



Sakthi Auto Component Limited

Registered Office

180, Race Course Road
Coimbatore - 641 018
Tamil Nadu

Board of Directors

Dr M MANICKAM
Chairman & Managing Director

Factory

Mukasi Pallagoundenpalayam
Avinashi Taluk
Tirupur District - 638 056
Tamil Nadu

Sri M BALASUBRAMANIAM
Sri S CHANDRASEKHAR
Sri M SRINIVAASAN
Sri B R KRISHNAKUMAR
Sri C RANGAMANI
Sri B S SESHADRI
Directors

Bankers

Axis Bank Ltd
Bank of India
Central Bank of India
Indian Overseas Bank

Auditors

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

Smt S KAVITHA
Company Secretary

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NOTICE TO MEMBERS

Notice is hereby given that the 14th Annual General Meeting of the Company will be held at its Registered Office at 180, Race Course Road, Coimbatore - 641 018, on Monday, the 23rd September, 2013 at 10.00 am to transact the following business:

1. To consider and adopt the audited Balance Sheet as at 31st March 2013, Statement of Profit and Loss for the year ended on that date and the Directors' Report and the Auditor's Report thereon.
2. To appoint a Director in the place of Sri B R Krishnakumar, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in the place of Sri M Balasubramaniam, who retires by rotation and is eligible for reappointment.
4. To appoint M/s. P N Raghavendra Rao & Co., Chartered Accountants, as Auditors of the Company for holding office upto the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:
 - A. RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors under the provisions of Section 293(1)(a) of the Companies Act, 1956:
 - (i) to mortgage and/or charge as security the whole of the immovable and movable properties relating to the assets of the Company (except assets exclusively charged/mortgaged), 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 Indian Overseas Bank to secure term loan of Rs. 86.46 crores and working capital facilities of Rs. 53 crores to the Company; and
 - (ii) to authorise the Board of Directors of the Company for agreeing with the Indian Overseas Bank the terms and conditions to reserve a right to take over the management of the aforesaid undertaking of the Company in certain events in terms of the agreements/letter of sanction/terms and conditions in connection with the creation of security and other incidental matters.
 - B. RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with the said Bank the documents for creating the aforesaid mortgage/charge and/or for conferring the aforesaid rights and to do all such acts and things as may be necessary for giving effect to the above resolution.
6. To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:
 - A. RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors under the provisions of Section 293(1)(a) of the Companies Act, 1956:
 - (i) to mortgage and/or charge as security the whole of the immovable and movable properties relating to the assets of the Company (except assets exclusively charged/mortgaged) 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 Central Bank of India to secure term loan of Rs.50 crores and working capital facility of Rs.39 crores to the Company; and
 - (ii) to authorise the Board of Directors of the Company for agreeing with the Central Bank of India the terms and conditions to reserve a right to take over the management of the aforesaid undertaking of the Company in certain events in terms of the agreements/letter of sanction/terms and conditions in connection with the creation of security and other incidental matters.
 - B. RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with the said Bank the documents for creating the aforesaid mortgage/charge and/or for conferring the aforesaid rights and to do all such acts and things as may be necessary for giving effect to the above resolution.



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7. To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:

A. RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors under the provisions of Section 293(1)(a) of the Companies Act, 1956:

- (i) to mortgage and/or charge as security the whole of the immovable and movable properties relating to the assets of the Company (except assets exclusively charged/mortgaged), 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 Bank of India to secure term loan of US\$ 11.25 million to the Company; and
- (ii) to authorise the Board of Directors of the Company for agreeing with the Bank of India the terms and conditions to reserve a right to take over the management of the aforesaid undertaking of the Company in certain events in terms of the agreements/letter of sanction/terms and conditions in connection with the creation of security and other incidental matters.

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

RESOLVED that pursuant to the provisions of Section 293(1)(e) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to donate and contribute a sum/sums not exceeding in the aggregate Rs. 50 lakhs (Rupees fifty lakhs only) from out of the funds of the Company for deserving causes and institutions during the financial year ending 31st March 2014.

By order of the Board

Coimbatore
28.05.2013

S. KAVITHA
Company Secretary

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No: 5

The Company has availed term loan of Rs 86.46 crores and working capital facilities aggregating to Rs.53 crores from Indian Overseas Bank. As per the terms of sanction, among others, the above limits are to be secured by the immovable and movable properties (other than assets exclusively charged/mortgaged) of the Company.

As per Section 293(1)(a) of the Companies Act, 1956, approval of the members is required to the Board of Directors to mortgage or charge the aforesaid properties of the Company. Necessary resolutions are placed before the members for approval.

Copies of letter of sanction and other relevant documents are available for inspection of the members at the Registered Office of the Company between 10.00 AM and 3.00 PM on all working days upto the date of the ensuing Annual General Meeting.

None of the Directors is concerned or interested in the said resolutions.

Item No: 6

The Company has availed term loan of Rs.50 crores and working capital facility of Rs.39 crores from Central Bank of India. As per the terms of sanction, among others, the above limits are to be secured by the immovable and movable properties (other than assets exclusively charged/mortgaged) of the Company.

As per Section 293(1)(a) of the Companies Act, 1956, approval of the members is required to the Board of Directors to mortgage or charge the aforesaid properties of the Company. Necessary resolutions are placed before the members for approval.



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Copies of letter of sanction and other relevant documents are available for inspection of the members at the Registered Office of the Company between 10.00 AM and 3.00 PM on all working days upto the date of the ensuing Annual General Meeting.

None of the Directors is concerned or interested in the said resolutions.

Item No: 7

The Company has availed term loan of US\$ 11.25 million from Bank of India. As per the terms of sanction, among others, the above limit is to be secured by the immovable and movable properties (other than assets exclusively charged/mortgaged) of the Company.

As per Section 293(1)(a) of the Companies Act, 1956, approval of the members is required to the Board of Directors to mortgage or charge the aforesaid properties of the Company. Necessary resolutions are placed before the members for approval.

Copies of letter of sanction and other relevant documents are available for inspection of the members at the Registered Office of the Company between 10.00 AM and 3.00 PM on all working days upto the date of the ensuing Annual General Meeting.

None of the Directors is concerned or interested in the said resolutions.

Item No: 8

To meet certain charitable and social obligations, it is proposed to authorise the Board of Directors of the Company to make donations upto Rs.50 lakhs (Rupees fifty lakhs only) during the financial year ending 31st March 2014.

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

None of the Directors is interested or concerned in the above item.

Coimbatore
28.05.2013

By order of the Board
S. KAVITHA
Company Secretary



Sakthi Auto Component Limited

REPORT OF THE DIRECTORS

To the Members

Your Directors present their 14th Annual Report together with the audited financial accounts of the Company for the year ended 31st March 2013

FINANCIAL RESULTS FOR THE YEAR ENDED 31st March 2013

		(Rs.in lakhs)
Profit before finance cost and depreciation & amortisation expense		8583.27
Less: Finance Cost	4748.86	
Depreciation & amortisation expense	<u>1914.14</u>	
		<u>6663.00</u>
Profit before tax		1920.27
Less : Deferred Tax		<u>704.31</u>
Profit after tax		1215.96
Less : Transferred to Debenture Redemption Reserve		<u>182.94</u>
		1033.02
Balance brought forward from previous year		<u>(289.02)</u>
Closing Balance		<u>750.93</u>

OPERATIONS

During the year under review, your Company has achieved a gross turnover of Rs. 58855.06 lakhs as against Rs. 47831.92 lakhs in the previous year. There is increase in the sales turnover by about 23%.

Your Directors are glad to inform that the Company has received 'Overall Silver Award' from Maruti Suzuki India Limited, 'Best Practices Recognition Award' and 'Supplier Quality Excellence Award' from General Motors India Limited, 'Self Certified Supplier Award' from TAFE for the year 2012 and 'Q1 Certificate Award' for the year 2013 from Ford India Limited.

The performance of the Company during the current financial year is expected to be satisfactory.

DIRECTORS

Sri B R Krishnakumar and Sri M Balasubramaniam, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

SHARE CAPITAL

The authorised share capital of the company has been increased to Rs.324 crores consisting of 9,90,00,000 Equity shares of Rs.10 each aggregating to Rs.99.00 crores and 2,25,00,000 Preference shares of Rs.100 each aggregating to Rs.225.00 crores.

Out of 2,02,45,000 Participatory Cumulative Convertible Preference Shares issued by the Company, 54,38,616 Convertible Preference shares have been converted at par value into 5,43,86,160 Equity Shares of Rs.10 each and the period of maturity of the balance Convertible Preference shares aggregating to Rs.148.06 crores have been extended by five years and the rate of dividend thereon has been increased from 15% to 16.96%, after the date of Balance Sheet.

SUBSIDIARY COMPANY

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

With a view to simplify the organisation structure in Europe and to reflect the real value, the investments in Sakthi Portugal SA has been revalued at Euro 136.55 million. The shares held by Sakthi Netherlands BV in Sakthi Services GmbH were transferred to Orlandofin BV in April 2013. As part of the restructuring activity, the step



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down subsidiaries in Netherlands, viz. Sakthi Netherlands BV, Sakthi European Foreign Sales Corporation BV and Sakthi Holdings BV have proposed for liquidation outside insolvency.

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 Netherlands BV, Sakthi European Foreign Sales Corporation BV, Sakthi Holdings 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 2013. 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., Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. A certificate has been obtained from them stating that their appointment, if made, will be within the prescribed limit under section 224(1B) of the Companies Act.

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 2013. The due date of filing the Cost Audit Report is 27th September 2013. The same firm has been reappointed as Cost Auditors for the financial year ending 31st March 2014. For the year ended 31st March 2012, the due date for filing compliance report was 27th September 2012 or 28th February 2013 whichever is later. The actual date of filing the compliance report was 30th January 2013.

AUDIT COMMITTEE

The Audit Committee comprises of the following Directors as its members, viz Dr M Manickam (Chairman), Sri M Balasubramaniam and Sri S Chandrasekhar.

CONSERVATION OF ENERGY

- a. Energy Conservation measures taken :
 - 160 KW, 1000 CFM screw compressor (1 No) has been installed in new machine shop IV and 28W T5 light fittings have been installed in office room and quarters.
- b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy :
 1. Implementation of HAWE make compact power pack for CNC fixture clamping.
 2. Installation of Energy efficient motor for mono block pump and fettling motors.
 3. Proposed to install LED/ CFL lightings by replacing the existing lamp fittings.



