	2373.94
Total for the previous year	3856.19	798.01	—	4654.20	1761.62	385.62	2147.24	2094.57	2506.96



(Rs. in lakhs)
As at
31.03.2014 As at
31.03.2013

NOTE No. 11

NON-CURRENT INVESTMENTS - At Cost

A) Investment in Equity Instruments

Unquoted

(i) Subsidiaries

Sakthi Auto Ancillary Private Ltd 536920 shares of Rs.10 each	62.40	62.40
Orlandofin B.V. 18000 Shares of 1 Euro each	35,175.09	35,096.10
Sakthi Auto Mauritius Limited 5001 shares of 1 USD each	2.26	2.26
	<u>35,239.75</u>	<u>35,160.76</u>

(ii) Other :

Shamrao Vithal Co-op Bank Ltd 4000 shares of Rs.25 each	1.00	1.00
OPG Energy Private Limited 76800 shares of Rs.10 each	–	7.68
Coromandel Electric Company Limited 60000 shares of Rs.10 each	6.00	6.00
Total of Unquoted Investments	<u>35,246.75</u>	<u>35,175.44</u>

B) Investment in Preference Shares

Subsidiaries

Sakthi Auto Ancillary Private Ltd 23,55,430 nos of 10% preference shares of Rs.10 each	235.54	235.54
Sakthi Auto Ancillary Private Ltd 2,00,000 nos of 1% preference shares of Rs. 10 each	12.00	12.00
Total of Preference shares	<u>247.54</u>	<u>247.54</u>

C) Investment in Government Securities

National Savings Certificates (VIII Series)	0.02	0.02
---	-------------	------

TOTAL

Aggregate amount of Quoted Investments	–	–
Aggregate amount of Unquoted Investments	35,494.31	35,423.00
Provisions for diminution in value of Investments	–	–

NOTE No. 12

LONG TERM LOANS AND ADVANCES - Unsecured, considered good

(a) Capital advances	331.15	380.15
(b) Security deposits	838.34	862.91
(c) Loans and advances to related parties (For details please refer note no.33)	1,159.43	1,099.19
(d) Other loans and advances		
Advance Income-tax (Net of provisions)	3.14	3.58
MAT Credit Entitlement	<u>1,682.63</u>	<u>1,283.02</u>
	<u>1,685.77</u>	<u>1,286.60</u>
TOTAL	<u>4,014.69</u>	<u>3,628.85</u>



	(Rs. in lakhs)	
	As at 31.03.2014	As at 31.03.2013
NOTE No. 13		
OTHER NON-CURRENT ASSETS		
Sundry Deposits	550.86	543.71
TOTAL	550.86	543.71
NOTE No. 14		
INVENTORIES		
(a) Raw Materials:		
Steel scrap, Pig Iron and others	1,045.70	982.95
(b) Work in Progress:		
Iron castings	54.99	57.68
(c) Finished goods:		
Iron castings	6,444.21	6,933.47
(d) Stores and spares & others	878.73	1,040.78
TOTAL	8,423.63	9,014.88
For mode of valuation please refer Sl.No. 2 in Significant Accounting Policies		
NOTE No. 15		
TRADE RECEIVABLES - Unsecured, considered good		
Trade receivables outstanding for a period exceeding six months	1,195.72	38.15
Trade receivables outstanding for a period less than six months	11,789.99	11,079.33
TOTAL	12,985.71	11,117.48
NOTE No. 16		
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents:		
Balances with banks	113.09	323.96
Cash on Hand	1.23	3.43
Margin Money with banks/security against borrowings	1,076.37	1,022.65
TOTAL	1,190.69	1,350.04
Margin money with bank includes deposits with maturity period of more than 12 months of Rs.303.76 lakhs (Rs.544.17 lakhs)		
NOTE No. 17		
SHORT TERM LOANS AND ADVANCES - Unsecured, considred good		
Other Loans and Advances:		
Loans and advance due by officers	59.44	28.84
Prepaid expenses	217.23	151.16
Deposits with Government Authorities	217.25	261.58
Advance for purchases and others	1,436.85	1,437.95
Advance Income-tax (Net of Provisions)	234.05	204.05
TOTAL	2,164.82	2,083.58
NOTE No. 18		
OTHER CURRENT ASSETS		
Outstanding Income and interest receivable	253.70	242.16
TOTAL	253.70	242.16



	(Rs. in lakhs)	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE No. 19		
REVENUE FROM OPERATIONS		
(a) Sale of Products		
Manufactured Goods		
Iron castings	60,274.71	57,547.14
Pattern sales	403.18	762.68
Total (a)	60,677.89	58,309.82
(b) Other Operating Revenues		
Sale of used materials	667.79	365.86
Duty Draw Back/other export incentives	195.45	179.38
Total (b)	863.24	545.24
TOTAL (a+b)	61,541.13	58,855.06
Less : Excise Duty	5,707.96	5,540.57
TOTAL	55,833.17	53,314.49

NOTE No. 20

OTHER INCOME

(a) Interest Income	171.44	161.56
(b) Dividend Income from non current investments	0.12	0.12
(c) Other Non-operating income:		
Rent receipts	5.52	5.32
Miscellaneous Income	57.25	–
Sundry balance written off	5.88	0.14
	68.65	5.46
TOTAL	240.21	167.14

NOTE No. 21

COST OF MATERIAL CONSUMED

(a) Opening Stock:

Steel scrap, Pig Iron & Others	982.95	630.53
Total (a)	982.95	630.53

(b) Purchases:

Steel scrap, Pig Iron & Others	14,822.12	15,002.25
Total (b)	14,822.12	15,002.25

(c) Closing Stock:

Steel scrap, Pig Iron & Others	1,045.70	982.95
Total (c)	1,045.70	982.95
TOTAL (a+b-c)	14,759.37	14,649.83



		(Rs. in lakhs)
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE No.22		
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS		
(a) Opening Stock		
Finished Goods		
Iron Castings	6,933.47	7,213.75
Work in Progress		
Iron Castings	57.68	69.52
Total (a)	<u>6,991.15</u>	<u>7,283.27</u>
(b) Closing Stock		
Finished Goods		
Iron Castings	6,444.21	6,933.47
Work in Progress		
Iron Castings	54.99	57.68
Total (b)	<u>6,499.20</u>	<u>6,991.15</u>
TOTAL (a-b)	<u>491.95</u>	<u>292.12</u>

NOTE No. 23		
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	2,068.71	1,811.10
Contribution to provident and other funds	140.24	118.54
Staff welfare expenses	228.43	210.65
TOTAL	<u>2,437.38</u>	<u>2,140.29</u>

NOTE No. 24		
FINANCE COSTS		
Interest expenses		
On borrowings	4,961.79	4,488.96
Other borrowing cost	7.57	65.74
Gain / Loss on foreign currency transaction	224.26	194.16
TOTAL	<u>5,193.62</u>	<u>4,748.86</u>

NOTE No. 25		
DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation	2,444.79	2,367.80
Less : Transfer from Revaluation Reserve	839.28	839.28
	<u>1605.51</u>	<u>1528.52</u>
Amortisation expenses	438.51	385.62
TOTAL	<u>2,044.02</u>	<u>1,914.14</u>



	(Rs. in lakhs)	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE No. 26		
OTHER EXPENSES		
Manufacturing Expenses:		
Consumption of stores and spares	12,093.49	11,273.10
Power and fuel	8,845.21	9,173.80
Water charges	81.81	67.74
Fettling charges	1,822.64	1,569.28
Rent	28.99	112.80
Repairs to buildings	73.09	71.30
Repairs to machinery	1,480.45	1,200.64
Repairs to others	157.71	136.97
Insurance	47.21	45.51
Rates and Taxes (excluding taxes on income)	24.89	35.12
Royalty	22.79	23.03
Selling and distribution expenses :		
Packing materials	1,535.26	1,452.71
Selling and distribution expenses	70.27	80.19
Freight and transport on finished goods	1,723.05	1,700.26
Other Administrative expenses :		
Travelling expenses	220.87	136.53
Printing, postage, telephone & telex	54.49	57.18
Freight and transport	223.18	193.90
Donation	16.63	5.00
Legal and Professional charges	254.37	190.46
Excise duty on stock adjustment (Net)	(31.47)	13.80
Administrative and other expenses	141.55	120.89
Bank Charges	137.15	59.02
Payment to Auditor		
As Auditors	12.00	12.00
Taxation matters	1.62	1.36
Management & other services	6.27	4.33
Service Tax	2.71	1.25
Reimbursement of expenses	0.31	0.07
Managerial remuneration	86.67	67.47
Directors sitting fees	9.45	3.65
Deferred revenue expenditure written off	2.08	6.65
Loss on sale of Fixed assets	2.05	—
Irrecoverable advances written off	2.89	0.11
TOTAL	29,149.68	27,816.12



NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	Year ended 31 st March 2014	Year ended 31 st March 2013
27. Value of imports calculated on C.I.F. basis :		
(i) Stores and spares	434.99	541.20
(ii) Capital goods	–	43.45
28. Expenditure in Foreign Currency :		
(i) Travelling expenses	96.56	82.68
(ii) Royalty	–	21.48
(iii) Professional consultancy charges	77.33	30.27
(iv) Interest	8.87	36.54
(v) Terminal Handling, testing charges and others	37.54	94.99
Total	220.30	265.96

(Rs. in lakhs)

Particulars	Year ended 31 st March 2014		Year ended 31 st March 2013	
	Value	%	Value	%
29. Value of Raw materials, Chemicals and Stores and Spares consumed:				
Raw Material and Chemicals :				
Imported	–	–	–	–
Indigenous	14,759.37	100.00	14,649.83	100.00
Total	14,759.37	100.00	14,649.83	100.00
Stores and Spares :				
Imported	434.99	3.60	573.92	5.09
Indigenous	11,658.50	96.40	10,699.18	94.91
Total	12,093.49	100.00	11,273.10	100.00

(Rs. in lakhs)

Particulars	Year ended 31 st March 2014	Year ended 31 st March 2013
30. Earnings in Foreign Currency on account of:		
FOB value of exports	10,799.51	9,207.09

31. Employee Benefits:

Gratuity and Provident Fund:

Gratuity, Provident Fund and Employees State Insurance are defined Contribution Plans. The expenses recognised in the Statement of Profit and Loss:

(Rs. in lakhs)

Particulars	31.03.2014	31.03.2013
Gratuity	82.55	66.03
Provident Fund	114.96	96.14
Employees State Insurance	23.42	25.87



Disclosure report under Accounting Standard-15 - Leave Salary

Type of Plan: Long Term Compensated Absence as per Actuarial valuation

(Rs. in lakhs)