- c Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

Sizable savings in power consumption is 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 2013 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
28.05.2013

M MANICKAM
Chairman & Managing Director

ANNEXURE – 1

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31st MARCH 2013

RESEARCH AND DEVELOPMENT (R & D)

- 1. Specific areas in which R & D carried out by the Company:
Uni-axial testing such as Longitudinal, Lateral force test, Steering arm and Lower Control arm fatigue tests are carried out for OEMs.
- 2. Benefits derived as a result of the above R & D:
The yield per mould will be increased. Improvement in the designing and production capability of various critical components.
- 3. Future plan of action:
To expand the testing centre (C-DAT) with more actuators and environment chamber.
- 4. Expenditure on Research and Development
 - a. Capital :
 - b. Recurring :
 - c. Total : Nil
 - 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:
EIRICH Sand Plant is installed and fully put into operation.
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.:
Overall yield increase with reduced rejection level.
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.9207.09 lakhs. Efforts are being taken to increase the volume of export.
2. Total foreign exchange used and earned:

	(Rs.in lakhs)
i) Earned	9207.09
ii) Used	2999.37

On behalf of the Board of Directors

Coimbatore
28.05.2013

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, 2013, 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 referred to in sub-section (3C) of Section 211 of 'the Companies Act, 1956' (the "Act"). 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. 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, 2013;
- 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.

Report on Other Legal and Regulatory requirements

7. 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.

8. 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;



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- 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 by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; 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, 2013, 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
(ICAI Regn. No. : FRN003328S)

P R VITTEL
Coimbatore Partner
28.05.2013 M.No: 018111

Annexure referred to in paragraph 7 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 section 301 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.



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- 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
- 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:

Nature of the disputed dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Service Tax	251.68 107.80	January 2005 to July 2007 August 2007 to October 2011	CESTAT, Chennai. Deputy/Assistant Commissioner, Erode.
Fringe Benefit Tax	31.22	April 2005 to March 2009	Madras High Court, Chennai.

- 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 others and the outstanding amount of such loans is Rs. 298.63 crores (Previous year: Rs.288.16 crores). Based on the management's 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



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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 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
(ICAI Regn. No. : FRN003328S)

P R VITTEL
Partner

Place : Coimbatore
Date : 28.05.2013

M.No: 018111



Sakthi Auto Component Limited

BALANCE SHEET AS AT 31.03.2013

		(Rs. in lakhs)	
	Note No.	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS			
(a) Share Capital	1	24,631.00	24,631.00
(b) Reserves and Surplus	2	40,708.04	40,331.38
		<u>65,339.04</u>	<u>64,962.38</u>
(2) NON-CURRENT LIABILITIES			
(a) Long-term borrowings	3	30,805.02	27,666.78
(b) Deferred tax liabilities		1,335.76	631.45
(c) Other Long term liabilities	4	25.11	19.33
(d) Long term provisions	5	367.51	300.23
		<u>32,533.40</u>	<u>28,617.79</u>
(3) CURRENT LIABILITIES			
(a) Short-term borrowings	6	14,328.10	13,492.01
(b) Trade payables		4,780.35	4,499.70
(c) Other current liabilities	7	7,750.79	6,379.79
(d) Short term provisions	8	1,124.29	1,002.42
		<u>27,983.53</u>	<u>25,373.92</u>
TOTAL (1 to 3)		<u>1,25,855.97</u>	<u>1,18,954.09</u>
II. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	9	59,812.57	60,149.83
(ii) Intangible Assets	10	2,506.96	2,094.57
(iii) Capital work-in-progress		132.73	76.34
		<u>62,452.26</u>	<u>62,320.74</u>
(b) Non-current investments	11	35,423.00	33,260.55
(c) Long term loans and advances	12	3,628.85	3,171.55
(d) Other non-current assets	13	543.71	543.71
		<u>1,02,047.82</u>	<u>99,296.55</u>
(2) CURRENT ASSETS			
(a) Inventories	14	9,014.88	8,584.03
(b) Trade receivables	15	11,117.48	8,243.69
(c) Cash and cash equivalents	16	1,350.05	1,141.41
(d) Short term loans and advances	17	2,083.58	1,390.65
(e) Other current assets	18	242.16	297.76
		<u>23,808.15</u>	<u>19,657.54</u>
TOTAL (1 and 2)		<u>1,25,855.97</u>	<u>1,18,954.09</u>

The Notes form part of these financial statements.

Vide our report annexed

For P N RAGHAVENDRA RAO & Co.

Chartered Accountants

(ICAI Regn. No. : FRN003328S)

P R VITTEL

Partner

M.No. 018111

Coimbatore

28.05.2013

M MANICKAM
Chairman & Managing Director

C RANGAMANI
Director

S KAVITHA
Company Secretary



Sakthi Auto Component Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2013

	Note No.	Year ended 31.03.2013	(Rs. in lakhs) Year ended 31.03.2012
I. Revenue from Operations (Gross)		58,855.06	47,831.92
Less : Excise Duty		<u>5,540.57</u>	3,951.72
Revenue from Operations (Net)	19	53,314.49	43,880.20
II. Other Income	20	167.14	199.24
III. Total Revenue (I + II)		53,481.63	44,079.44
IV. Expenses:			
Cost of material consumed	21	14,649.83	13,210.04
Changes in inventories of finished goods, work in progress and stock in trade	22	292.12	(1,657.11)
Employee benefits expense	23	2,140.29	1,732.24
Finance costs	24	4,748.86	3,488.75
Depreciation and amortization expense	25	1,914.14	1,783.17
Other expenses	26	27,816.12	23,631.76
Total expenses		51,561.36	42,188.83
V. Profit before exceptional and extraordinary items and tax (III-IV)		1,920.27	1,890.61
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V-VI)		1,920.27	1,890.61
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII-VIII)		1,920.27	1,890.61
X. Tax Expenses:			
1. Current Tax		384.18	378.24
MAT credit Entitlement		(384.18)	(378.24)
2. Deferred Tax		704.31	797.46
		704.31	797.46
XI. Profit for the period from continuing operations (IX-X)		1,215.96	1,093.15
XII. Earnings per equity share of Rs. 10/- each			
1. Basic		(7.02)	(6.72)
2. Diluted		0.49	0.44

The Notes form part of these financial statements.

Vide our report annexed

For P.N. RAGHAVENDRA RAO & Co.

Chartered Accountants

(ICAI Regn. No. : FRN003328S)

P R VITTEL

Partner

M.No. 018111

Coimbatore

28.05.2013

M MANICKAM
Chairman & Managing Director

C RANGAMANI
Director

S KAVITHA
Company Secretary



Sakthi Auto Component Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

Particulars	(Rs. in lakhs)	
	2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per statement of Profit and Loss	1,920.27	1,890.61
Adjustment for:		
Depreciation and Amortisation Expense	1,914.14	1,783.17
Finance Costs	4,748.86	3,488.75
Miscellaneous Expenses & Other exp. written off	6.65	26.62
Interest Income	(161.56)	(124.94)
Dividend Income	(0.12)	(0.12)
Operating Profit before Working Capital Changes	6,507.97	5,173.48
Adjustment for:		
Inventories	(430.85)	(1,445.22)
Trade and Other Receivables	(2,873.79)	(2,742.86)
Other Current Assets	55.60	(6.54)
Loans and Advances	(681.48)	3,609.44
Trade and Other Payables	(160.69)	(176.56)
Intangible Assets / Misc. Expenditure Paid	(798.01)	(535.79)
Cash Generated from Operations	(4,889.22)	(1,297.53)
Income tax paid	3,539.02	5,766.56
Net Cash from Operating Activities	(475.40)	88.48
	3,063.62	5,855.04
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(2,086.91)	(5,844.50)
Investment Income	161.68	125.06
Purchase of Investment - Subsidiaries	(2,148.77)	(3,453.31)
Purchase of Investment - Others	(13.68)	—
Net cash used in Investing Activities	(4,087.68)	(9,172.75)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Finance Costs Paid	(4,567.99)	(3,245.12)
Loss due to Foreign Exchange Fluctuation	(189.66)	(62.43)
Proceeds from Long Term Borrowings	1,575.33	3,817.50
Repayment of Long Term Borrowings	(2,372.19)	(1,666.31)
Short Term Borrowings (net)	391.71	5,250.62
Loans from Related Parties (net)	6,395.50	(499.19)
Net cash from Financing Activities	1,232.70	3,595.07
Net Increase in Cash and Cash Equivalents	208.64	277.36
Opening Balance of Cash and Cash Equivalents	1,141.41	864.05
Closing Balance of Cash and Cash Equivalents	1,350.05	1,141.41

Vide our report annexed

For P.N. RAGHAVENDRA RAO & Co.

Chartered Accountants

(ICAI Regn. No. : FRN003328S)

P R VITTEL

Partner

M.No. 018111

Coimbatore

28.05.2013

M MANICKAM
Chairman & Managing Director

C RANGAMANI
Director

S KAVITHA
Company Secretary



Sakthi Auto Component Limited

NOTES TO FINANCIAL STATEMENTS		(Rs. in Lakhs)	
NOTE No. 1		As at	As at
SHARE CAPITAL		31.03.2013	31.03.2012
Authorised			
9,90,00,000	Equity Shares of Rs.10 each (5,00,00,000)	9,900.00	5,000.00
2,25,00,000	15% Secured Redeemable Cumulative Convertible (2,25,00,000) Preference Shares of Rs. 100 each	22,500.00	22,500.00
		32,400.00	27,500.00
Issued, Subscribed and Paid up			
4,38,60,000	Equity Shares of Rs.10 each fully paid up (4,38,60,000)	4,386.00	4,386.00
60,82,500	Series A 15% Participatory Cumulative Convertible (60,82,500) Preference Shares of Rs. 100 each fully paid up	6,082.50	6,082.50
1,01,37,500	Series B 15% Participatory Cumulative Convertible (1,01,37,500) Preference Shares of Rs. 100 each fully paid up	10,137.50	10,137.50
20,00,000	Series C 15% Participatory Cumulative Convertible (20,00,000) Preference Shares of Rs. 100 each fully paid up	2,000.00	2,000.00
12,15,000	Series I 15% Participatory Cumulative Convertible (12,15,000) Preference Shares of Rs. 100 each fully paid up	1,215.00	1,215.00
8,10,000	Series II 15% Participatory Cumulative Convertible (8,10,000) Preference Shares of Rs. 100 each fully paid up	810.00	810.00
	TOTAL	24,631.00	24,631.00
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
	Equity shares at the end of the year	43,860,000	43,860,000
	Preference shares at the beginning of the year	20,245,000	20,245,000
	Preference shares at the end of the year	20,245,000	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) 15% Participatory Cumulative Convertible Preference Shares			
The holders of this preference shares shall have right to vote on resolutions placed before the Company which directly affect their rights. Besides they get voting right as specified in Section 87(2) of the			



Sakthi Auto Component Limited

Companies Act 1956. The dividend is payable when recommended by the Board and approved by the members at the Annual General Meeting. In the event of non-declaration of dividend, it gets accumulated. The holders of the preference shares have the right to participate in the profit as per the Subscription Agreement entered into between the shareholders and the Company.