Particulars	31.03.2014	31.03. 2013
I Principal Actuarial Assumptions (Expressed as weighted average)		
Discount Rate	9.10%	8.05%
Salary escalation rate	8.00%	7.00%
Attrition rate	5.00%	3.00%
Expected rate of return on Plan Assets	—	—
II Changes in the Present Value of the Obligation (PVO) Reconciliation of Opening and Closing Balances		
PVO as at the beginning of the period	80.45	67.38
Interest Cost	7.18	5.23
Current Service Cost	26.46	28.77
Past Service cost-(non vested benefits)	—	—
Past service cost-(vested benefits)	—	—
Benefits paid	(3.18)	(4.74)
Actuarial loss/(gain) on obligation (balancing figure)	(13.61)	(16.18)
PVO as at the end of the period	97.30	80.45
III Changes in the Fair Value of Plan Assets - reconciliation of Opening and Closing Balances		
Fair value of plan assets as at the beginning of the period	—	—
Expected return on plan assets	—	—
Contributions	3.18	4.74
Benefits paid	(3.18)	(4.74)
Actuarial gain/(loss) on obligation (balancing figure)	—	—
Fair value on plan assets as at the end of the period	—	—
IV Actual Return On Plan Assets		
Expected return on plan assets	—	—
Actuarial gain/(loss) on plan assets	—	—
Actual return on plan assets	—	—
V Actual Gain/ Loss Recognized		
Actuarial gain/(loss) for the period-Obligation	(13.60)	(16.18)
Actuarial gain/(loss) for the period-Plan Assets	—	—
Total (gain)/loss for the period	(13.60)	(16.18)
Actuarial (gain) /loss recognized in the period	(13.60)	(16.18)
Unrecognized actuarial (gain)/loss at the end of the year	—	—
VI Amounts Recognised in the Balance Sheet and Related Analyses		
Present value of the obligation	80.45	67.38
Fair value of plan assets	—	—
Difference	80.45	67.38
Unrecognised transitional liability	—	—
Unrecognised past service cost-non vested benefits	—	—
Liability recognized in the balance sheet	80.45	67.38



Particulars	31.03.2014	31.03. 2013
VII Expenses Recognised in the Statement of Profit and Loss		
Current service cost	26.46	28.77
Interest Cost	7.18	5.23
Expected return on plan assets	—	—
Net actuarial (gain)/loss recognised in the year	(13.61)	(16.18)
Transitional Liability recognised in the year	—	—
Past service cost-non-vested benefits	—	—
Past service cost-vested benefits	—	—
Expenses recognized in the statement of profit and loss	20.03	17.82
VIII Movements in the Liability Recognized in the Balance Sheet		
Opening net liability	80.45	67.38
Expenses as above	20.03	17.81
Contribution paid	(3.18)	(4.74)
Closing net liability	97.30	80.45
IX Amount for the Current Period		
Present value of obligation	97.30	80.45
Plan Assets	--	--
Surplus(Deficit)	97.30	80.45
X Major Categories of Plan Assets (As Percentage of Total Plan Assets)	Nil	Nil

32. The Company has secondary Geographical Market (Rs. in lakhs)

Particulars	31 st March 2014	31 st March 2013
Outside India	10,799.51	9,207.09
In India	45,033.66	44,107.02

33. RELATED PARTIES DISCLOSURE:

I. Related Parties:

a. Holding Company

Sakthi Sugars Limited

b. Subsidiary Companies

Sakthi Auto Ancillary Private Limited

Orlandofin B.V

Sakthi Auto Mauritius Limited

c. Associates

ABT Limited

ABT Industries Limited

Sakthi Finance Limited

Nachimuthu Industrial Association

d. Key Managerial Personnel (KMP)

Dr. M Manickam, Chairman and Managing Director

Sri M Balasubramaniam - Director

Sri M Srinivaasan - Director

e. Relatives of Key Managerial Personnel (KMP)

There has been no transaction with the relatives of key managerial personnel.

f. Enterprises in which KMP/Relatives of KMP can exercise significant influence

N. Mahalingam & Company

Note : Information has been furnished with respect to individuals/entities with whom/which related party transactions had taken place during the year.



Sakthi Auto Component Limited

II Related Parties Transactions :

(Rs. in lakhs)

Nature of Transactions	Holding Company	Subsidiaries	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Entities in which KMP/ relatives of KMP have significant influence	Total
Purchase							
Purchase of Materials	5.79 (0.83)	2.84 (0.52)					8.63 (1.35)
Sales							
Sale of Materials	4.20 (3.28)	388.23 (60.66)					392.43 (63.94)
Receiving of services							
Conversion charges		1391.62 (1214.19)					1391.62 (1214.19)
Funds & Interest			619.55 (2426.69)				619.55 (2426.69)
Printing charges			10.22 (8.20)				10.22 (8.20)
Lease Rent			-- (5.40)				-- (5.40)
Vehicle Purchase / Maintenance			2.59 (18.09)			21.35 (31.43)	23.94 (49.52)
Transport charges			18.83 (--)				18.83 (--)
Servicing of vehicles			4.28 (2.94)				4.28 (2.94)
Others			3.54 (2.70)				3.54 (2.70)
Managerial Remuneration							
Remuneration to Chairman & Managing Director				86.67 (67.47)			86.67 (67.47)
Sitting Fees					0.60 (0.80)		0.60 (0.80)
Investment							
Oriandofin B.V		78.99 (2148.77)					78.99 (2148.77)
Balance outstanding at the end of the year							
Payable to Key Managerial Personnel				76.99 (45.18)			76.99 (45.18)
Loans and advances		1159.43 (1099.19)					1159.43 (1099.19)
Borrowing	16993.14 (17087.13)	--		4210.58 (4482.80)			21203.72 (21569.93)
Trade payable		521.11 (667.02)					521.11 (667.02)

Figures in brackets are that of the previous year



34. Earnings per Share:

Particulars	2013-14	2012-13
Basic:		
a) Net Profit as per the Statement of Profit and Loss (Rs. in lakhs)	1200.06	1215.96
b) Less: Dividend attributable to Preference shareholders (including tax)	2937.93	4295.21
c) Net Profit/loss after Preference Dividend	(1737.87)	(3079.25)
d) No. of Equity Shares - Basic	98246160	43860000
e) Nominal value per Equity share (Rs.)	10	10
f) Earnings per share (Basic) (Rs.)	(1.90)	(7.02)
Diluted :		
a) Net Profit Attributable (Rs. in lakhs)	1200.06	1215.96
b) Weighted average number of shares	532602740	246310000
c) Earnings per share (Diluted) (Rs.)	0.23	0.49

35. Deferred Tax:

(Rs. in lakhs)

Particulars	31.03.2014	31.03.2013
A) Deferred Tax Liability:		
Arising out of depreciation of Fixed Assets (Net)	3301.27	2820.83
Difference in treatment of expenses/income (Net)	289.04	231.15
Total	3590.31	3051.98
B) Deferred Tax Asset:		
Carried forward losses/expenses	1457.25	1716.22
Net Deferred Tax Liability (+) /Asset (-)	2133.06	1335.76

36. Contingent Liabilities:

(Rs. in lakhs)

Particulars	31.03.2014	31.03.2013
A) Claims against the Company not acknowledged as debts:		
(i) Income tax matters	129.45	31.22
(ii) Service tax matters	388.07	359.48
(iii) Cross subsidy for Power purchase	155.52	155.52
(iv) Peak hour demand and energy charges	498.70	—
(v) Corporate guarantee given to foreign subsidiarries		
- Guarantee amount	33030.60	27817.52
- Outstanding amount	35031.34	28838.95
B) Guarantees issued by bankers	28.35	28.35
C) Corporate guarantee given for loans to Indian subsidiary and other body corporate		
(i) Guarantee amount	23534.00	23409.00
(ii) Outstanding amount	25510.06	23618.13
D) Refer to note 1(ii) & (iii) supra regarding arrears of dividends with respect to 16.96% Participatory Cumulative Compulsorily Convertible Preference shares.		



37. Commitments:

(Rs. in lakhs)

Particulars	31.03.2014	31.03.2013
Estimated amount of contracts remaining to be executed on capital account and not provided for	140.29	1215.69

38. Micro, Small and Medium Enterprises Development Act, 2006

The company has not received information from vendors regarding their status under The Micro, Small & Medium Enterprises Development Act, 2006 and hence disclosures relating to their outstanding amount and interest have not been made.

39. Disclosure pursuant to AS-28 on Impairment of Assets :

During the year, a review has been done for carrying the value of the assets for finding out the impairment, if any. The review has not revealed any impairment of assets in terms of AS - 28.

40. During the year under review, the Company has opted to recognise the foreign exchange fluctuation based on maturity of obligation in conformity with the option given by Notification No. GSR 913 (E) dated 29th December 2011 issued by Ministry of Corporate Affairs

41. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

Vide our report annexed

For P N RAGHAVENDRA RAO & Co.

Chartered Accountants

(Firm Regn. No. : FRN003328S)

P R VITTEL

Partner

M.No. 018111

Coimbatore

29.05.2014

M MANICKAM

Chairman & Managing Director

S CHANDRASEKHAR

Director

S KAVITHA

Company Secretary



SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation:

The accompanying Financial Statements have been prepared on a going concern basis under the historical cost convention on the accrual basis of accounting in conformity with Generally Accepted Accounting Principles in India ("Indian GAAP").

2. Valuation of Inventories:

Inventories are valued at cost or the net realizable value whichever is lower increased by excise duty thereon wherever applicable. The cost is computed on weighted average basis. The Cost for the finished goods and process stock is inclusive of cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

3. Fixed Assets:

- a) Fixed Assets are valued at cost/re-valued figures, less accumulated depreciation. Cost includes related taxes, duties, freight, insurance etc., attributable to acquisition and installation of assets and borrowing cost incurred up to the date of commencing operations but excludes duties and taxes that are recoverable from taxing authorities.
- b) Expenditure including borrowing cost incurred on projects under implementation is shown under "Work-in-Progress" pending allocation to the assets.

4. Intangible Assets:

Product Development expenses being intangible assets is amortized over a period of 10 years in accordance with AS-26.

5. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets.

6. Depreciation:

Depreciation has been provided on all assets under straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956 on revalued/original cost of assets as the case may be. The additional depreciation relating to increased value of revalued assets if any, are adjusted against revaluation reserve.

7. Investment :

Long term Investments are accounted at cost. The diminution, if any, in value of long term investments is provided if such decline is other than temporary.

8. a) Revenue Recognition:

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of trade discounts, excise duty, sales return.

- a. Gross turnover includes excise duty but exclude sales tax.
- b. Dividend income is accounted for in the year it is declared.
- c. All other incomes are accounted for on accrual basis.
- d. The excise duty on sale of finished goods is deducted from turnover to arrive at the net sales as shown in the Statement of Profit and Loss.

b) Expenditure Recognition:

The Excise duty on appearing in the Statement of Profit and Loss as an expenditure represents excise duty provisions for difference in opening and closing stock of finished goods.

**9. Foreign Currency Transactions :**

Recognition of foreign exchange fluctuation is based on the maturity of obligations.

10. Retirement Benefits:

Contribution payable by the Company under defined contribution schemes towards Provident fund, Gratuity, Employees State Insurance and Superannuation fund for the year are charged to Statement of Profit and loss account.

The Company has opted for Life Insurance Corporation of India Group Gratuity Scheme. For calculating gratuity liability, the premium ascertained by LIC has been taken into account.

Provision for liability in respect of Leave encashment benefits are made based on actuarial valuation made by an independent actuary as at 31.03.2014.

11. Deferred tax :

Deferred tax is recognized on timing difference between accounting income and the taxable income for the period and reversal of timing differences of earlier periods and quantified using the tax rates and laws that have been enacted / substantively enacted as at the balance sheet date. The deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that these would be realized in future.

12. Earning per share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

13. Impairment of Assets:

Impairment, if any, is recognized in accordance with the Accounting Standard 28.