This class of preference shares are convertible into equity shares on such terms as may be agreed to between the company and the class of preference shares on or before maturity /conversion date viz. 26.04.2013. Series I and II of this class of Preference shares are convertible into equity shares on or before the maturity/conversion date viz. 18.03.2013.

Upon conversion of the preference shares mentioned in (ii) above into equity shares, the holders of the preference shares will get the same rights as that of the equity shareholders of the Company.

Shares held by the holding company

Sakthi Sugars Limited

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

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

(i) Equity shares		
Sakthi Sugars Limited	43,860,000	43,860,000
(ii) 15% Participatory Cumulative Convertible Preference Shares		
Castle Titanium (Mauritius) Limited	1,82,45,000	1,82,45,000
Sakthi Sugars Limited	2,000,000	2,000,000

(Rs. in lakhs)

As at	As at
31.03.2013	31.03.2012

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	891.53	532.43
Created during the year	182.94	359.11
	1,074.47	891.54



Sakthi Auto Component Limited

	(Rs. in lakhs)	
	As at 31.03.2013	As at 31.03.2012
Revaluation reserve		
Balance as per last Balance Sheet	31,228.77	8,654.90
Add:- Created during the year	-	22,901.60
	<u>31,228.77</u>	<u>31,556.50</u>
Less: Depreciation on Revalued Assets (Refer Note No. 25)	839.28	327.73
	<u>30,389.49</u>	<u>31,228.77</u>
Surplus		
Net Profit/(Loss) after tax	1,215.96	1,093.15
Less: Transfer to Debenture redemption reserve	182.94	359.11
	<u>1,033.02</u>	<u>734.04</u>
Less :Balance as per last Balance Sheet	(282.09)	(1,016.12)
	<u>750.93</u>	<u>(282.08)</u>
TOTAL	<u>40,708.04</u>	<u>40,331.38</u>
NOTE No. 3		
LONG TERM BORROWINGS		
(a) Debentures		
Secured Redeemable Non-Convertible Debentures	699.64	1,713.27
(b) Term Loans		
Secured Loans		
From Banks	8,074.34	10,193.74
From other parties	621.01	-
	<u>8,695.35</u>	<u>10,193.74</u>
Unsecured Loans		
From Banks	225.60	328.12
From other parties	255.58	447.33
	<u>481.18</u>	<u>775.45</u>
	<u>9,176.53</u>	<u>10,969.19</u>
(c) Loans and advances from related parties (Unsecured) (for details, please refer Note No.33)	20,923.72	14,972.60
(d) Long term maturities of finance lease obligations (Secured)	5.13	11.72
TOTAL	<u>30,805.02</u>	<u>27,666.78</u>



Sakthi Auto Component Limited

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 Nil (Rs.1468.69 lakhs) and Series 13% Secured Redeemable Non-convertible Non Cumulative Debentures of Rs.100 each (SRNNCD) aggregating to Rs.699.64 lakhs (Rs.244.58 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	31.03.2013			31.03.2012		
	No. of Debentures	Amount outstanding (Rs. in lakhs)	Maturity date	No. of Debentures	Amount outstanding (Rs. in lakhs)	Maturity date
13% SRNCD :						
LXVII				71380	71.38	25/06/2013
LXVI				68700	68.70	18/06/2013
LXV				80940	80.94	08/06/2013
LXIV				55930	55.93	07/06/2013
LXIII				65480	65.48	23/05/2013
LXII				70720	70.72	22/05/2013
LXI				72940	72.94	21/05/2013
LX				68110	68.11	17/05/2013
LVIX				58250	58.25	12/05/2013
LVIII				111130	111.13	06/05/2013
LVII				72160	72.16	03/05/2013
LVI				112350	112.35	02/05/2013
LV				82310	82.31	30/04/2013
LIV				90820	90.82	26/04/2013
LIII				76170	76.17	24/04/2013
LII				49760	49.76	20/04/2013
LI				61490	61.49	18/04/2013
L				65960	65.96	18/04/2013
XLIX				69130	69.13	16/04/2013
XLVIII				64960	64.96	03/04/2013
				1468690	1468.69	
13% SRNNCD						
NC-II				138640	138.64	22/06/2013
NC-I				105940	105.94	06/05/2013
				244580	244.58	
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			
	699640	699.64			1713.27	

Interest is payable on quarterly basis in respect of non-cumulative debentures and on maturity in respect of cumulative debentures.



(B) SECURED LOANS FROM BANKS AND OTHERS :

Nature of Security	Terms of Repayment
1 Term loan amounting to Rs.1291.49 lakhs (Rs.1411.75 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) ranking pari passu with Bank of India.	Repayable in 96 monthly instalments commencing from January 2011.
b) Escrow of receivables from Maruti Suzuki India Ltd.	Rate of Interest : BR + 4.25%
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.	
2 Term loan amounting to Rs. 4028.52 lakhs (Rs. 4403.11 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) ranking pari passu with Bank of India.	Repayable in 96 monthly instalments commencing from January 2011.
b) Escrow of receivables from Maruti Suzuki India Ltd.	Rate of Interest : BR + 4.25%
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.	
3 Term loan amounting to Nil (Rs. 627.89 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 exclusively charged to Banks for their outstanding assistance) ranking pari passu with Indian Overseas Bank.	24 quarterly instalments beginning from Six months of the first drawdown or Sept. 2007 whichever is earlier.
b) Second charge on the current assets ranking pari passu with Indian Overseas Bank (except assets charged on exclusive basis).	Rate of Interest : 250 BPS Over 3 Months LIBOR
4 Term loan amounting to Rs.2754.33 lakhs (Rs. 3750.99 lakhs) is secured by:	
a) Exclusive charge on the Machineries purchased out of the term loan	60 equal monthly instalments beginning from 31 st Jan. 2012
b) Escrow of receivables from Ijtin 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.	Rate of Interest : BR + 4.50%



Sakthi Auto Component Limited

c) Second charge on the entire fixed assets of the Company pari passu with Indian Overseas Bank and Bank of India (except assets charged on exclusive basis).

- | | |
|--|---|
| 5. Term loan amounting to Rs.296.89 lakhs (Nil) is secured by:
Exclusive charge on the Machineries purchased out of the term loan. | 60 equal monthly instalments
beginning from 25 th Jan. 2013
Rate of Interest : 15.75% |
| 6. Term loan amounting to Rs.179.22 lakhs (Nil) is secured by:
Exclusive charge on the Machineries purchased out of the term loan. | 60 equal monthly instalments
beginning from 16 th Feb. 2013
Rate of Interest : 13.58% |
| 7. Term loans amounting to Rs.144.90 lakhs (Nil) is secured by:
Exclusive charge on the Machineries purchased out of the term loan. | 60 equal monthly instalments
beginning from 16 th April 2013
Rate of Interest : 12.41% |
| 8. 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 | |
| 9. Guarantees given by Directors / Others: | |
| a. Term Loans amounting to Rs.5320.01 lakhs (Rs. 5814.86 lakhs) are guaranteed by Chairman and Managing Director, Sri.M.Balasubramaniam and Sri. M.Srinivaasan, Directors. | |
| b. Term Loans amounting to Rs.3375.34 lakhs (Rs.4378.88 lakhs) are guaranteed by Chairman and Managing Director. | |
| c. Term Loans amounting to Rs.5320.01 lakhs (Rs. 6442.75 lakhs) are further guaranteed by Sakthi Sugars Limited, Holding Company. | |

C. UNSECURED LOANS FROM BANKS:

- | Nature of Security | Terms of Repayment |
|--|---|
| 1 Loan amounting to Nil (Rs.39.89 lakhs) | 30 equal monthly instalments
beginning from September
2011. |
| 2 Loan Amounting to Rs. 225.60 lakhs (Rs.288.23 lakhs) is secured by collateral security given by the holding company. | 84 equal monthly instalments
beginning from May 2009. |
| 3 Guarantees given by Directors/Others: | |
| a) Loan amounting to Rs. 225.60 lakhs (Rs.328.12 lakhs) is guaranteed by the Chairman & Managing Director. | |
| b) Loan amounting to Rs. 225.60 lakhs (Rs.288.23 lakhs) is further guaranteed by the holding company. | |

(D) UNSECURED LOANS FROM OTHER PARTIES:

Loan under Sales Tax Deferral amounting to Rs 255.58 lakhs (Rs. 447.33 lakhs)	Installments beginning from December 2006 to April 2015.
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(E) FINANCE LEASE OBLIGATIONS:

The Hire Purchase Finance amounting to Rs. 5.13 lakhs (Rs.11.72 lakhs) are secured by hypothecation of the vehicles so financed.	Repayable in 36 Monthly Instalments.
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Sakthi Auto Component Limited

	(Rs. in Lakhs)	
	As at 31.03.2013	As at 31.03.2012
NOTE No. 4		
OTHER LONG TERM LIABILITIES		
Security Deposits & Other Payables	<u>25.11</u>	<u>19.33</u>
NOTE No. 5		
LONG TERM PROVISIONS		
Provision for employee benefits	<u>367.51</u>	<u>300.23</u>
NOTE No. 6		
SHORT TERM BORROWINGS		
(a) Loans repayable on demand		
Secured Loans		
From Banks	<u>10,776.38</u>	<u>6,964.99</u>
Unsecured Loans		
From Banks	<u>200.00</u>	<u>2,700.00</u>
From other parties	<u>2,038.49</u>	<u>2,958.17</u>
	<u>2,238.49</u>	<u>5,658.17</u>
	<u>13,014.87</u>	<u>12,623.16</u>
(b) Loans and advances from related parties (Unsecured) (for details please refer Note No. 33)	<u>1313.23</u>	<u>868.85</u>
TOTAL	<u>14,328.10</u>	<u>13,492.01</u>
NATURE OF SECURITY AND OTHER TERMS FOR SHORT TERM BORROWINGS		
(A) SECURED LOANS FROM BANKS		
1 Working capital facility of Rs.1499.53 lakhs(Rs.1577.19 lakhs) is secured by		
a) Hypothecation of finished goods, raw materials, stock in process and stores and spares of the company ranking paripasu with Central Bank of India and exclusive charge on the export receivables of Thyssenkrupp Automotive Systems, Mexico, Haldex Brake Products, Sweden, 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 assets charged on exclusive basis).		
c) 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).		
2 Working capital facility of Rs. 495.84 lakhs(Nil) 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.3013.83 lakhs(Rs.3100.71 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. 103.83 lakhs (Rs.89.96 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. 3933.09 lakhs (Rs. 1200.00 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,		



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NOTE No. 6 (Contd..)