14. Provisions, Contingent Liabilities and Contingent Assets:

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



(Rs. in lakhs)

STATEMENT OF INFORMATION OF SUBSIDIARY COMPANIES

Name of the Subsidiary Company	Sakthi Auto Ancillary Pvt. Ltd	Orlandofin BV	Sakthi Service GmbH	Sakthi Portugal SA	Sakthi Auto Mauritius Ltd
	a	b	c	d	e
Financial Year ended	31.03.2014	31.12.2013	31.12.2013	31.12.2013	31.12.2013
Share Capital	359.13	14.86	22.30	4983.87	3.01
Reserves	1141.07	71529.64	19132.02	12930.00	(48.18)
Total Assets	6818.81	108329.70	19156.46	55622.17	2.75
Total Liabilities	5318.61	36785.20	2.14	37708.30	47.92
Details of Investments (except investment in subsidiaries)	—	—	—	—	—
Turnover	9,429.80	—	—	64536.87	—
Profit before taxation	245.18	43866.65	(3.05)	205.32	(9.09)
Provision for taxation	66.28	—	—	6.86	—
Profit after taxation	178.90	43866.65	(3.05)	198.46	(9.09)
Proposed dividend	—	—	—	—	—

Note: In respect of subsidiaries under b to d, the financial statements are translated at the exchange rate as on 28.03.2014 i.e. EUR 1 = Rs 82.5765 and e USD 1 = Rs. 60.0998.



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Members of Sakthi Auto Component Limited

Report on the Financial Statements

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Sakthi Auto Component Limited (the "Company") and its subsidiaries; hereinafter referred to as the "Group", which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 auditors

consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. We did not audit the financial statements of five of the subsidiaries viz., Sakthi Auto Ancillary Private Limited, Orlandofin BV, Sakthi Service GmbH, Sakthi Portugal SA and Sakthi Auto Mauritius Limited whose financial statements reflects total assets of Rs.1483.98 Crores as at 31st March 2014 with respect to Sakthi Auto Ancillary Private Limited and 31st December 2013 with respect to other companies, total revenue of Rs.747.28 Crores and net cash flow of Rs. 5.47 Crores for the period then ended. With respect to three of the subsidiaries viz., Sakthi Auto Ancillary Private Limited, Sakthi Portugal and Sakthi Auto Mauritius Limited the financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. With respect to two of the subsidiaries viz., Orlandofin BV and Sakthi Service GmbH, the financials are unaudited as the respective country's statute does not require audit of these entities and we have relied upon the management certificate of these entities.

Opinion

7. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, notified under Section 211 (3C) of the Companies Act, 1956 (the "Act") read with the General Circular No.15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.



8. In our opinion, and to the best of our information and according to the explanations given to us, the consolidated 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:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the Profit for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

9. We draw attention to Note No. 31(A) (ii) to the consolidated financial statement which specifies the claim challenged by the company. Our opinion is not qualified in respect of this matter.

For P.N.RAGHAVENDRA RAO & Co.,
Chartered Accountants

(Firm Regn.No.: FRN003328S)

P.R.VITTEL

Partner

Coimbatore

May 29, 2014

M.No. 018111



Sakthi Auto Component Limited

CONSOLIDATED BALANCE SHEET AS AT 31.03.2014

(Rs. in lakhs)

	Note No.	As at 31.03.2014	As at 31.03.2013
I. EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS :			
(a) Share Capital	1	24,631.00	24,631.00
(b) Reserves and Surplus	2	74,184.69	38,506.05
		<u>98,815.69</u>	<u>63,137.05</u>
(2) MINORITY INTEREST		599.55	513.37
(3) NON-CURRENT LIABILITIES			
(a) Long-term borrowings	3	31,636.94	33,348.31
(b) Deferred tax liabilities (Net)		2,596.31	1,905.87
(c) Other Long term liabilities	4	900.03	806.21
(d) Long term provisions	5	457.52	390.67
		<u>35,590.80</u>	<u>36,451.06</u>
(4) CURRENT LIABILITIES			
(a) Short-term borrowings	6	26,683.75	22,852.94
(b) Trade payables		24,703.46	20,342.97
(c) Other current liabilities	7	47,115.55	41,005.79
(d) Short term provisions	8	5,350.08	3,926.26
		<u>1,03,852.84</u>	<u>88,127.96</u>
TOTAL (1 to 4)		2,38,858.88	1,88,229.44
II. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	9	86,768.21	85,675.52
(ii) Intangible Assets	10	6,225.61	3,645.53
(iii) Capital work-in-progress		1,939.78	485.55
		<u>94,933.60</u>	<u>89,806.60</u>
(b) Goodwill on consolidation		85,479.42	—
(c) Non-current investments	11	9.29	46,242.01
(d) Long-term loans and advances	12	3,592.13	3,095.22
(e) Other non-current assets	13	550.86	543.71
		<u>1,84,565.30</u>	<u>1,39,687.54</u>
(2) CURRENT ASSETS			
(a) Inventories	14	27,231.56	26,449.15
(b) Trade receivables	15	19,667.35	15,669.38
(c) Cash and cash equivalents	16	1,570.06	2,276.36
(d) Short-term loans and advances	17	5,501.49	3,894.10
(e) Other current assets	18	323.12	252.91
		<u>54,293.58</u>	<u>48,541.90</u>
TOTAL (1 and 2)		2,38,858.88	1,88,229.44

The Notes form part of these financial statements.

Vide our report annexed

For P.N. RAGHAVENDRA RAO & Co

Chartered Accountants

(Firm Regn. No.: FRN003328S)

P R VITTEL

Partner

M.No. 018111

Coimbatore

29.05.2014

M MANICKAM

Chairman & Managing Director

S CHANDRASEKHAR

Director

S KAVITHA

Company Secretary



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2014

			(Rs. in lakhs)
	Note No.	Year ended 31.03.2014	Year ended 31.03.2013
I. Revenue from Operations (Gross)		1,35,079.17	1,19,319.25
Less : Excise duty		7,062.03	6,653.60
Revenue from Operations (Net)	19	1,28,017.14	1,12,665.65
II. Other Income	20	1,001.41	648.60
III. Total Revenue (I + II)		1,29,018.55	1,13,314.25
IV. Expenses:			
Cost of Material consumed	21	45,561.35	43,350.00
Changes in inventories of finished goods, - work in progress and stock in trade	22	2,455.77	(2,216.28)
Employee benefits expense	23	13,852.03	11,537.30
Finance costs	24	8,626.52	7,833.06
Depreciation and amortisation expense	25	6,131.55	4,767.26
Other Expenses	26	51,782.93	47,646.88
Total Expenses		1,28,410.15	1,12,918.22
V. Profit before exceptional and extraordinary - items and tax (III-IV)		608.40	396.03
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V-VI)		608.40	396.03
VIII. Extraordinary Items		(45,693.99)	-
IX. Profit before tax (VII-VIII)		46,302.39	396.03
X. Tax Expenses:			
1. Current tax		513.00	438.77
2. Mat Credit Entitlement		(409.30)	(395.39)
3. Deferred tax		766.73	689.27
		870.43	732.65
XI. Profit after tax (IX-X)		45,431.96	(336.62)
XII. Minority interest		86.18	60.73
XIII. Profit after tax (after adjutment of Minority Interest)		45,345.78	(397.35)
XIV. Earnings pre equity share			
1. Basic		43.16	(10.70)
2. Diluted		8.51	(0.16)

The Notes form part of these financial statements.

Vide our report annexed

For P.N. RAGHAVENDRA RAO & Co

Chartered Accountants

(Firm Regn. No. : FRN003328S)

P R VITTEL

Partner

M.No. 018111

Coimbatore

29.05.2014

M MANICKAM
Chairman & Managing Director

S CHANDRASEKHAR
Director

S KAVITHA
Company Secretary



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

Particulars	2013-14	(Rs. in lakhs) 2012-13
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax as per Statement of Profit and Loss	46,302.39	396.03
Adjustment for:		
Depreciation and Amortisation Expense	6,131.55	4,767.26
Finance cost	8,626.52	7,833.06
Miscellaneous Expenses & Other exp. written off	2.08	6.65
Loss on Sale of Assets	2.05	—
Dividend Income	(0.12)	(0.12)
Interest Income	(289.95)	(362.07)
Profit on Sale of Assets	(0.31)	—
Operating Profit before Working Capital Changes	60,774.21	12,640.81
Adjustment for:		
Inventories	(782.41)	(2,964.99)
Trade and Other Receivables	(3,997.97)	(1,990.85)
Other Current Assets	(77.36)	55.60
Loans and Advances	(1,798.09)	(376.12)
Trade and Other Payables	6,254.73	(237.02)
Intangible Assets / Misc. Expenditure Paid	(3,642.87)	(1,847.30)
Cash Generated from Operations	56,730.24	5,280.13
Foreign Exchange Fluctuation (net)	(213.38)	(7.03)
Income Tax Paid	(463.28)	(767.32)
Net Cash from Operating Activities	56,053.58	4,505.78
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(3,880.10)	(4,584.42)
Sale of Fixed Assets	9.38	—
Investment Income	290.07	362.19
Investments in Subsidiaries and Exchange Fluctuation	(52,498.76)	1,550.88
Sale / Purchase of Investments - Others	26.59	24.00
Net Cash used in Investing Activities	(56,052.82)	(2,647.35)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of Equity Shares	5,438.62	—
Redemption of Preference Shares	(5,438.62)	—
Finance Costs Paid	(7,483.83)	(7,049.00)
Loss due to Foreign Exchange Fluctuation	4,952.43	(189.66)
Proceeds from Long Term Borrowings	1,274.94	2,948.37
Repayment of Long Term Borrowings	(3,502.08)	(3,823.45)
Short Term Borrowings (net)	4,189.91	(712.11)
Loans from Related Parties (net)	(138.43)	6,274.18
Net Cash (used in) / from Financing Activities	(707.06)	(2,551.67)
Net Increase in Cash and Cash Equivalents	(706.30)	(693.24)
Opening Balance of Cash and Cash Equivalents	2,276.36	2,969.60
Closing Balance of Cash and Cash Equivalents	1,570.06	2,276.36

Vide our report annexed

For P.N. RAGHAVENDRA RAO & Co

Chartered Accountants

(Firm Regn. No. : FRN003328S)

P R VITTEL

Partner

M.No. 018111

Coimbatore

29.05.2014

M MANICKAM

Chairman & Managing Director

S CHANDRASEKHAR

Director

S KAVITHA
Company Secretary



NOTES TO FINANCIAL STATEMENTS

(Rs. in lakhs)

NOTE No. 1

As at
31.03.2014 **As at**
31.03.2013

SHARE CAPITAL

Authorised

9,90,00,000 Equity Shares of Rs.10 each (9,90,00,000)	9,900.00	9,900.00
2,25,00,000 Preference Shares of Rs. 100 each (2,25,00,000)	22,500.00	22,500.00
	<u>32,400.00</u>	<u>32,400.00</u>

Issued, Subscribed and Paid up

9,82,46,160 Equity Shares of Rs.10 each fully paid up (4,38,60,000)	9,824.62	4,386.00
-- Series A 15% Participatory Cumulative Convertible (60,82,500) Preference Shares of Rs. 100 each fully paid up	—	6,082.50
-- Series B 15% Participatory Cumulative Convertible (1,01,37,500) Preference Shares of Rs. 100 each fully paid up	—	10,137.50
-- Series C 15% Participatory Cumulative Convertible (20,00,000) Preference Shares of Rs. 100 each fully paid up	—	2,000.00
-- Series I 15% Participatory Cumulative Convertible (12,15,000) Preference Shares of Rs. 100 each fully paid up	—	1,215.00
-- Series II 15% Participatory Cumulative Convertible (8,10,000) Preference Shares of Rs. 100 each fully paid up	—	810.00
46,68,884 Series A 16.96% Participatory Cumulative Compulsorily Convertible -- Preference Shares of Rs. 100 Each fully paid up	4,668.88	—
1,01,37,500 Series B 16.96% Participatory Cumulative Compulsorily -- Convertible 'Preference Shares of Rs. 100 each fully paid up	10,137.50	—
TOTAL	<u>24,631.00</u>	<u>24,631.00</u>

Reconciliation of Number of Shares

	No. of shares	No. of shares
Equity Shares at the beginning of the year	43,860,000	43,860,000
Add: Preference Shares converted to Equity shares during the period	54,386,160	—
Equity Shares at the end of the year	98,246,160	43,860,000
Preference shares at the beginning of the year	20,245,000	20,245,000
Less: Preference Shares converted to Equity shares during the period	5,438,616	—
Preference shares at the end of the year	14,806,384	20,245,000

Rights, preferences and restrictions of each class of shares

The Company has following two class of shares:

(i) Equity

The Company has only one class of Equity shares having face value of Rs.10 each. Each shareholder is eligible for one vote per share. Dividend is payable when it is recommended by the Board of Directors and approved by the Members at the Annual General Meeting. In the event of liquidation, the equity shareholders will get the remaining assets after payment of all the preferential amounts.