- 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 Rs.400.00 lakhs (Rs.300.00 lakhs) is secured by :
Subservient charge on the current and movable fixed assets of the Company.
 - 7 Working capital facility amounting to Rs.531.59 lakhs (Nil) is secured by
Exclusive charge on the current and future receivables from Volvo and GM Orion.
 - 8 Letter of Credit facility of Rs. 798.67 lakhs (Rs. 697.13 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 the holding company.
 - 10 Guarantees given by Directors/Others:
 - a) Working Capital facility outstanding amounting to Rs.5312.03 lakhs (Rs.5375.03 lakhs) are guaranteed by Chairman and Managing Director, Sri.M.Balasubramaniam and Sri. M.Srinivaasan, Directors.
 - b) Working Capital facility outstanding amounting to Rs.5464.35 lakhs (Rs.1589.96 lakhs) are guaranteed by Chairman and Managing Director.
 - c) Working Capital facility outstanding amounting to Rs.1499.53 lakhs (Rs.1577.19 lakhs) are further guaranteed by the Holding Company.

(B) UNSECURED LOANS FROM BANKS

Unsecured loan amounting to Nil (Rs. 2500 lakhs) is secured by a collateral security and corporate guarantee provided by a promoter company and an amount of Rs. 200 lakhs (Rs. 200 lakhs) secured by collateral security and corporate guarantee by a promoter company and personal guarantee of the Chairman and Managing Director.

	(Rs. in lakhs)	
	As at 31.03.2013	As at 31.03.2012
NOTE No. 7		
OTHER CURRENT LIABILITIES		
Current maturities of long term debts	6,240.08	4,413.26
Current maturities of finance lease obligations	16.74	17.20
Interest accrued but not due on borrowings	387.37	183.19
Interest accrued and due on borrowings	251.26	274.53
Unclaimed interest on matured deposits	0.14	0.24
Unclaimed matured debentures and interest	142.31	-
Other payables :		
Statutory remittance	210.21	199.07
Advance from customers	120.75	255.45
Other liabilities	91.91	513.53
Liabilities for capital expenditure	290.02	523.32
	712.89	1,491.37
TOTAL	7,750.79	6,379.79
NOTE No. 8		
SHORT TERM PROVISIONS		
Provision for employee benefits	11.21	9.78
Provisions for expenses	1,113.08	992.64
TOTAL	1,124.29	1,002.42



Note No. 9
TANGIBLE ASSETS

(Rs. in lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2012	Additions	Deletions / Adjustments	As on 31.03.2013	Upto 31.03.2012	For the year	With- drawn	Upto 31.03.2013	As on 31.03.2012	As on 31.03.2013
Revalued Assets:										
Land	15550.00	-	-	15550.00	-	-	-	-	15550.00	15550.00
Buildings	6174.56	85.94	-	6260.50	-	194.42	-	194.42	6174.56	6066.08
Plant and equipment	35775.44	1460.71	-	37236.15	-	1933.99	-	1933.99	35775.44	35302.16
	57500.00	1546.65	-	59046.65	-	2128.41	-	2128.41	57500.00	56918.24
Non-revalued Assets:										
Machine tools & implements	2717.02	337.67	-	3054.69	422.28	169.70	-	591.98	2294.74	2462.71
Furniture and fixtures	44.32	0.28	-	44.60	24.32	2.35	-	26.67	20.00	17.93
Vehicles	199.64	37.42	-	237.06	80.16	22.24	-	102.40	119.48	134.66
Office equipments	365.99	108.52	-	474.51	150.38	45.10	-	195.48	215.61	279.03
	3326.97	483.89	-	3810.86	677.14	239.39	-	916.53	2649.83	2894.33
Total	60826.97	2030.54	-	62857.51	677.14	2367.80	-	3044.94	60149.83	59812.57
Work in progress	76.34	56.39	-	132.73	-	-	-	-	76.34	132.73
Total for the year	60903.31	2086.93	-	62990.24	677.14	2367.80	-	3044.94	60226.17	59945.30
Total for the previous year	55058.82	7085.99	1241.50	60903.31	677.14	-	-	677.14	54381.68	60226.17

Note : 1) Land, Buildings, plant and equipment have been revalued by an external 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 01.04.2012	Additions	Deletions	As on 31.03.2013	Upto 31.03.2012	For the Year	Upto 31.03.2012	As on 31.03.2012	As on 31.03.2013
Product Development	3856.19	798.01	-	4654.20	1761.62	385.62	2147.24	2094.57	2506.96
Total for the year	3856.19	798.01	-	4654.20	1761.62	385.62	2147.24	2094.57	2506.96
Total for the previous year	3320.40	535.79	-	3856.19	1429.58	332.04	1761.62	1890.82	2094.57



Sakthi Auto Component Limited

	(Rs. in lakhs)	
	As at 31.03.2013	As at 31.03.2012
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	35,096.10	32,947.33
Sakthi Auto Mauritius Limited 5001 shares of 1 USD each	2.26	2.26
	<u>35,160.76</u>	<u>33,011.99</u>
(ii) Others		
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	-
Total of Unquoted Investments	<u>35,175.44</u>	<u>33,012.99</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	<u>35,423.00</u>	<u>33,260.55</u>
Aggregate amount of Quoted Investments	-	-
Aggregate amount of Unquoted Investments	35,423.00	33,260.55
Provisions for diminution in value of Investments	-	-
NOTE No. 12		
LONG TERM LOANS AND ADVANCES - Unsecured, considered good		
(a) Capital advances	380.15	532.44
(b) Security deposits	862.91	729.41
(c) Loans and advances to related parties (for details please refer note no.33)	1,099.19	1,024.68
(d) Other loans and advances:	3.58	-
MAT Credit Entitlement	1,283.02	885.02
	<u>1,286.60</u>	<u>885.02</u>
TOTAL	<u>3,628.85</u>	<u>3,171.55</u>



Sakthi Auto Component Limited

	(Rs. in lakhs)	
	As at 31.03.2013	As at 31.03.2012
NOTE No. 13		
OTHER NON-CURRENT ASSETS		
Sundry Deposits	<u>543.71</u>	<u>543.71</u>
TOTAL	<u>543.71</u>	<u>543.71</u>
NOTE No. 14		
INVENTORIES		
(a) Raw Materials:		
Steel scrap, Pig Iron and others	982.95	630.53
(b) Work in Progress:		
Iron castings	57.68	69.52
(c) Finished goods:		
Iron castings	6,933.47	7,213.75
(d) Stores and spares	1,040.78	670.23
TOTAL	<u>9,014.88</u>	<u>8,584.03</u>
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	38.15	68.87
Trade receivables outstanding for a period less than six months	11,079.33	8,174.82
TOTAL	<u>11,117.48</u>	<u>8,243.69</u>
NOTE No. 16		
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents:		
Balances with banks	323.96	425.07
EEFC accounts	-	2.59
Cash on hand	3.43	3.34
Margin Money with banks/security against borrowings	1,022.66	710.41
TOTAL	<u>1,350.05</u>	<u>1,141.41</u>
Margin money with banks includes deposits with maturity period of more than 12 months of Rs.544.17 lakhs (Rs.12 lakhs)		
NOTE No. 17		
SHORT TERM LOANS AND ADVANCES - Unsecured, considered good		
Other Loans and Advances:		
Loans and advance due by officers	28.84	38.77
Prepaid expenses	151.16	276.73
Deposits with Government authorities	261.58	286.65
Advance for purchases and others	1,437.95	658.27
Advance Income-tax (Net of Provisions)	204.05	130.23
TOTAL	<u>2,083.58</u>	<u>1,390.65</u>
NOTE No. 18		
OTHER CURRENT ASSETS		
Outstanding Income and interest receivable	<u>242.16</u>	<u>297.76</u>



Sakthi Auto Component Limited

	(Rs. in lakhs)	
	Year ended 31.03.2013	Year ended 31.03.2012
NOTE No. 19		
REVENUE FROM OPERATIONS		
(a) Sale of Products		
Manufactured Goods		
Iron castings	57,547.14	46,490.92
Pattern sales	762.68	283.18
Total (a)	<u>58,309.82</u>	<u>46,774.10</u>
(b) Other operating revenues		
Sale of used materials	365.86	837.50
Duty draw back/other export incentives	179.38	220.32
Total (b)	<u>545.24</u>	<u>1,057.82</u>
Total (a+b)	<u>58,855.06</u>	<u>47,831.92</u>
Less : Excise Duty	5,540.57	3,951.72
TOTAL	<u>53,314.49</u>	<u>43,880.20</u>
NOTE No. 20		
OTHER INCOME		
(a) Interest Income	161.56	124.94
(b) Dividend Income from non current investments	0.12	0.12
(c) Other non-operating income:		
Rent receipts	5.32	4.85
Manpower services	-	63.54
Sundry balance written off	0.14	5.79
TOTAL	<u>5.46</u>	<u>74.18</u>
TOTAL	<u>167.14</u>	<u>199.24</u>
NOTE No. 21		
COST OF MATERIAL CONSUMED		
(a) Opening Stock:		
Steel scrap, pig iron & others	630.53	634.28
Total (a)	<u>630.53</u>	<u>634.28</u>
(b) Purchases:		
Steel scrap, pig iron & others	15,002.25	13,206.29
Total (b)	<u>15,002.25</u>	<u>13,206.29</u>
(c) Closing Stock:		
Steel scrap, pig iron & others	982.95	630.53
Total (c)	<u>982.95</u>	<u>630.53</u>
TOTAL (a+b-c)	<u>14,649.83</u>	<u>13,210.04</u>



Sakthi Auto Component Limited

	(Rs. in lakhs)	
	Year ended 31.03.2013	Year ended 31.03.2012
NOTE No. 22		
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS		
(a) Opening Stock		
Finished Goods		
Iron Castings	7,213.75	5,538.31
Work in Progress		
Iron Castings	69.52	87.85
Total (a)	<u>7,283.27</u>	<u>5,626.16</u>
(b) Closing Stock		
Finished Goods		
Iron Castings	6,933.47	7,213.75
Work in Progress		
Iron Castings	57.68	69.52
Total (b)	<u>6,991.15</u>	<u>7,283.27</u>
TOTAL (a-b)	<u>292.12</u>	<u>(1,657.11)</u>
NOTE NO. 23		
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	1,811.10	1,442.90
Contribution to provident and other funds	118.54	105.25
Staff welfare expenses	210.65	184.09
TOTAL	<u>2,140.29</u>	<u>1,732.24</u>
NOTE NO. 24		
FINANCE COSTS		
Interest expense:		
On borrowings	4,488.96	3,397.39
Other borrowing costs	65.74	25.28
Gain / Loss on foreign currency transaction	194.16	66.08
TOTAL	<u>4,748.86</u>	<u>3,488.75</u>
NOTE No. 25		
DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation	2,367.80	1,778.86
Less : Transfer from Revaluation Reserve	839.28	327.73
	<u>1,528.52</u>	<u>1,451.13</u>
Amortisation expenses	385.62	332.04
TOTAL	<u>1,914.14</u>	<u>1,783.17</u>



Sakthi Auto Component Limited

	(Rs. in lakhs)	
	Year ended 31.03.2013	Year ended 31.03.2012
NOTE No. 26		
OTHER EXPENSES		
Manufacturing Expenses:		
Consumption of stores and spares	11,273.10	10,729.62
Power and fuel	9,173.80	6,088.04
Water charges	67.74	60.34
Fettling charges	1,569.28	1,503.02
Rent	112.80	82.44
Repairs to buildings	71.30	40.06
Repairs to machinery	1,200.64	930.38
Repairs to others	136.97	131.22
Insurance	45.51	41.20
Rates and Taxes (excluding taxes on income)	35.12	22.72
Royalty	23.03	27.11
Selling and distribution expenses :		
Packing materials	1,452.71	1,293.97
Selling and distribution expenses	80.19	58.30
Freight and transport on finished goods	1,700.26	1,680.11
Other Administrative expenses :		
Travelling expenses	136.53	162.85
Printing, postage, telephone & telex	57.18	54.32
Freight and transport	193.90	124.00
Donation	5.00	47.96
Legal and Professional charges	190.46	116.46
Excise duty on stock adjustment (Net)	13.80	234.88
Administrative and other expenses	120.89	88.58
Bank Charges	59.02	64.46
Payment to Auditor		
As Auditors	12.00	10.00
Taxation matters	1.36	2.85
Management & other services	4.33	1.49
Service Tax	1.25	1.51
Reimbursement of expenses	0.07	0.05
Managerial remuneration	67.47	-
Directors sitting fees	3.65	4.80
Deferred revenue expenditure written off	6.65	26.62
Irrecoverable advances written off	0.11	2.40
TOTAL	27,816.12	23,631.76



Sakthi Auto Component Limited

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	Year ended 31 st March 2013	Year ended 31 st March 2012
27. Value of imports calculated on C.I.F. basis :		
(i) Stores and spares	541.20	111.73
(ii) Capital goods	43.45	1929.36
28. Expenditure in Foreign Currency :		
(i) Travelling expenses	82.68	20.07
(ii) Royalty	21.48	10.44
(iii) Professional consultancy charges	30.27	55.88
(iv) Interest	36.54	58.40
(v) Ware house rent	66.00	72.46
(vi) Terminal Handling, testing charges and others	28.99	40.95
Total	265.96	258.20

(Rs. in lakhs)

Particulars	Year ended 31 st March 2013		Year ended 31 st March 2012	
	Value	%	Value	%
29. Value of Raw materials, Chemicals and Stores and Spares consumed:				
Raw Material and Chemicals :				
Imported	-	-	4.54	0.03
Indigenous	14,649.83	100.00	13,205.50	99.97
Total	14,649.83	100.00	13,210.04	100.00
Stores and Spares :				
Imported	573.92	5.09	227.52	2.12
Indigenous	10,699.18	94.91	10,502.10	97.88
Total	11,273.10	100.00	10,729.62	100.00

(Rs. in lakhs)

Particulars	Year ended 31 st March 2013	Year ended 31 st March 2012
30. Earnings in Foreign Currency on account of:		
FOB value of exports	9207.09	7145.39

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	31.03.2013	31.03.2012
Gratuity	66.03	34.22
Provident Fund	96.14	87.73
Employees State Insurance	25.87	25.84



Sakthi Auto Component Limited

Disclosure report under Accounting Standard-15 - Leave Salary

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

(Rs. in lakhs)

Particulars	31.03.2013	31.03. 2012
I Principal Actuarial Assumptions (Expressed as weighted average)		
Discount Rate	8.05%	8.00%
Salary escalation rate	7.00%	7.00%
Attrition rate	3.00%	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	67.38	46.34
Interest Cost	5.23	3.57
Current Service Cost	28.77	7.94
Past Service cost-(non vested benefits)	-	-
Past service cost-(vested benefits)	-	-
Benefits paid	(4.74)	(3.52)
Actuarial loss/ (gain) on obligation (balancing figure)	(16.18)	13.05
PVO as at the end of the period	80.45	67.38
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	4.74	3.52
Benefits paid	(4.74)	(3.52)
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	(16.18)	13.05
Actuarial gain/(loss) for the period-Plan Assets	-	-
Total (gain)/loss for the period	(16.18)	13.05
Actuarial (gain) /loss recognized in the period	(16.18)	13.05
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	67.38	67.38
Fair value of plan assets	-	-
Difference	67.38	67.38
Unrecognised transitional liability	-	-
Unrecognised past service cost-non vested benefits	-	-
Liability recognized in the balance sheet	67.38	67.38



Sakthi Auto Component Limited

Particulars	31.03.2013	31.03.2012
VII Expenses Recognised in the Statement of Profit and Loss		
Current service cost	28.77	7.94
Interest Cost	5.23	3.57
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	(16.18)	13.05
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	17.82	24.56
VIII Movements in the Liability Recognized in the Balance Sheet		
Opening net liability	67.38	46.34
Expenses as above	17.81	24.56
Contribution paid	(4.74)	(3.52)
Closing net liability	80.45	67.38
IX Amount for the Current Period		
Present value of obligation	80.45	67.38
Plan Assets	-	-
Surplus (Deficit)	80.45	67.38
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 2013	31 st March 2012
Outside India	9207.09	7145.39
In India	44107.02	36734.80

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

Nachimutu 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

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	0.83 (16.98)	0.52 -					1.35 (16.98)
Purchase of Power	-						-
	(149.13)						(149.13)
Sales							
Sale of Materials	3.28 (3.56)	60.66 (573.17)					63.94 (576.73)
Receiving of services							
Conversion charges		1214.19 (1896.07)					1214.19 (1896.07)
Funds & Interest			2426.69 (177.14)				2426.69 (177.14)
Printing charges			8.20 (5.43)				8.20 (5.43)
Lease Rent			5.40 (3.60)				5.40 (3.60)
Vehicle Purchase / Maintenance			18.09 (4.08)			31.43 (34.25)	49.52 (38.33)
Transport charges			-				-
			(15.96)				(15.96)
Servicing of vehicles			2.94 (3.59)				2.94 (3.59)
Others			2.70 (3.14)				2.70 (3.14)
Managerial Remuneration							
Remuneration to Chairman & Managing Director				67.47 (-)			67.47 (-)
Sitting Fees					0.80 (2.10)		0.80 (2.10)
Investment							
Orlandofin B.V		2148.77 (3453.31)					2148.77 (3453.31)
Balance outstanding at the end of the year							
Payable to Key Managerial Personnel				45.18 (5.87)			45.18 (5.87)
Loans and advances		1099.19 (1024.68)					1099.19 (1024.68)
Borrowing	17087.13 (13111.11)	667.03 (576.85)	4482.79 (2153.49)				22236.95 (15841.45)

Figures in brackets are that of the previous year



Sakthi Auto Component Limited

34. Earnings per Share:

Particulars	2012-13	2011-12
Basic:		
a) Net Profit as per the Statement of Profit and Loss (Rs. in lakhs)	1215.96	1093.15
b) Less: Dividend attributable to Preference shareholders (including tax)	4295.21	4039.91
c) Net Profit/(loss) after Preference Dividend	(3079.25)	(2946.76)
d) No. of Equity Shares - Basic	43860000	43860000
e) Nominal value per Equity share (Rs.)	10	10
f) Earnings per share (Basic) (Rs.)	(7.02)	(6.72)
Diluted :		
a) Net Profit Attributable (Rs. in lakhs)	1215.96	1093.15
b) Weighted average number of shares	246310000	246310000
c) Earnings per share (Diluted) (Rs.)	0.49	0.44

35. Deferred Tax:

(Rs. in lakhs)

Particulars	31.03.2013	31.03.2012
A) Deferred Tax Liability:		
Arising out of depreciation of Fixed Assets (Net)	2820.83	2365.49
Difference in treatment of expenses/income (Net)	231.15	278.89
Total	3051.98	2644.38
B) Deferred Tax Asset:		
Carried forward losses/expenses	1716.22	2012.93
Net Deferred Tax Liability (+) /Asset (-)	1335.76	631.45

36. Contingent Liabilities:

(Rs. in lakhs)

Particulars	31.03.2013	31.03.2012
A) Claims against the Company not acknowledged as debts:		
(i) Income tax matters	31.22	61.56
(ii) Sales tax matters	-	85.12
(iii) Service tax matters	359.48	343.97
(iv) Electricity tax	-	81.63
(v) Cross subsidy for Power purchase	155.52	-
B) Guarantees issued by bankers	28.35	28.35
C) Corporate guarantee given for loans to subsidiaries		
(i) Guarantee amount	51226.52	57895.00
(ii) Outstanding amount	52457.08	43323.78
D) Export obligation		
Duty component to be paid in case of non fulfillment of obligation	-	188.64



Sakthi Auto Component Limited

37. Commitments:

(Rs. in lakhs)

Particulars	31.03.2013	31.03.2012
Estimated amount of contracts remaining to be executed on capital account and not provided for	1215.69	1717.48

38. Borrowing cost capitalised during the year Nil (Rs. 510.76 Lakhs)

39. 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.