(ii) Series C 15% Participatory Cumulative Convertible Preference Shares of Rs. 2000 lakhs were converted into equity shares on 26.04.2013.



(iii) 16.96% Participatory Cumulative Compulsorily Convertible Preference Shares

Holders of these shares, under the Companies Act 1956, section 87(2) (corresponding to section 47 of Companies Act 2013), get voting rights on par with those of the equity shareholders when dividends on them remain in arrears for a period of two years. The Company has not declared any dividends on these shares since their issue in 2007. Voting rights under section 87(2) have therefore been accrued on these holdings.

Part of these shares, amounting to Rs. 3438.62 lakhs have been converted into equity shares on 28.05.2013 under an agreement with the holders of these shares

This class of preference shares are convertible into equity shares on 28.05.2018

After conversion of the Preference shares into equity shares as mentioned in (ii) & (iii) above, the equity shareholding of Sakthi Sugars Limited has gone up to 6,38,60,000 and of Castle Titanium (Mauritius) Limited to 3,43,86,160. The Preference shareholding of Sakthi Sugars Limited has got extinguished and of Castle Titanium (Mauritius) Limited has been reduced to 1,48,06,384.

Shares held by the holding company

Sakthi Sugars Limited	No. of shares	No. of shares
(i) Equity Shares	6,38,60,000	4,38,60,000
(ii) 15% Participatory Cumulative Convertible Preference Shares (Series C)	–	20,00,000

List of shareholders holding more than 5%

(i) Equity shares		
Sakthi Sugars Limited	6,38,60,000	4,38,60,000
(ii) Participatory Cumulative Convertible Preference Shares		
Castle Titanium (Mauritius) Limited	1,48,06,384	1,82,45,000
Sakthi Sugars Limited	–	20,00,000

(Rs. in lakhs)

As at	As at
31.03.2014	31.03.2013

NOTE No. 2

RESERVES AND SURPLUS

Capital reserve

Balance as per last Balance Sheet	139.76	13,168.18
-----------------------------------	--------	-----------

Securities Premium account

Balance as per last Balance Sheet	8,493.15	8,493.15
-----------------------------------	----------	----------

Debenture redemption reserve

Balance as per last Balance Sheet	1,074.47	891.53
Add: Transfer from Surplus	122.37	182.94
	<u>1,196.84</u>	<u>1,074.47</u>

Revaluation reserve

Balance as per last Balance Sheet	30,389.49	31,228.77
Less: Depreciation on Revalued Assets	839.28	839.28
(Refer Note no.25)		
	<u>29,550.21</u>	<u>30,389.49</u>



	(Rs. in lakhs)	
	As at 31.03.2014	As at 31.03.2013
Preference share redemption reserve		
Balance as per last Balance Sheet	95.00	76.00
Add: Transferred from Surplus	19.00	19.00
	<u>114.00</u>	<u>95.00</u>
Exchange fluctuation reserve		
On account of Investment/Advances in Orlandofin BV	6,563.04	2,362.47
Surplus		
Balance as per last Balance Sheet	(17,076.72)	(16,477.42)
Net Profit/(Loss) after tax	45,345.78	(397.35)
	<u>28,269.06</u>	<u>(16,874.77)</u>
Less : Transfer to Debenture redemption reserve	122.37	182.94
Transfer to Preference Share redemption reserve	19.00	19.00
	<u>141.37</u>	<u>201.94</u>
	<u>28,127.69</u>	<u>(17,076.71)</u>
TOTAL	<u>74,184.69</u>	<u>38,506.05</u>

NOTE NO - 3

LONG TERM BORROWINGS

(a) Debentures

Secured Redeemable Non-convertible Debentures	985.54	699.64
---	--------	--------

(b) Term Loans

Secured Loans

(i) From Banks	6,933.43	8,267.24
(ii) From Other Parties	897.84	621.01
	<u>7,831.27</u>	<u>8,888.25</u>

Unsecured Loans

(iii) From Banks	466.72	1,054.71
(iv) From Other Parties	29.57	269.95
	<u>496.29</u>	<u>1,324.66</u>

Total of Term Loans

8,327.56	10,212.91
----------	-----------

(c) Loans and advances from Related parties (unsecured)

21,203.72	20,983.05
-----------	-----------

(for details please refer note no : 28)

(d) Long term maturities of finance lease obligations (secured)

1,120.12	1,452.71
----------	----------

TOTAL

<u>31,636.94</u>	<u>33,348.31</u>
------------------	------------------



NOTE No. 3 (Contd.)

NATURE OF SECURITY AND OTHER TERMS OF LONG TERM BORROWINGS :

(a) DEBENTURES

SAKTHI AUTO COMPONENT LIMITED (HOLDING COMPANY):

Following Series of 13% Secured Redeemable Non-convertible Cumulative Debentures of Rs.100 each (SRNCD) aggregating to Rs.985.54 lakhs (Rs.699.64 lakhs) are secured by residual charge on the immovable properties of the Company situated at Mukasi Pallagoundenpalayam, Koonampatti and Sengalipalayam Villages Tirupur Dist, Tamil Nadu and are redeemable on maturity date mentioned against each series.

Series	31.03.2014			31.03.2013		
	No. of Debentures	Amount outstanding (Rs. in lakhs)	Maturity date	No. of Debentures	Amount outstanding (Rs. in lakhs)	Maturity date
13% SRNCD:						
NCD-30/12-13				75980	75.98	29/06/2014
NCD-29/12-13				78770	78.77	27/06/2014
NCD-28/12-13				82410	82.41	24/06/2014
NCD-27/12-13				55430	55.43	21/06/2014
NCD-26/12-13				87520	87.52	15/06/2014
NCD-25/12-13				99890	99.89	03/06/2014
NCD-24/12-13				53050	53.05	27/05/2014
NCD-23/12-13				79610	79.61	10/05/2014
NCD-22/12-13				86980	86.98	15/04/2014
NCD-43/13-14	70110	70.11	29/06/2015			
NCD-42/13-14	77950	77.95	24/06/2015			
NCD-41/13-14	69380	69.38	09/06/2015			
NCD-40/13-14	74370	74.37	23/05/2015			
NCD-39/13-14	108080	108.08	14/05/2015			
NCD-38/13-14	89000	89.00	07/05/2015			
NCD-37/13-14	126850	126.85	02/05/2015			
NCD-36/13-14	71280	71.28	26/04/2015			
NCD-35/13-14	98910	98.91	19/04/2015			
NCD-34/13-14	122400	122.40	10/04/2015			
NCD-33/13-14	77210	77.21	05/04/2015			
	985540	985.54		699640	699.64	

Interest is payable on maturity.

(b) (i) SECURED LOANS FROM BANKS:

SAKTHI AUTO COMPONENT LIMITED (HOLDING COMPANY)

Nature of Security

- 1 Term loan amounting to Rs.1141.31 lakhs (Rs.1291.49 lakhs) is secured by:
 - a) Equitable mortgage of the Company's immovable properties and hypothecation of the Company's movable properties including movable machinery, machinery spares, tools and accessories, both present and future. (except assets charged on exclusive basis).
 - b) Escrow of receivables from Maruti Suzuki India Ltd.
 - c) Second charge on the current assets, viz. Stock including raw material, Stock in Process and other current assets, both present and future, (except assets charged on exclusive basis) ranking pari passu with Bank of India.

Terms of Repayment

Repayable in 96 monthly installments commencing from January 2011.

Rate of Interest : BR +4.25%



2. Term loan amounting to Rs.3559.78 lakhs (Rs.4028.52 lakhs) is secured by:
 - a) Equitable mortgage of the Company's immovable properties and hypothecation of the Company's movable properties including movable machinery, machinery spares, tools and accessories, both present and future. (except assets charged on exclusive basis).
 - b) Escrow of receivables from Maruti Suzuki India Ltd.
 - c) Second charge on the current assets, viz. Stock including raw material, Stock in Process and other current assets, both present and future,(except assets charged on exclusive basis) ranking pari passu with Bank of India.

Repayable in 96 monthly installments commencing from January 2011.
Rate of Interest : BR +4.25%
3. Term loan amounting to Rs.2232.34 lakhs (Rs.2754.33 lakhs) is secured by:
 - a) Exclusive charge on the Machineries purchased out of the term loan.
 - b) Escrow of receivables from Iljin Automotive P Ltd, General Motors India Ltd, Mahindra Renault P Ltd, Mahindra and Mahindra, Haldex India Ltd, Ford India Ltd, Toyota Kirloskar Auto Parts P Ltd, Vlokswagon India Private Limited, Nissan Motor India P Ltd, Dynamatic Technologies Ltd, Myunghwa Automotive India P Ltd, Sona Steering systems Limited, Fiat India P Ltd,Maini Precision Products P Ltd, RSB Transmission P Ltd and any other addition of new receivables in future.
 - c) Second charge on the entire fixed assets of the Company ranking pari passu with Indian Overseas Bank and Bank of India (except assets charged on exclusive basis).

60 equal monthly installments beginning from 31st January 2012.
Rate of Interest : BR + 4.50%
4. Term Loans under 1 & 2 above are further secured by pledge of 1,55,28,244 equity shares held by Sakthi Sugars Limited, the holding company.
5. Guarantees given by Directors/Others:
 - a) Term Loans amounting to Rs.4701.08 lakhs (Rs.5320.01 lakhs) are guaranteed by Chairman and Managing Director, Sri.M.Balasubramaniam and Sri. M.Srinivaasan, Directors of SACL.
 - b) Term Loans amounting to Rs.2232.34 lakhs (Rs.2754.33 lakhs) are guaranteed by Chairman and Managing Director of SACL.
 - c) Term Loans amounting to Rs.4701.08 lakhs (Rs.5320.01 lakhs) are further guaranteed by Sakthi Sugars Limited, the holding Company.

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):

Nature of Security

1.

a) Term loan amounting to Nil (Rs.2.27 lakhs)	}
b) Term loan amounting to Nil (Rs.1.78 lakhs)	
c) Term loan amounting to Nil (Rs.14.99 lakhs)	

Terms of Repayment

43 equal monthly instalments beginning from October 2010.
48 equal monthly instalments beginning from October 2010

The above loans are secured by:

Equitable mortgage of the Company's immovable properties and are primarily secured by exclusive charge on the plant & machinery, equipments and other fixed assets.