40. 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.

41. 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.

42. 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

(ICAI Regn. No. : FRN003328S)

P R VITTEL

Partner

M.No. 018111

Coimbatore

28.05.2013

M MANICKAM
Chairman & Managing Director

C RANGAMANI
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 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 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 31.03.2013.

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.

15. Leases:

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

**STATEMENT OF INFORMATION OF SUBSIDIARY COMPANIES**

(Rs. in lakhs)

Name of the Subsidiary Company	Sakthi Auto Ancillary Pvt. Ltd	Orlandofin BV	Sakthi Netherlands BV	Sakthi European Foreign Sales Corpn BV	Sakthi Holdings BV	Sakthi Service GmbH	Sakthi Portugal SA	Sakthi Auto Mauritius Ltd
	a	b	c	d	e	f	g	h
Financial Year ended	31.03.2013	31.12.2012	31.12.2012	31.12.2012	31.12.2012	31.12.2012	31.12.2012	31.12.2012
Share Capital	359.13	12.52	20.52	12.66	12.52	18.78	4197.29	2.72
Reserves	962.17	23192.74	66295.22	66694.80	39802.61	16112.86	10745.01	(35.38)
Total Assets	6435.59	53321.23	79203.22	66787.29	46208.52	16177.12	46989.05	6.59
Total Liabilities	5114.29	30115.97	12887.49	79.83	6393.39	45.49	32046.75	39.25
Details of Investments (except investment in subsidiaries)	-	-	-	-	-	-	-	-
Turnover	7349.99	-	-	-	-	-	53276.54	-
Profit before taxation	184.46	(1695.46)	(65.00)	(8.84)	(9.20)	(8.16)	84.68	(6.72)
Provision for taxation	58.38	-	-	-	-	-	(30.04)	-
Profit after taxation	126.08	(1695.46)	(65.00)	(8.84)	(9.20)	(8.16)	114.72	(6.72)
Proposed dividend	-	-	-	-	-	-	-	-

Note: In respect of subsidiaries under b to g, the financial statements are translated at the exchange rate as on 28.03.2013 i.e. EUR 1 = Rs 69.5438 and h USD 1 = Rs. 54.3893.



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors of Sakthi Auto Component Limited

Report on the Financial Statements

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of SakthiAuto Component Limited (the "Company") and its subsidiaries; hereinafter referred to as the "Group", which comprise the Consolidated Balance Sheet as at March 31,2013, 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' judgment, including the assessment of the risks of material misstatement

of the financial statements, whether due to fraud or error. In making those risk assessments, the 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. 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 eight of the subsidiaries viz. Sakthi Auto Ancillary Private Limited, Orlandofin BV, Sakthi Netherlands BV, Sakthi European Foreign Sales Corporation BV, Sakthi Holdings BV, Sakthi Service GmbH, Sakthi Portugal SA and Sakthi Auto Mauritius Limited whose financial statements reflects total assets of Rs. 989.78 Crores as at 31st March 2013 with respect to Sakthi Auto Ancillary Private Limited and 31st December 2012 with respect to other companies, total revenue of Rs 611.50 Crores and net cash flow of Rs. 9.02 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 five of the subsidiaries viz. Orlandofin BV, Sakthi Netherlands BV, Sakthi European Foreign Sales Corporation BV, Sakthi Holding 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.

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



Sakthi Auto Component Limited

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, 2013;
- (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.

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

Coimbatore
27.05.2013

P R VITTEL
Partner
M.No: 018111



Sakthi Auto Component Limited

CONSOLIDATED BALANCE SHEET AS AT 31.03.2013

		(Rs. in lakhs)	
	Note No.	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS :			
(a) Share Capital	1	24,631.00	24,631.00
(b) Reserves and Surplus	2	38,506.04	36,990.82
		<u>63,137.04</u>	<u>61,621.82</u>
(2) MINORITY INTEREST			
		513.37	452.65
(3) NON-CURRENT LIABILITIES			
(a) Long term borrowings	3	33,348.31	30,512.57
(b) Deferred tax liabilities (Net)		1,905.87	1,210.75
(c) Other Long term liabilities	4	806.21	625.27
(d) Long term provisions	5	390.67	317.94
		<u>36,451.06</u>	<u>32,666.53</u>
(4) CURRENT LIABILITIES			
(a) Short-term borrowings	6	22,966.86	23,355.92
(b) Trade payables		20,229.05	18,209.47
(c) Other current liabilities	7	41,005.79	39,757.46
(d) Short term provisions	8	3,926.26	4,850.13
		<u>88,127.96</u>	<u>86,172.98</u>
TOTAL (1 to 4)		<u>188,229.43</u>	<u>1,80,913.98</u>
II. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	9	85,675.52	85,307.08
(ii) Intangible Assets	10	3,645.53	2,493.56
(iii) Capital work-in-progress		485.55	764.54
		<u>89,806.60</u>	<u>88,565.18</u>
(b) Non-current investments	11	46,242.01	45,468.40
(c) Long term loans and advances	12	2,965.61	3,068.20
(d) Other non-current assets	13	543.71	543.71
		<u>139,557.93</u>	<u>1,37,645.49</u>
(2) CURRENT ASSETS			
(a) Inventories	14	26,449.14	23,484.15
(b) Trade receivables	15	15,669.38	13,678.53
(c) Cash and cash equivalents	16	2,276.36	2,969.60
(d) Short-term loans and advances	17	4,034.46	2,838.45
(e) Other current assets	18	242.16	297.76
		<u>48,671.50</u>	<u>43,268.49</u>
TOTAL (1 and 2)		<u>1,88,229.43</u>	<u>1,80,913.98</u>

The Notes form part of these financial statements.

Vide our report annexed

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

P R VITTEL
Partner
M.No. 018111
Coimbatore
28.05.2013

M MANICKAM
Chairman & Managing Director

C RANGAMANI
Director

S KAVITHA
Company Secretary



Sakthi Auto Component Limited

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2013

		(Rs. in lakhs)	
	Note No.	Year ended 31.03.2013	Year ended 31.03.2012
I. Revenue from Operations (Gross)		11,9,319.25	1,07,620.51
Less : Excise duty		6,653.60	4,839.96
Revenue from Operations (Net)	19	1,12,665.65	1,02,780.55
II. Other Income	20	648.60	992.31
III. Total Revenue (I + II)		1,13,314.25	1,03,772.85
IV. Expenses:			
Cost of material consumed	21	43,350.00	42,059.57
Changes in inventories of finished goods work in progress and stock in trade	22	(2,216.28)	(3,815.34)
Employee benefits expense	23	11,537.30	11,415.02
Finance costs	24	7,833.06	6,697.16
Depreciation and amortisation expense	25	4,767.26	4,757.38
Other expenses	26	47,646.88	42,497.75
Total expenses		1,12,918.22	1,03,611.54
V. Profit before exceptional and extraordinary items and tax (III-IV)		396.03	161.31
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V-VI)		396.03	161.31
VIII. Extraordinary items		-	-
IX. Profit before tax (VII-VIII)		396.03	161.31
X. Tax Expenses:			
1. Current tax		438.77	438.70
2. Mat credit Entitlement		(395.39)	(423.01)
3. Deferred tax		689.27	705.38
		732.65	721.07
XI. Profit after tax (VII-VIII)		(336.62)	(559.76)
XII. Minority interest		60.73	79.15
XIII. Profit after tax (after adjustment of Minority interest)		(397.35)	(638.91)
XIV. Profit (Loss) from discontinuing operations - (after tax) (XII-XIII)		-	-
XV. Profit after tax (after adjustment of Minority interest)		(397.35)	(638.91)
XVI. Earnings per equity share:			
1. Basic		(10.70)	(10.67)
2. Diluted		(0.16)	(0.26)

The Notes form part of these financial statements.

Vide our report annexed

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

P R VITTEL
Partner
M.No. 018111
Coimbatore
28.05.2013

M MANICKAM
Chairman & Managing Director

C RANGAMANI
Director

S KAVITHA
Company Secretary



Sakthi Auto Component Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

Particulars	(Rs. in lakhs)	
	2012-13	2011-12
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax as per Statement of Profit and Loss	396.03	161.31
Adjustment for:		
Depreciation and Amortisation Expense	4,767.26	4,757.38
Finance Cost	7,833.06	6,697.16
Miscellaneous Expenses & Other exp. written off	6.65	26.62
Loss on Sale of Assets	-	425.87
Dividend Income	(0.12)	(0.12)
Interest Income	(362.07)	(373.72)
Operating Profit before Working Capital Changes	12,244.78	11,533.19
Adjustment for:		
Inventories	(2,964.99)	(5,397.61)
Trade and Other Receivables	(1,990.85)	(1,978.63)
Other Current Assets	55.60	(6.54)
Loans and Advances	(376.12)	2,731.73
Trade and Other Payables	(237.02)	4,825.49
Intangible Assets	(1,847.30)	(723.89)
Cash Generated from Operations	5,280.13	11,145.05
Foreign Exchange Fluctuation (net)	(7.03)	(63.85)
Income Tax Paid	(767.32)	72.79
Net Cash from Operating Activities	4,505.78	11,153.99
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(4,584.42)	(8,055.60)
Sale of Fixed Assets	-	11.90
Investment Income	362.19	373.84
Investments in Subsidiaries - Exchange Fluctuation	1,550.88	(4,428.57)
Sale / Purchase of Investments - Others	24.00	0.33
Net Cash used in Investing Activities	(2,647.35)	(12,098.10)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Finance Cost Paid	(7,049.00)	(6,148.26)
Loss due to Foreign Exchange Fluctuation	(189.66)	(62.43)
Proceeds from Long Term Borrowings	2,948.37	3,817.50
Repayment of Long Term Borrowings	(3,823.45)	(324.85)
Short Term Borrowings (net)	(712.11)	4,233.91
Loans from Related Parties (net)	6,274.18	(351.66)
Net Cash (used in) / from Financing Activities	(2,551.67)	1,164.21
Net Increase in Cash and Cash Equivalents	(693.24)	220.10
Opening Balance of Cash and Cash Equivalents	2,969.60	2,749.50
Closing Balance of Cash and Cash Equivalents	2,276.36	2,969.60

Vide our report annexed

For P.N. RAGHAVENDRA RAO & Co

Chartered Accountants

(ICAI Regn. No. : FRN003328S)

P R VITTEL

Partner

M.No. 018111

Coimbatore

28.05.2013

M MANICKAM
Chairman & Managing Director

C RANGAMANI
Director

S KAVITHA
Company Secretary



Sakthi Auto Component Limited

NOTES TO FINANCIAL STATEMENTS		(Rs. in lakhs)	
NOTE No. 1	As at	As at	
SHARE CAPITAL	31.03.2013	31.03.2012	
Authorised			
5,00,00,000 Equity Shares of Rs.10 each (5,00,00,000)	5,000.00	5,000.00	
2,25,00,000 Preference Shares of Rs. 100 each (2,25,00,000)	22,500.00	22,500.00	
	<u>27,500.00</u>	<u>27,500.00</u>	
Issued, Subscribed and Paid up			
4,38,60,000 Equity Shares of Rs.10 each fully paid up (4,38,60,000)	4,386.00	4,386.00	
60,82,500 Series A 15% Participatory Cumulative (60,82,500) Convertible Preference Shares of Rs. 100 each fully paid up	6,082.50	6,082.50	
1,01,37,500 Series B 15% Participatory Cumulative (1,01,37,500) Convertible Preference Shares of Rs. 100 each fully paid up	10,137.50	10,137.50	
20,00,000 Series C 15% Participatory Cumulative (20,00,000) Convertible Preference Shares of Rs. 100 each fully paid up	2,000.00	2,000.00	
12,15,000 Series I 15% Participatory Cumulative (12,15,000) Convertible Preference Shares of Rs. 100 each fully paid up	1,215.00	1,215.00	
8,10,000 Series II 15% Participatory Cumulative (8,10,000) Convertible Preference Shares of Rs. 100 each fully paid up	810.00	810.00	
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
Equity shares at the end of the year		43,860,000	43,860,000
Preference shares at the beginning of the year		20,245,000	20,245,000
Preference shares at the end of the year		20,245,000	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) 15% Participatory Cumulative Convertible Preference Shares			
The holders of this preference shares shall have right to vote on resolutions placed before the Company which directly affect their rights. Besides they get voting right as specified in Section 87(2) of the Companies Act 1956. The dividend is payable when recommended by the Board and approved by the members at the Annual General Meeting. In the event of non-declaration of dividend, it gets accumulated. The holders of			



Sakthi Auto Component Limited

the preference shares have the right to participate in the profit as per the Subscription Agreement entered into between the shareholders and the Company.

This class of Preference Shares are convertible into equity shares on such terms as may be agreed between the company and the class of preference shares on or before maturity/conversion date viz. 26.04.2013. Series I and II of this class of preference shares are convertible into equity shares on or before the maturity/conversion date viz. 18.03.2013.

Upon conversion of the preference shares mentioned in (ii) above into equity shares, the holders of the preference shares will get the same rights as that of the equity shareholders of the Company.

Shares held by the holding company

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

List of shareholders holding more than 5%

(i) Equity shares		
Sakthi Sugars Limited	4,38,60,000	4,38,60,000
(ii) 15% Participatory Cumulative Convertible Preference Shares		
Castle Titanium (Mauritius) Limited	1,82,45,000	1,82,45,000
Sakthi Sugars Limited	20,00,000	20,00,000

(Rs. in lakhs)
As at 31.03.2013 As at 31.03.2012

NOTE No. 2

RESERVES AND SURPLUS

Capital reserve

Balance as per last Balance Sheet **13,168.18** 12,293.15

Securities premium account

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

Debenture redemption reserve

Balance as per last Balance Sheet **891.53** 532.43

Add: Transfer from Surplus **182.94** 359.11

1,074.47 891.54

Revaluation reserve

Balance as per last Balance Sheet **31,228.77** 8,654.90

Add:- Created during the year **-** 22,901.60

31,228.77 31,556.50

Less: Depreciation on Revalued Assets **839.28** 327.73

(Refer Note no.25) **30,389.49** 31,228.77



Sakthi Auto Component Limited

	(Rs. in lakhs)	
	As at 31.03.2013	As at 31.03.2012
Preference share redemption reserve		
Balance as per last Balance Sheet	76.00	57.00
Add: Transferred from Surplus	19.00	19.00
	<u>95.00</u>	<u>76.00</u>
Exchange fluctuation reserve		
On account of Investment/Advances in Orlandofin BV	2,362.47	485.63
Surplus		
Balance as per last Balance Sheet	(16,477.42)	(15,460.38)
Net Profit/(Loss) after tax	(397.36)	(638.93)
	<u>(16,874.78)</u>	<u>(16,099.31)</u>
Less : Transfer to Debenture redemption reserve	182.94	359.11
Transfer to Preference Share redemption reserve	19.00	19.00
	<u>201.94</u>	<u>378.11</u>
	<u>(17,076.72)</u>	<u>(16,477.42)</u>
TOTAL	<u>38,506.04</u>	<u>36,990.82</u>
NOTE No. 3		
LONG TERM BORROWINGS		
(a) Debentures		
Secured Redeemable Non-Convertible Debentures	699.64	1,713.27
(b) Term Loans		
Secured Loans		
From Banks	8,267.24	10,819.36
From other parties	621.01	-
	<u>8,888.25</u>	<u>10,819.36</u>
Unsecured Loans		
From Banks	1,054.71	2,203.25
From other parties	269.95	503.76
	<u>1,324.66</u>	<u>2,707.01</u>
	<u>10,212.91</u>	<u>13,526.37</u>
(c) Loans and advances from Related parties (Unsecured) (for details see Note No. 28)	20,983.05	15,031.92
(d) Long term maturities of finance lease obligations (Secured)	1,452.71	241.01
TOTAL	<u>33,348.31</u>	<u>30,512.57</u>



Sakthi Auto Component Limited

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 Nil (Rs.1468.69 lakhs) and Series 13% Secured Redeemable Non-convertible Non Cumulative Debentures of Rs.100 each (SRNNCD) aggregating to Rs.699.64 lakhs (Rs.244.58 lakhs) are secured by residual charge on the immovable properties of the Company situated at Mukasi Pallangoundenpalayam, Koonampatti and Sengalipalayam Villages Tirupur Dist, Tamil Nadu and are redeemable on maturity date mentioned against each series.

Series	31.03.2013			31.03.2012		
	No. of Debentures	Amount outstanding (Rs. in lakhs)	Maturity date	No. of Debentures	Amount outstanding (Rs. in lakhs)	Maturity date
13% SRNCD:						
LXVII				71380	71.38	25/06/2013
LXVI				68700	68.70	18/06/2013
LXV				80940	80.94	08/06/2013
LXIV				55930	55.93	07/06/2013
LXIII				65480	65.48	23/05/2013
LXII				70720	70.72	22/05/2013
LXI				72940	72.94	21/05/2013
LX				68110	68.11	17/05/2013
LVIX				58250	58.25	12/05/2013
LVIII				111130	111.13	06/05/2013
LVII				72160	72.16	03/05/2013
LVI				112350	112.35	02/05/2013
LV				82310	82.31	30/04/2013
LIV				90820	90.82	26/04/2013
LIII				76170	76.17	24/04/2013
LII				49760	49.76	20/04/2013
LI				61490	61.49	18/04/2013
L				65960	65.96	18/04/2013
XLIX				69130	69.13	16/04/2013
XLVIII				64960	64.96	03/04/2013
				1468690	1468.69	
13% SRNNCD:						
NC-II				138640	138.64	22/06/2013
NC-I				105940	105.94	06/05/2013
				244580	244.58	
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			
	699640	699.64			1713.27	

Interest is payable on quarterly basis in respect of non-cumulative debentures and on maturity in respect of cumulative debentures.



NOTE No. 3 (Contd.)

(B) SECURED LOANS FROM BANKS AND OTHERS :

SAKTHI AUTO COMPONENT LIMITED (HOLDING COMPANY)

Nature of Security

Terms of Repayment

- | | |
|--|---|
| <p>1 Term loan amounting to Rs.1291.49 lakhs (Rs.1411.75 lakhs) is secured by:</p> <ul style="list-style-type: none">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) ranking pari passu with Bank of India.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. | <p>Repayable in 96 monthly instalments commencing from January 2011.</p> <p>Rate of Interest : BR + 4.25%</p> |
| <p>2 Term loan amounting to Rs. 4028.52 lakhs (Rs. 4403.10 lakhs) is secured by:</p> <ul style="list-style-type: none">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) ranking pari passu with Bank of India.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. | <p>Repayable in 96 monthly instalments commencing from January 2011.</p> <p>Rate of Interest : BR + 4.25%</p> |
| <p>3 Term loan amounting to Nil (Rs. 627.89 lakhs) is secured by:</p> <ul style="list-style-type: none">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 exclusively charged to Banks for their outstanding assistance) ranking pari passu with Indian Overseas Bank.b) Second charge on the current assets ranking pari passu with Indian Overseas Bank (except assets charged on exclusive basis). | <p>24 equal monthly instalments beginning from Six months of the first drawdown or Sept. 2007 whichever is earlier.</p> <p>Rate of Interest : 250 BPS Over 3 Months LIBOR</p> |
| <p>4 Term loan amounting to Rs. 2754.33 lakhs (Rs. 3750.99 lakhs) is secured by:</p> <ul style="list-style-type: none">a) Exclusive charge on the Machineries purchased out of the term loanb) 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 pari passu with Indian Overseas Bank and Bank of India (except assets charged on exclusive basis). | <p>60 equal monthly instalments beginning from 31st January 2012.</p> <p>Rate of Interest : BR +4.50%</p> |