Personal guarantee by the Managing Director and Joint Managing Director of SAAPL and corporate guarantee by the holding Company.



EUROPEAN SUBSIDIARY:

Nature of Security

1. Term loan amounting to Nil (Rs.173.86 lakhs) is secured by the Pledge over land and buildings of the Portugal unit.
2. An amount of Rs. 31379.07 lakhs (Rs. 26426.64 lakhs) included in current maturities of long term debts is secured by pledge/promissory pledge of shares and assets of European subsidiaries and guaranteed by the Indian holding Companies and by Dr. M. Manickam.

Terms of Repayment

Repayable in installments upto April 2014.

(ii) SECURED LOANS FROM OTHER PARTIES:

1. Term loan amounting to Rs.229.93 lakhs (Rs.296.89 lakhs) is secured by: exclusive charge on the Machineries purchased out of the term loan. 60 equal monthly installments beginning from 25th Jan 2013
Rate of Interest : 15.75%
2. Term loan amounting to Rs.114.89 lakhs (Rs.179.22 lakhs) is secured by exclusive charge on the Machineries purchased out of the term loan. 60 equal monthly installments beginning from 16th Feb 2013.
Rate of Interest : 13.58%
3. Term loan amounting to Rs.93.17 lakhs (Rs.144.90 lakhs) is secured by exclusive charge on the Machineries purchased out of the term loan. 60 equal monthly installments beginning from 16th Apr 2013.
Rate of Interest : 12.41%
4. Term loans amounting to Rs.459.85 lakhs (Nil) are secured by first exclusive charge by way of hypothecation on specific equipments and machineries. 54 equal monthly instalments beginning from 15th Dec.2013.
Rate of Interest : 15%
5. Guarantees given by Directors/others :
Term Loans amounting to Rs. 897.85 lakhs (Rs.621.01 lakhs) are guaranteed by the Chairman & Managing Director.

(iii) UNSECURED LOANS FROM BANKS:

SAKTHI AUTO COMPONENT LIMITED (HOLDING COMPANY):

Nature of Security

1. Loan Amounting to Rs.138.98 lakhs (Rs.225.60 lakhs) is secured by collateral security given by Sakthi Sugars Limited, the holding company.
2. Guarantees given by Directors/Others:
 - a) Loans Amounting to Rs.138.98 lakhs (Rs.225.60 lakhs) is guaranteed by the Chairman & Managing Director of SACL.
 - b) Loan Amounting to Rs.138.98 lakhs (Rs.225.60 lakhs) is further guaranteed by Sakthi Sugars Limited, the holding company.

Terms of Repayment

84 equal monthly installments beginning from May 2009.

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):

Nature of Security

1. Loan amounting to Rs.71.53 lakhs (Rs.118.00 lakhs) is secured by one specific asset of the holding company.
2. Loan amounting to Nil (Rs.9.08 lakhs) is secured by demand promissory note.
3. Guarantees given by Directors/Others:
 - a) Loan amounting to Rs.71.53 lakhs (Rs.118.00 lakhs) is guaranteed by the Chairman & Managing director of the holding company.
 - b) Loans amounting to Nil (Rs.9.08 lakhs) is guaranteed by the Managing Director and Joint Managing Director of SAAPL.

Terms of Repayment

84 equal monthly installments beginning from May 2009 after initial moratorium period of 5 Months.

36 equal monthly installments beginning from January 2012.

**EUROPEAN SUBSIDIARY:****Nature of Security**

Loans amounting to Rs.256.21 lakhs (Rs.702.03 lakhs).

Terms of Repayment

Repayable in installments upto April 2016.

(iv) UNSECURED LOANS FROM OTHER PARTIES:**SAKTHI AUTO COMPONENT LIMITED (HOLDING COMPANY):****Nature of Security**

Loan under Sales Tax Deferral amounting to Rs.29.57 lakhs (Rs.255.58 lakhs).

Terms of Repayment

Installments beginning from December 2006 to April 2015.

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):**Nature of Security**

1. Loan amounting to Nil (Rs.13.47 lakhs).

2. Loan amounting to Nil (Rs.0.90 lakhs).

3. Guarantees given by Directors:

Loans amounting to Nil (Rs.14.37 lakhs) are guaranteed by the Managing Director and Joint Managing Director of SAAPL.

Terms of Repayment

36 equal monthly installments beginning from February 2012.

36 equal monthly installments beginning from May 2011.

(d) FINANCE LEASE OBLIGATIONS:**SAKTHI AUTO COMPONENT LIMITED (HOLDING COMPANY):****Nature of Security**

The Hire Purchase Finance amounting to Rs.2.87 lakhs (Rs.5.13 lakhs) are secured by hypothecation of the vehicles so financed.

Terms of Repayment

Repayable in 36 Monthly Installments.

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):**Nature of Security**

1. HP Vehicle loans amounting to Rs.4.29 lakhs (Rs.1.64 lakhs) are secured by hypothecation of vehicles so financed.

2. HP Machinery loans amounting to Rs.16.12 lakhs (Rs.119.52 lakhs) are secured by hypothecation of machineries so financed.

3. HP Machinery loan amounting to Rs.115.34 lakhs (Rs.114.25 lakhs) is secured by hypothecation of machineries so financed.

4. HP Machinery loan amounting to Rs.115.85 lakhs (Rs.131.15 lakhs) is secured by hypothecation of machineries so financed.

5. Guarantees given by Directors:

Loans amounting to Rs.251.60 lakhs (Rs.366.56 lakhs) are guaranteed by the Managing Director and Joint Managing Director of SAAPL.

Terms of Repayment

Repayable in 36 Monthly Installments.

Repayable in 48 Monthly Installments.

Repayable in 60 Monthly Installments.

Repayable in 84 Monthly Installments.

EUROPEAN SUBSIDIARY:**Nature of Security**

Lease Finance Facilities amounting to Rs.865.65 lakhs (Rs.1081.02 lakhs) are secured by the equipments so financed.

Terms of Repayment

Repayable in installments upto January 2017.



(Rs. in lakhs)

As at 31.03.2014 As at 31.03.2013

NOTE No. 4

OTHER LONG TERM LIABILITIES

Sundry Deposits & Other Payables	900.03	806.21
TOTAL	900.03	806.21

NOTE No. 5

LONG TERM PROVISIONS

Provision for employee benefits	457.52	390.67
TOTAL	457.52	390.67

NOTE No. 6

SHORT TERM BORROWINGS

(a) Loans repayable on demand

Secured Loans

(i) From Banks	17,658.53	14,570.01
(ii) From other parties	649.65	506.11
	18,308.18	15,076.12

Unsecured Loans

(iii) From Banks	6,427.95	5,032.19
(iv) From other parties	1,486.66	1,924.57
	7,914.61	6,956.76
	26,222.79	22,032.88

(b) Loans and advances from related parties (Unsecured)

(For details please refer Note No.28)

460.96 820.06

TOTAL **26,683.75** **22,852.94**

NATURE OF SECURITY AND OTHER TERMS OF SHORT TERM BORROWINGS:

(a) (i) SECURED LOANS FROM BANKS:

SAKTHI AUTO COMPONENT LIMITED (HOLDING COMPANY):

- Working capital facility of Rs.2477.19 lakhs (Rs.1499.53 lakhs) is secured by:
 - Hypothecation of finished goods, raw materials, stock in process and stores and spares of the Company ranking paripassu with Central Bank of India and exclusive charge on the export receivables of Thyssen Krupp Automotive Systems, Mexico, Haldex Brake Products, Sweeden, Gabriel De Columbia and Omnibus BB Transportes, Ecuador.
 - Second charge on the fixed assets of the Company on pari passu with Bank of India and Central Bank of India (except assets charged on exclusive basis).
 - Second charge on the receivables of the Company on pari passu with Bank of India (except receivables charged to Central Bank of India on first charge basis).
- Working capital facility of Rs.499.39 lakhs (Rs.495.84 lakhs) is secured by:

Hypothecation of raw materials, work in progress, finished goods and stores of the Company ranking paripassu with Indian Overseas Bank.
- Working capital facility amounting to Rs.4010.47 lakhs (Rs.3013.83 lakhs) is secured by:
 - Escrow of receivables from Maruti Suzuki India Ltd, Honda Siel Cars and Bosch Chassis.
 - Second charge on the fixed assets of the Company on pari passu with Bank of India and Central Bank of India (except assets charged on exclusive basis).

**NOTE No. 6 (Contd..)**

4. Working capital facility amounting to Rs.22.98 lakhs (Rs.103.83 lakhs) is secured by:
 - a) Exclusive charge by way of first security interest on Bills drawn on GM Korea company, Korea.
 - b) Second charge on inventory, other receivables and fixed assets of the Company ranking pari passu with Indian Overseas Bank and Central Bank of India.
5. Working capital facility amounting to Rs.3857.58 lakhs (Rs.3933.09 lakhs) is secured by:
 - a) Exclusive first charge on the entire receivables from Iljin Automotive P Ltd, General Motors India Ltd, Mahindra Renault p Ltd, Haldex India Ltd, Ford India Ltd, Toyota Kirloskar Auto Parts, Mahindra & Mahindra, Volkswagen India Private Ltd, Nissan Motor India P Ltd, Dynamatic Technologies Ltd, Myunghwa Automotive India P Ltd, Sona Steering Systems Ltd, Fiat India P Ltd, Maini Precision Products P Ltd, RSB Transmission P Ltd and any other addition of new receivables in future.
 - b) Exclusive charge on the specified plant and machinery.
 - c) Second charge on the fixed assets of the Company on pari passu with Indian Overseas Bank and Bank of India (except assets charged on exclusive basis).
6. Working capital facility amounting to Nil (Rs.400.00 lakhs) is secured by:
Subservient charge on the current and movable fixed assets of the Company.
7. Working capital facility amounting to Rs.1493.09 lakhs (Rs.531.59 lakhs) is secured by:
Exclusive charge on the current and future receivables from Volvo and GM Orion and GM Brazil outstandings, monies receivables, claims, bills, engagements, securities, rights, choses-in action etc.
8. Letter of Credit facility of Rs.699.65 lakhs (Rs.798.67 lakhs) is secured by:
 - a) Documents of title to goods/accepted hundies.
 - b) Second charge on the fixed assets of the Company on pari passu with Bank of India and Central Bank of India (except assets charged on exclusive basis).
9. Working capital facilities under 1,3 & 8 above are further secured by pledge of 1,55,28,244 equity shares held by Sakthi Sugars Limited, the holding Company.
10. Guarantees given by Directors/Others:
 - a) Working Capital facilities outstanding amounting to Rs.7187.31 lakhs (Rs. 5312.03 lakhs) are guaranteed by Chairman and Managing Director, Sri.M.Balasubramaniam and Sri. M.Srinivaasan, Directors of SACL.
 - b) Working Capital facilities outstanding amounting to Rs.5873.04 lakhs (Rs.5464.35 lakhs) are guaranteed by Chairman and Managing Director of SACL.
 - c) Working Capital facilities outstanding amounting to Rs.1500.00 lakhs (Rs.1499.53 lakhs) are further guaranteed by Sakthi Sugars Limited, the holding Company.

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):

1. Working capital facility of Rs.848.56 lakhs (Rs.778.74 lakhs).
2. Letter of Credit facility of Rs.139.92 lakhs (Rs.137.60 lakhs).
The above facilities are secured by:
 - a) First charge by way of hypothecation of finished goods, raw materials, stock in process and stores and spares of the Company.
 - b) Equitable mortgage of the Company's immovable properties and exclusive charge on the plant and machinery, equipments and other fixed assets.
 - c) Personal guarantee by the Managing Director and Joint Managing Director of SAAPL and corporate guarantee by the holding Company.

EUROPEAN SUBSIDIARY:

Loans amounting to Rs.3609.70 lakhs (Rs.2877.29 lakhs) are secured by the Pledge over land and buildings of the Portugal unit.



(ii) SECURED LOANS FROM OTHER PARTIES:

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):

Sale Bill factoring facility of Rs.649.66 lakhs (Rs.506.11 lakhs) is secured by:

- Assignment of supply bills discounted.
- Second charge on all present and future current assets, stock in trade, book debts, outstandings, monies receivable, claims and bills which are now due and owing or which may at any time hereafter during the continuance of this security become due and owing to the Company in course of its business by its debtors.
- Personal guarantee by the Managing Director and Joint Managing Director of SAAPL and corporate guarantee by the holding Company.

(iii) UNSECURED LOANS FROM BANKS:

SAKTHI AUTO COMPONENT LIMITED (HOLDING COMPANY):

Unsecured loan amounting to Rs.200 lakhs (Rs.200 lakhs) is secured by Collateral Security and Corporate Guarantee by a promoter Company and Personal Guarantee of the Chairman and Managing Director of SACL.

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):

Overdraft facility of Rs.202.70 lakhs (Rs.202.49 lakhs) is secured by one specific asset of a Promoter Company and personal guarantee of the Chairman & Managing Director of the holding Company.

EUROPEAN SUBSIDIARY:

Bill factoring facilities amounting to Rs.6025.24 lakhs (Rs.4629.70 lakhs) are repayable in installments upto October 2015.

NOTE No. 7

OTHER CURRENT LIABILITIES

	(Rs. in lakhs)	
	As at 31.03.2014	As at 31.03.2013
Current maturities of long term debts	37,446.94	32,869.90
Current maturities of finance lease obligations	579.02	498.73
Interest accrued but not due on borrowings	389.05	387.37
Interest accrued and due on borrowings	3,813.96	2,672.96
Unclaimed matured deposits	0.05	0.14
Unclaimed matured debentures	15.04	142.31
Other Payables:		
Statutory remittance	1,148.95	774.71
Advance from customers	84.84	120.75
Other liabilities	3,195.72	3,113.34
Liabilities for capital expenditure	441.98	425.58
	<u>4,871.49</u>	<u>4,434.38</u>
TOTAL	47,115.55	41,005.79

NOTE No. 8

SHORT TERM PROVISIONS

Provision for employee benefits	12.05	14.68
Other Provision	5,338.03	3,911.58
TOTAL	5,350.08	3,926.26



NOTE No. 9
TANGIBLE ASSETS

(Rs. in lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2013	Additions	Deletions / Adjustments	As on 31.03.2014	Upto 31.03.2013	For the year	With- drawn	Upto 31.03.2014	As on 31.03.2013	As on 31.03.2014
Land	17026.31	—	—	17026.31	—	—	—	—	17026.31	17026.31
Buildings	15605.91	226.93	—	15832.84	1911.11	679.74	—	2590.85	13694.80	13241.99
Plant and equipment	71055.71	2147.40	7.91	73195.20	12322.45	4917.46	3.16	17236.75	58733.26	55958.45
Furniture and fixtures	66.92	2.58	—	69.50	41.14	4.12	—	45.26	25.78	24.24
Vehicles	379.98	72.15	30.44	421.69	160.01	45.31	24.07	181.25	219.97	240.44
Office equipments	860.98	23.87	—	884.85	535.04	73.03	—	608.07	325.94	276.78
Total	104995.81	2472.93	38.35	107430.39	14969.75	5719.66	27.23	20662.18	90026.06	86768.21
Work in Progress	532.63	2023.10	615.95	1939.78	—	—	—	—	532.63	1939.78
Total For The Year	105528.44	4496.03	654.30	109370.17	14969.75	5719.66	27.23	20662.18	90558.69	88707.99
Total For The Previous Year	100947.24	6984.99	2403.79	105528.44	10068.80	4904.18	3.23	14969.75	90878.44	90558.69
Note:	Land, Buildings, Plant and Equipment of Sakthi Auto Component Ltd. have been revalued as on 31.12.2008 & 31.03.2012. Other assets are shown at Written Down book Value. The Net Increase on revaluation on the above dates amounting to Rs.9389.16 lakhs and Rs.22901.60 lakhs respectively have been credited to Revaluation Reserve.									

NOTE No. 10
INTANGIBLE ASSETS

(Rs. in lakhs)

PARTICULARS	GROSS BLOCK				AMORTISATION			NET BLOCK	
	As on 01.04.2013	Additions	Deletions	As on 31.03.2014	Upto 31.03.2013	For the Year	Upto 31.03.2014	As on 31.03.2013	As on 31.03.2014
Product Development	12013.62	3617.87	—	15631.49	8154.71	1251.17	9405.88	3858.91	6225.61
Total for the year	12013.62	3617.87	—	15631.49	8154.71	1251.17	9405.88	3858.91	6225.61
Total for the previous year	10166.32	1847.30	—	12013.62	7452.35	702.36	8154.71	2713.98	3858.91



(Rs. in lakhs)
As at
31.03.2014 As at
31.03.2013

NOTE No. 11

NON-CURRENT INVESTMENTS - At Cost

(a) Investments in Equity Instruments

Unquoted:

(i) Subsidiaries

Sakthi Europe Verwaltungs GmbH, Germany	–	21.00
Suryadev Alloys and Power P. Limited	2.27	–
64,800 Shares of Rs.10 each		
	<u>2.27</u>	<u>21.00</u>

(ii) Others

Shamarao Vithal Co-op Bank		
4000 Shares of Rs.25 each	1.00	1.00
OPG Energy Private Limited		
76800 shares of Rs.10 each	–	7.68
Coromandel Electric Company Limited		
60000 shares of Rs.10 each	6.00	6.00
	<u>7.00</u>	<u>14.68</u>
Total of Unquoted Investments	<u>9.27</u>	<u>35.68</u>

(b) Investments in Government Securities:

Investment in Govt. Securities	0.02	18.93
--------------------------------	-------------	-------

Investment in Partnership firm:

Sakthi Europe GmbH & Co Germany	–	46,187.40
TOTAL	<u>9.29</u>	<u>46,242.01</u>

Aggregate amount of Quoted investments

Aggregate amount of Unquoted Investments

Provision for diminution in value of Investments

–	–
9.29	46,242.01
–	–

NOTE No. 12

LONG TERM LOANS AND ADVANCES - Unsecured, Considered good

a) Capital Advances	331.15	380.15
b) Security Deposits	1,021.80	1,092.77
c) Loans and Advances to related parties (for details please see Note No. 28)	43.48	–
d) Other Loans and Advances:		
Advance Income-tax	214.23	143.94
Mat Credit entitlement	1,797.43	1,339.00
Advance for purchases & others	184.04	139.36
	<u>2,195.70</u>	<u>1,622.30</u>
TOTAL	<u>3,592.13</u>	<u>3,095.22</u>

NOTE No. 13

OTHER NON-CURRENT ASSETS

Sundry Deposits	550.86	543.71
TOTAL	<u>550.86</u>	<u>543.71</u>



	(Rs. in lakhs)	
	As at 31.03.2014	As at 31.03.2013
NOTE NO. 14		
INVENTORIES		
(a) Raw Materials:		
Steel Scrap, Pig Iron and Other	7,893.56	6,626.55
(b) Work in Progress:		
Iron Castings and Industrial Valves	5,757.47	4,458.27
(c) Finished goods:		
Iron Castings and Industrial Valves	12,489.68	14,135.75
(d) Stores and spares:	1,090.85	1,228.58
TOTAL	27,231.56	26,449.15

For mode of calculation please refer Sl. No. 2 in significant Accounting Policies.

NOTE No. 15		
TRADE RECEIVABLES - Unsecured, Considered Good		
Trade receivables outstanding for a period exceeding six months	1,317.64	81.51
Trade receivables outstanding for a period less than six months	18,349.71	15,587.87
TOTAL	19,667.35	15,669.38

NOTE No. 16		
CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents:		
Balances with Banks	430.13	1,193.29
Cash on Hand	15.73	16.47
Margin Money with banks/security against borrowings	1,124.20	1,066.60
TOTAL	1,570.06	2,276.36

Margin money with banks includes deposits with maturity period of more than 12 months of Rs.351.59 lakhs (Rs.593.07 lakhs)

NOTE No. 17		
SHORT TERM LOANS AND ADVANCES Unsecured, considered good		
Loans and Advances to related parties (for details please refer note no.28)	1,199.07	299.65
Other Loans and Advances:		
Loans and advance due by officers	59.44	28.84
Prepaid expenses	217.23	151.16
Deposited with Government authorities	1,832.63	1,145.83
Advance for purchases & others	1,880.03	1,710.10
Advance Income-tax	313.09	558.52
TOTAL	5,501.49	3,894.10

NOTE No. 18		
OTHER CURRENT ASSETS		
Outstanding Income and interest receivable	323.12	252.91
TOTAL	323.12	252.91



	(Rs. in lakhs)	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE No. 19		
REVENUE FROM OPERATIONS:		
(a) Sale of Products:		
Manufactured Goods:		
Iron Castings	1,32,260.64	1,16,691.54
Pattern Sale	403.18	762.68
Industrial Valves	811.03	514.28
Total (a)	1,33,474.85	1,17,968.50
(b) Sale of Services		
	1,114.58	860.47
(c) Other Operating revenues:		
Sale of Used Materials	279.55	305.20
Duty drawback/other export incentive	210.19	185.08
Total (c)	489.74	490.28
Total (a+b+c)	1,35,079.17	1,19,319.25
Less : Excise Duty	7,062.03	6,653.60
TOTAL	1,28,017.14	1,12,665.65
NOTE No. 20		
OTHER INCOME		
(a) Interest income	289.95	362.07
(b) Dividend income	0.12	0.12
(c) Other Non-operating income:		
Rent receipts	5.52	5.32
Profit on Sale of Fixed Assets	0.31	—
Miscellaneous Income	668.85	228.97
Development cost received	30.78	51.98
Sundry balance written off	5.88	0.14
	711.34	286.41
TOTAL	1,001.41	648.60
NOTE No. 21		
COST OF MATERIAL CONSUMED		
(a) Opening Stock:		
Steel Scrap, Pig Iron & others	7,644.98	6,529.95
Total (a)	7,644.98	6,529.95
(b) Purchases:		
Steel Scrap, Pig Iron & others	45,809.93	43,446.60
Total (b)	45,809.93	43,446.60
(c) Closing Stock:		
Steel Scrap, Pig Iron & others	7,893.56	6,626.55
Total (c)	7,893.56	6,626.55
TOTAL (a+b-c)	45,561.35	43,350.00



		(Rs. in lakhs)
	Year ended	Year ended
	31.03.2014	31.03.2013
NOTE No. 22		
CHANGES IN INVENTORIES OF FINISHED GOODS		
Work-in-progress and Stock in Trade		
(a) Opening Stock		
Finished Goods		
Iron Castings	15,466.45	12,378.64
Work in Progress		
Iron Castings	5,236.48	3,999.10
Total (a)	<u>20,702.93</u>	<u>16,377.74</u>
(b) Closing Stock		
Finished Goods		
Iron Castings	12,489.68	14,135.75
Work in Progress		
Iron Castings	5,757.48	4,458.27
Total (b)	<u>18,247.16</u>	<u>18,594.02</u>
TOTAL (a-b)	<u>2,455.77</u>	<u>(2,216.28)</u>
NOTE No. 23		
EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	10,757.94	8,732.71
Contribution to Provident and other funds	2,187.76	1,944.63
Staff welfare expenses	906.33	859.96
TOTAL	<u>13,852.03</u>	<u>11,537.30</u>
NOTE No. 24		
FINANCE COSTS		
Interest Expense		
On borrowings	8,419.48	7,571.50
Other borrowing costs	13.04	69.50
Gain/loss on foreign currency transactions	194.00	192.06
TOTAL	<u>8,626.52</u>	<u>7,833.06</u>
NOTE No. 25		
DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation	5,719.66	4,904.18
Less : Transfer to Revaluation reserve	839.28	839.28
	4,880.38	4,064.90
Amortisation expense	1,251.17	702.36
TOTAL	<u>6,131.55</u>	<u>4,767.26</u>
NOTE No. 26		
OTHER EXPENSES		
Manufactuing Expenses		
Consumption of Stores and spares	17,357.17	16,132.69
Power and Fuel	16,795.26	16,011.35
Water charges	161.44	149.22
Fettling & Machining Charges	2,886.36	2,329.11



	(Rs. in lakhs)	
	Year ended 31.03.2014	Year ended 31.03.2013
NOTE No. 26 (Contd.)		
Rent	458.14	478.29
Lease Rent	49.78	42.25
Repairs to buildings	81.56	76.35
Repairs to machinery	3,600.46	3,357.31
Repairs to others	204.29	165.15
Insurance	397.64	351.91
Rates and Taxes, (excluding taxes on income)	57.60	57.85
Royalty	22.79	23.03
Selling and Distribution Expenses:		
Packing materials	1,535.26	1,452.71
Selling and distribution expenses	2,878.31	2,390.50
Freight and transport on finished goods	1,883.73	1,827.90
Other Administrative Expenses:		
Travelling expenses	377.36	255.11
Printing, postage, telephone & telex	303.51	221.61
Freight and transport	223.18	193.90
Donations	19.09	5.38
Legal and Professional charges	1,452.60	1,257.85
Excise duty on stock adjustments	(31.47)	13.80
Administrative and other expenses	771.20	644.10
Bank Charges	143.31	95.44
Payment to Auditor		
As Auditor's	15.58	13.25
Taxation matters	2.37	2.11
Management & other services	8.17	5.83
Service Tax	2.71	1.25
Reimbursement of expenses	0.31	0.07
Managerial remuneration	108.75	81.15
Directors sitting fees	9.45	3.65
Loss on sale of Fixed Assets	2.05	—
Deferred Revenue expenditure written off	2.08	6.65
Irrecoverable advances written off	2.89	0.11
TOTAL	51,782.93	47,646.88

NOTES FORMING PART OF FINANCIAL STATEMENTS

27. Employee Benefits:

Gratuity and Provident Fund:

Gratuity, Provident Fund and Employees State Insurance are defined Contribution Plans. The expenses recognised in the statement of Profit and Loss:

(Rs. in lakhs)

Particulars	31 st March 2014	31 st March 2013
Gratuity	120.92	89.19
Provident Fund	144.42	125.27
Employees State Insurance	35.17	34.73



SAKTHI AUTO COMPONENT LIMITED (HOLDING COMPANY)

Disclosure report under Accounting Standard-15 - Leave Salary

Type of Plan: Long Term Compensated Absence as per Actuarial valuation

(Rs. in lakhs)

Particulars	31.03.2014	31.03.2013
I Principal Actuarial Assumptions (Expressed as weighted average)		
Discount Rate	9.10%	8.05%
Salary escalation rate	8.00%	7.00%
Attrition rate	5.00%	3.00%
Expected rate of return on Plan Assets	—	—
II Changes in the Present Value of the Obligation (PVO) - Reconciliation of Opening and Closing Balances		
PVO as at the beginning of the period	80.45	67.38
Interest Cost	7.18	5.23
Current Service Cost	26.46	28.77
Past Service cost - (non vested benefits)	—	—
Past service cost - (vested benefits)	—	—
Benefits paid	(3.18)	(4.74)
Actuarial loss/(gain) on obligation (balancing figure)	(13.61)	(16.18)
PVO as at the end of the period	97.30	80.45
III Changes in the Fair Value of Plan Assets - Reconciliation of Opening and Closing Balances		
Fair value of plan assets as at the beginning of the period	—	—
Expected return on plan assets	—	—
Contributions	3.18	4.74
Benefits paid	(3.18)	(4.74)
Actuarial gain/(loss) on obligation (balancing figure)	—	—
Fair value on plan assets as at the end of the period	—	—
IV Actual Return on Plan Assets		
Expected return on plan assets	—	—
Actuarial gain/(loss) on plan assets	—	—
Actual return on plan assets	—	—
V Actual Gain/Loss Recognised		
Actuarial gain/(loss) for the period - Obligation	(13.60)	(16.18)
Actuarial gain/(loss) for the period - Plan Assets	—	—
Total (gain)/loss for the period	(13.60)	(16.18)
Actuarial (gain)/loss recognized in the period	(13.60)	(16.18)
Unrecognized actuarial (gain)/loss at the end of the year	—	—
VI Amounts Recognised in the Balance Sheet and Related Analyses		
Present value of the obligation	80.45	67.38
Fair value of plan assets	—	—
Difference	80.45	67.38
Unrecognised transitional liability	—	—
Unrecognised past service cost-non vested benefits	—	—
Liability recognized in the balance sheet	80.45	67.38



Disclosure report under Accounting Standard-15 - Leave Salary (Contd.)

Particulars	31.03.2014	31.03.2013
VII Expenses Recognised in the Statement of Profit and Loss		
Current service cost	26.46	28.77
Interest Cost	7.18	5.23
Expected return on plan assets	–	–
Net actuarial (gain)/loss recognised in the year	(13.61)	(16.18)
Transitional Liability recognised in the year	–	–
Past service cost-non-vested benefits	–	–
Past service cost-vested benefits	–	–
Expenses recognized in the statement of profit and loss	20.03	17.82
VIII Movements in the Liability Recognised in the Balance Sheet		
Opening net liability	80.45	67.38
Expenses as above	20.03	17.81
Contribution paid	(3.18)	(4.74)
Closing net liability	97.30	80.45
IX Amount for the Current Period		
Present value of obligation	97.30	80.45
Plan Assets	–	–
Surplus (Deficit)	97.30	80.45
X Major Categories of Plan Assets (As Percentage of Total Plan Assets)	Nil	Nil

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL)

Particulars	31.03.2014	31.03.2013
I Principal Actuarial Assumptions (Expressed as weighted average)		
Discount Rate	9.20%	8.05%
Salary escalation rate	6.00%	5.50%
Attrition rate	5.00%	2.00%
Expected rate of return on Plan Assets	8.00%	8.05%
II Changes in the Present Value of the Obligation (PVO) - Reconciliation of Opening and Closing Balances		
PVO as at the beginning of the period	46.26	40.78
Interest Cost	4.25	3.28
Current Service Cost	7.36	7.22
Past Service cost - (non vested benefits)	–	–
Past service cost - (vested benefits)	–	–
Benefits paid	–	–
Actuarial loss/(gain) on obligation (balancing figure)	5.15	(5.01)
PVO as at the end of the period	63.02	46.26
III Changes in the Fair Value of Plan Assets - Reconciliation of Opening and Closing Balances		
Fair value of plan assets as at the beginning of the period	23.09	21.38
Expected return on plan assets	1.85	1.72
Contributions	–	--
Benefits paid	–	--
Actuarial gain/(loss) on obligation (balancing figure)	(0.29)	(0.01)
Fair value on plan assets as at the end of the period	24.65	23.09



SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL) (Contd.)

Particulars	31.03.2014	31.03.2013
IV Actual Return on Plan Assets		
Expected return on plan assets	1.85	1.72
Actuarial gain/(loss) on plan assets	(0.29)	(0.01)
Actual return on plan assets	1.56	1.71
V Actual Gain/Loss Recognised		
Actuarial gain/(loss) for the period - Obligation	5.15	(5.02)
Actuarial gain/(loss) for the period - Plan Assets	0.29	0.01
Total (gain)/loss for the period	5.44	(5.01)
Actuarial (gain)/loss recognized in the period	5.44	(5.01)
Unrecognized actuarial (gain)/loss at the end of the year	-	-
VI Amounts Recognised in the Balance Sheet and Related Analyses		
Present value of the obligation	63.02	46.26
Fair value of plan assets	24.65	23.09
Difference	(38.37)	(23.16)
Unrecognised transitional liability	-	-
Unrecognised past service cost-non vested benefits	-	-
Liability recognized in the balance sheet	(38.37)	(23.16)
VII Expenses Recognised in the Statement of Profit and Loss		
Current service cost	7.36	7.22
Interest Cost	4.26	3.28
Expected return on plan assets	(1.85)	(1.72)
Net actuarial (gain)/loss recognised in the year	5.44	(5.00)
Transitional Liability recognised in the year	-	-
Past service cost-non-vested benefits	-	-
Past service cost-vested benefits	-	-
Expenses recognized in the statement of profit and loss	15.21	3.77
VIII Movements in the Liability Recognised in the Balance Sheet		
Opening net liability	(23.16)	(19.39)
Expenses as above	(15.21)	(3.77)
Contribution paid	-	-
Closing net liability	(38.37)	(23.16)
IX Amount for the Current Period		
Present value of obligation	63.02	46.25
Plan Assets	24.65	23.09
Surplus (Deficit)	(38.37)	(23.16)
X Major Categories of Plan Assets (As Percentage of Total Plan Assets)	Nil	Nil



28. RELATED PARTIES DISCLOSURE:

I. Related Parties:

a. Holding Company

Sakthi Sugars Limited

b. Subsidiary Companies

Sakthi Auto Ancillary Private Limited

Orlandofin BV

Sakthi Auto Mauritius Limited

c. Associates

ABT Limited

ABT Industries Limited

Sakthi Finance Limited

Nachimuthu Industrial Association

J S Auto Cast Foundry India Pvt. Limited

d. Key Managerial Personnel (KMP)

Dr.M Manickam, Chairman and Managing Director

Sri S Jeevanantham, Managing Director of SAAPL

Sri S Mohanraj, Joint Managing Director of SAAPL

Sri Jorge Filipe Vilar de Almeida Fesch, Managing Director of Sakthi Portugal, S.A.

e. Relatives of Key Managerial Personnel

There has been no transaction with relatives of key managerial personnel.

f. Enterprises in which KMP/relatives of KMP have significant influence

N.Mahalingam & Company

Note: Information has been furnished with respect to individuals/entities with whom/which related party transactions had taken place during the year.



Sakthi Auto Component Limited

II Related Parties Transactions :

(Rs. in lakhs)

Nature of Transactions	Holding Company	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Entities in which KMP/ relatives of KMP have significant influence	Total
Purchase						
Purchase of Materials	5.79 (0.83)	381.67 (140.17)				387.46 (141.00)
Sales						
Sale of Materials	4.57 (5.38)	22.46 (2.89)				27.03 (8.27)
Rendering of services						
Interest Receipts	57.85 (62.38)					57.85 (62.38)
Receiving of services						
Interest Payments		619.55 (2426.69)				619.55 (2426.69)
Printing charges		10.22 (8.20)				10.22 (8.20)
Others		3.54 (2.70)				3.54 (2.70)
Lease rent		— (5.40)				— (5.40)
Vehicle Purchase/ Maintenance		6.87 (21.03)			21.35 (31.43)	28.22 (52.46)
Transport charges		26.92 (—)				26.92 (—)
Managerial Remuneration						
Remuneration to Managing Director and Joint Managing Director			108.75 (81.15)			108.75 (81.15)
Sitting Fees				0.60 (0.80)		0.60 (0.80)
Balance outstanding at the end of the year						
Key Managerial Personnel			78.42 (46.21)			78.42 (46.21)
Trade Receivable	0.37 —					0.37 —
Trade Payable		93.99 (125.99)				93.99 (125.99)
Loans and advances	203.29 (214.81)	1039.26 (84.84)				1242.55 (299.65)
Borrowing	16993.14 (17087.13)	4671.54 (4715.98)				21664.68 (21803.11)

Figures in brackets are that of the previous year



29. Earnings per Share:

Particulars	2013-14	2012-13
Basic:		
a) Net Profit as per statement of Profit and Loss (Rs. in lakhs)	45345.78	(397.35)
b) Less: Dividend attributable to Preference shareholders (including tax)	2937.93	4295.21
c) Net Profit/loss after Preference Dividend	42407.85	(4692.56)
d) No. of Equity Shares - Basic	98246160	43860000
e) Nominal value per Equity share (Rs.)	10	10
f) Earnings per share - Basic (Rs.)	43.16	(10.70)
Diluted:		
a) Net Profit attributable (Rs. in lakhs)	45345.78	(397.35)
b) Weighted average number of shares	532602740	246310000
c) Earnings per share - Diluted (Rs.)	8.51	(0.16)

30. Deferred Tax:

(Rs. in lakhs)

Particulars	31.03.2014	31.03.2013
A. For Indian Companies:		
i) Deferred Tax Liability:		
Arising out of depreciation of Fixed Assets (Net)	3607.46	3100.89
Difference in treatment of expenses/income (Net)	289.04	231.15
Total	3896.50	3332.04
ii) Deferred Tax Asset:		
Carried forward losses/Unabsorbed depreciation	1457.25	1716.22
Net Deferred Tax Liability (+) / Asset (-)	2439.25	1615.82
B. For Foreign Companies:		
i) Deferred Tax Liability:		
Revaluation of tangible Fixed Assets	874.41	969.50
Non reimbursable investment subsidies	-	110.03
Total	874.41	1079.53
ii) Deferred Tax Assets:		
Provisions not tax deductible	21.53	54.26
Corporate income tax credit	338.41	285.00
Tax losses	357.41	450.22
Total	717.35	789.48
Net Deferred Tax Liability (+) / Asset (-)	157.06	290.05
Deferred Tax Liability (+) / Asset (-) (A+B)	2596.31	1905.87

31. Contingent Liabilities:

(Rs. in lakhs)

Particulars	31.03.2014	31.03.2013
A) Claims against the Company not acknowledged as debts:		
(i) Income tax matters	129.45	31.22
(ii) Corporate Guarantee given to foreign subsidiaries		
– Guarantee Amount	33030.60	27817.52
– Outstanding Amount	35031.34	28838.95
(iii) Others	1042.29	515.00
B) Guarantees issued by bankers	980.20	1195.43
C) Corporate guarantee Provided:		
(i) Guarantee amount	23534.00	23409.00
(ii) Outstanding amount	25510.06	23618.13
D) Refer to Note 1 (iii) supra regarding arrears of dividends with respect to 16.96% Participatory Cumulative Compulsorily Convertible Preference shares		



32. Commitments:

(Rs. in lakhs)

Particulars	31.03.2014	31.03.2013
Estimated amount of contracts remaining to be executed on capital account and not provided for	140.29	1215.69

33. Disclosure pursuant to AS-28 on Impairment of Assets:

During the year, a review has been done for carrying value of the assets for finding out the impairment, if any. The review has not revealed any impairment of assets in terms of AS-28.

34. The Company has opted to recognize foreign exchange fluctuation based on maturity of obligation in conformity with the option given by Notification No: GSR 913(E) dated 29th December 2011 issued by the Ministry of Corporate Affairs.
35. Previous year's figures have been regrouped / restated wherever necessary to correspond with the current year's classification/disclosure.

Vide our report annexed

For P.N. RAGHAVENDRA RAO & Co

Chartered Accountants

(Firm Regn. No. : FRN003328S)

P R VITTEL

Partner

M.No. 018111

Coimbatore

29.05.2014

M MANICKAM

Chairman & Managing Director

S CHANDRASEKHAR

Director

S KAVITHA

Company Secretary



SIGNIFICANT ACCOUNTING POLICIES (Consolidated)

1. Basis of Preparation:

The accompanying Financial Statements have been prepared on a going concern basis under the historical cost convention on the accrual basis of accounting in conformity with Generally Accepted Accounting Principles.

2. Valuation of Inventories:

I) Companies in India:

Inventories are valued at cost or the net realizable value whichever is lower increased by excise duty thereon wherever applicable. The cost is computed on weighted average basis. The Cost for the finished goods and process stock is inclusive of cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

II) Subsidiary Company in Portugal:

Stocks are valued at the lowest of cost or net realisable values as follows:

Raw and subsidiary materials - at Cost of latest purchase price including all expenses incurred until arrival at the warehouse.

Finished and semi-finished goods - At production cost, which includes raw materials, direct labour and factory overheads.

Work in progress - At production cost, which includes raw materials, direct labour and factory overheads, adjusted as per completion phase of production.

3. Fixed Assets:

- a) Fixed Assets are shown at cost/re-valued figures, less accumulated depreciation. Fixed assets added during the year are valued at cost net of duty taken on credit but includes all direct expenses like freight, erection charges, pre operative expenses and borrowing costs.
- b) Expenditure including borrowing cost incurred on projects under implementation is shown under "Work-in-Progress" pending allocation to the assets.

4. Intangible Assets:

I) Parent company:

Product Development expenses being intangible assets is amortized over a period of 10 years in accordance with AS-26.

II) Subsidiary Company in Portugal:

Incorporation expenses incurred with the Company's incorporation and studies and projects, research development expenses of new projects are recorded at acquisition cost less accumulated depreciation thereon. Depreciation is calculated on a straight line method duodecimal basis over estimated useful life.

5. Borrowing Costs:

Indian Companies:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets.

6. Depreciation:

I) Indian Companies:

Depreciation is provided under Straight Line Method at the rates/notes prescribed in Schedule XIV to the Companies Act, 1956, on revalued/original cost of assets as the case may be. The additional depreciation relating to increased value of revalued assets is adjusted against Revaluation Reserve.

II) Subsidiary Company in Portugal:

Depreciation is calculated on a straight line method duodecimal basis over estimated useful life.



7. Investments:

Long term Investments are accounted at Cost. The diminution, if any, in value of long term investments is provided if such decline is other than temporary.

8. Miscellaneous Expenditure:

Indian Companies:

Technical know-how is written off over a period of ten years. Loan processing fee, syndication fee and ancillary cost incurred upto 31st March 2011 are written off over the repayment period of respective loans.

a) Revenue Recognition:

Indian Companies:

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of trade discounts, excise duty, sales return.

- i) Gross turnover includes excise duty but exclude sales tax.
- ii) Dividend income is accounted for in the year it is received.
- iii) All other incomes are accounted for on accrual basis.
- iv) The Excise duty on sale of finished goods is deducted from the turnover to arrive at the net sales as shown in the Profit and loss account.
- v) Inter segmental transfer price is not recognised.

b) Expenditure Recognition:

Indian Companies:

The Excise duty appearing in the Profit and loss account as an expenditure represents excise duty provision for difference between opening and closing stock of finished goods.

9. Retirement Benefits:

Indian Companies:

Contribution payable by the Company under defined contribution schemes towards Provident fund, Gratuity, Employees State Insurance and Superannuation fund for the year are charged to Statement of profit and loss.

The Company has opted for Life Insurance Corporation of India Group Gratuity Scheme. For calculating gratuity liability, the premium ascertained by LIC has been taken into account except Sakthi Auto Ancillary Pvt. Ltd (SAAPL). SAAPL, accounts its Gratuity Liability for future gratuity benefits based on the actuarial valuation as at the balance sheet date using the "Projected Unit Credit method". The actuarial gains or losses are recognized immediately in the Statement of profit and loss.

Provision for liability in respect of Leave encashment benefits are made based on actuarial valuation made by an independent actuary as at 31.03.2011 except SAAPL, wherein the leave encashment is paid on yearly basis to eligible employees.

10. Deferred tax:

Deferred tax is recognized on timing difference between accounting income and the taxable income for the period and reversal of timing differences of earlier periods and quantified using the tax rates and laws that have been enacted / substantively enacted as at the balance sheet date. The deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that these would be realized in future.

11. Earning per share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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



12. Impairment of Assets:

Impairment, if any, is recognized in accordance with the applicable Accounting Standard.

13. Provisions, Contingent Liabilities and Contingent Assets:

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

14. Leases:

The Company's significant leasing arrangements are operating leases and are cancelable in nature. The lease rentals paid or received under such arrangements are accounted in the profit and loss account.

15. Basis of Consolidation:

The Consolidated Financial Statements include the Financial Statements of Sakthi Auto Component Limited and its Subsidiaries, namely., Sakthi Auto Ancillary P Ltd, Orlandofin B.V., Sakthi Service GmbH, Sakthi Portugal SA. And Sakthi Auto Mauritius Ltd.

Name of the Subsidiary	Country of Incorporation	Proportion of ownership Interest (%)
Sakthi Auto Ancillary P Ltd	India	51.83
Orlandofin B.V.	Netherlands	100.00
Sakthi Service GmbH	Germany	100.00
Sakthi Portugal SA	Portugal	100.00
Sakthi Auto Mauritius Ltd	Mauritius	100.00

The following step down subsidiaries viz. Sakthi Europe Verwaltungs-GmbH and the Sweden subsidiaries are not consolidated since there is a long term restrictions in the flow of cash from theses subsidiaries to the holding company as the said subsidiaries are under the control of administrators appointed by the respective courts in Germany and Sweden.

The Consolidated Financial Statements have been prepared on the following basis.

- I. The Financial Statements of the parent company and its Subsidiary Company have been consolidated on a line-by-line basis, by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balance and intra-group transactions resulting in unrealised profit or losses. Financials of foreign subsidiaries represented in foreign currencies have been translated using rupee conversion rate on the Balance Sheet date of the parent company.
- II. The Consolidated Financial Statements are prepared by adopting Uniform Accounting Policies. The financial statements of subsidiaries whose reporting currency are other than INR are converted into Indian Rupees on the basis of appropriate exchange rates.
- III. The excess/lower of cost of the Parent Company of its investment in the Subsidiaries over the Parent's portion of equity of the Subsidiaries at the date on which investment in the Subsidiaries are made is described in the financial statements as Goodwill/Capital Reserves.
- IV. Consolidation of financials of foreign subsidiaries has been done to the extent of information being available and the reporting period/s adopted in the respective subsidiaries.



SAKTHI AUTO COMPONENT LIMITED

REGISTERED OFFICE
180 RACE COURSE ROAD, COIMBATORE - 641 018