Sakthi Auto Component Limited

- | | |
|---|--|
| 5. Term loan amounting to Rs. 296.89 lakhs (Nil) is secured by:
Exclusive charge on the Machineries purchased out of the term loan. | 60 equal monthly instalments
beginning from 25 th Jan. 2013.
Rate of Interest : 15.75% |
| 6. Term loan amounting to Rs. 179.22 lakhs (Nil) is secured by:
Exclusive charge on the Machineries purchased out of the term loan. | 60 equal monthly instalments
beginning from 16 th Feb. 2013.
Rate of Interest : 13.58% |
| 7. Term loan amounting to Rs. 144.90 lakhs (Nil) is secured by:
Exclusive charge on the Machineries purchased out of the term loan. | 60 equal monthly instalments
beginning from 16 th April 2013.
Rate of Interest : 12.41% |
| 8. 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. | |
| 9. Guarantees given by Directors / Others: | |
| a. Term Loans amounting to Rs.5320.01 lakhs (Rs. 5814.86 lakhs) are guaranteed by Chairman and Managing Director, Sri.M.Balasubramaniam and Sri. M. Srinivaasan, Directors of SACL. | |
| b. Term Loans amounting to Rs.3375.34 lakhs (Rs.4378.88 lakhs) are guaranteed by Chairman and Managing Director of SACL. | |
| c. Term Loans amounting to Rs.5320.01 lakhs (Rs. 6442.75 lakhs) are further guaranteed by Sakthi Sugars Limited, the holding Company. | |

SAKTHI AUTO ANCILLARY PRIVATE LIMIED (SAAPL):

Nature of Security

1. a) Term loan amounting to Nil (Rs.2.10 lakhs).
- b) Term loan amounting to Nil (Rs.9.75 lakhs).
- c) Term loan amounting to Rs.2.27 lakhs (Rs.28.85 lakhs).
- d) Term loan amounting to Rs.1.78 lakhs (Rs.25.84 lakhs).
- e) Term loan amounting to Rs.14.99 lakhs (Rs.46.53 lakhs).

Terms of Repayment

- 35 equal monthly instalments
beginning from October 2010.
- 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 Rs.173.86 lakhs (Rs.512.56 lakhs) is secured by the Pledge over land and buildings of the Portugal unit.
2. An amount of Rs.26426.64 lakhs (Rs.25969.20 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.



Sakthi Auto Component Limited

(C) UNSECURED LOANS FROM BANKS:

SAKTHI AUTO COMPONENT LIMITED (HOLDING COMPANY)

Nature of Security

Terms of Repayment

1. Loan amounting to Nil (Rs.39.89 lakhs). 30 equal monthly installments beginning from Sept. 2011.
2. Loan Amounting to Rs.225.60 lakhs (Rs.288.23 lakhs) is secured by collateral security given by Sakthi Sugars Ltd, the holding company. 84 equal monthly instalments beginning from May 2009
3. Guarantees given by Directors/Others:
 - a) Loan amounting to Rs.225.60 lakhs (Rs.328.12 lakhs) is guaranteed by the Chairman & Managing Director of SACL.
 - b) Loan amounting to Rs.225.60 lakhs (Rs.288.23 lakhs) is further guaranteed by Sakthi Sugars Limited, the holding company.

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):

Nature of Security

Terms of Repayment

1. Loan amounting to Rs.118.00 lakhs (Rs.221.38 lakhs) is secured by one specific asset of the holding company. 84 equal monthly installments beginning from May 2009 after initial moratorium period of 5 Months.
2. Loan amounting to Rs.9.08 lakhs (Rs.28.72 lakhs) is secured by demand promissory note. 36 equal monthly installments beginning from January 2012.
3. Loan amounting to Nil (Rs.4.22 lakhs) is secured by demand promissory note. 36 equal monthly installments beginning from Sept. 2009.
4. Loan amounting to Nil (Rs.31.26 lakhs) is secured by demand promissory note. 24 equal monthly installments beginning from January 2012.
5. Guarantees given by Directors/Others:
 - a) Loan amounting to Rs.118.00 lakhs (Rs.221.38 lakhs) is guaranteed by the Chairman & Managing Director of the holding company.
 - b) Loans amounting to Rs.9.08 lakhs (Rs.64.20 lakhs) is guaranteed by the Managing Director and Joint Managing Director of SAAPL.

EUROPEAN SUBSIDIARY:

Nature of Security

Terms of Repayment

- Loans amounting to Rs.702.03 lakhs (Rs.1589.55 lakhs). Repayable in instalments upto October 2015.

(D) UNSECURED LOANS FROM OTHER PARTIES:

SAKTHI AUTO COMPONENT LIMITED (HOLDING COMPANY)

Loan under Sales Tax Deferral amounting to Rs 255.58 lakhs (Rs. 447.33 lakhs)

Instalments beginning from December 2006 to April 2015.

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):

Nature of Security

Terms of Repayment

1. Loan amounting to Rs.13.47 lakhs (Rs.38.12 lakhs). 36 equal monthly instalments beginning from Feb. 2012.
2. Loan amounting to Rs.0.90 lakhs (Rs.18.31 lakhs). 36 equal monthly instalments beginning from May 2011.
3. Guarantees given by Directors:

Loans amounting to Rs.14.37 lakhs (Rs.56.43 lakhs) are guaranteed by the Managing Director and Joint Managing Director of SAAPL.



Sakthi Auto Component Limited

(E) FINANCE LEASE OBLIGATIONS		
SAKTHI AUTO COMPONENT LIMITED (HOLDING COMPANY)		
Nature of Security		Terms of Repayment
The Hire Purchase Finance amounting to Rs. 5.13 lakhs (Rs.11.72 lakhs) is secured by hypothecation of the vehicles so financed.		Repayable in 36 Monthly Instalments.
SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):		
Nature of Security		Terms of Repayment
1. HP Vehicle loans amounting to Rs.1.64 lakhs (Rs.13.64 lakhs) are secured by hypothecation of vehicles so financed.		Repayable in 36 Monthly Instalments.
2. HP Machinery loans amounting to Rs.119.52 lakhs (Rs.198.54 lakhs) are secured by hypothecation of machineries so financed.		Repayable in 48 Monthly Instalments.
3. HP Machinery loan amounting to Rs.114.25 lakhs (Nil) is secured by hypothecation of machineries so financed.		Repayable in 60 Monthly Instalments.
4. HP Machinery loan amounting to Rs.131.15 lakhs (Nil) is secured by hypothecation of machineries so financed.		Repayable in 84 Monthly Instalments.
5. Guarantees given by Directors: Loans amounting to Rs.366.56 lakhs (Rs.212.18 lakhs) are guaranteed by the Managing Director and Joint Managing Director of SAAPL.		
EUROPEAN SUBSIDIARY:		
Nature of Security		Terms of Repayment
Lease Finance Facilities amounting to Rs.1081.02 lakhs (Rs.17.11 lakhs) are secured by the equipments so financed.		Repayable in instalments upto January 2017.
		(Rs. in lakhs)
	As at	As at
	31.03.2013	31.03.2012
NOTE No. 4		
OTHER LONG TERM LIABILITIES		
Trade Payables	-	605.94
Sundry Deposits & Other Payables	806.21	19.33
TOTAL	806.21	625.27
NOTE No. 5		
LONG TERM PROVISIONS		
Provision for employee benefits	390.67	317.94
NOTE No. 6		
SHORT TERM BORROWINGS		
(a) Loans repayable on demand		
Secured Loans		
From Banks	14,570.01	9,386.72
From other parties	506.11	258.99
	15,076.12	9,645.71
Unsecured Loans		
From Banks	5,032.19	10,140.12
From other parties	2,038.49	3,073.08
	7,070.68	13,213.20
	22,146.80	22,858.91
(b) Loans and advances from related parties (Unsecured) (For details please refer Note No. 28)	820.06	497.01
TOTAL	22,966.86	23,355.92



NATURE OF SECURITY FOR SHORT TERM BORROWINGS

(A) SECURED LOANS FROM BANKS

SAKTHI AUTO COMPONENT LIMITED (HOLDING COMPANY):

1. Working capital facility of Rs.1499.53 lakhs (Rs.1577.19 Lakhs) is secured by:
 - a) Hypothecation of finished goods, raw materials, stock in process and stores and spares of the Company ranking paripasu 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 pari passu with Bank of India (except receivables charged to Central Bank of India on first charge basis).
2. Working capital facility of Rs.495.84 lakhs (Nil) is secured by:

Hypothecation of raw materials, work in progress, finished goods and stores of the company ranking pari passu with Indian Overseas Bank.
3. Working capital facility amounting to Rs.3013.83 lakhs (Rs.3100.71 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.103.83 lakhs (Rs.89.96 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.3933.09 lakhs (Rs.1200.00 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 Bank of India and Indian Overseas Bank (except assets charged on exclusive basis).
6. Working capital facility amounting to Rs.400.00 lakhs (Rs.300.00 lakhs) is secured by:

Subservient charge on the current and movable fixed assets of the Company.
7. Working capital facility amounting to Rs.531.59 lakhs (Nil) is secured by:

Exclusive charge on the current and future receivables from Volvo and GM Orion.
8. Letter of Credit facility of Rs.798.67 lakhs (Rs.697.12 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.



NOTE No. 6 (Contd.)

10. Guarantees given by Directors/Others:

- a) Working Capital facilities outstanding amounting to Rs.5312.03 lakhs (Rs. 5375.02 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.5464.35 lakhs (Rs.1589.96 lakhs) are guaranteed by Chairman and Managing Director of SACL.
- c) Working Capital facilities outstanding amounting to Rs.1499.53 lakhs (Rs.1577.19 lakhs) are further guaranteed by Sakthi Sugars Limited, the holding Company.

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):

1. Working capital facility of Rs.778.74 lakhs (Rs.668.98 lakhs).
2. Letter of Credit facility of Rs.137.60 lakhs (Rs.146.44 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.2877.29 lakhs (Rs.1606.32 lakhs) are secured by the Pledge over land and buildings of the Portugal unit.

(B) SECURED LOANS FROM OTHER PARTIES:

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):

Sale Bill factoring facility of Rs.506.11 lakhs (Rs.258.99 lakhs) is secured by:

- a) Assignment of supply bills discounted.
- b) Second charge on all present and future current assets, stock in trade,book debts,outstandings,monies receivables, 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.
- c) Personal guarantee by the Managing Director and Joint Managing Director of SAAPL and corporate guarantee by the holding Company.

(C) UNSECURED LOANS FROM BANKS:

SAKTHI AUTO COMPONENT LIMITED (HOLDING COMPANY):

Unsecured loan amounting to Nil (Rs.2500 lakhs) is secured by a Collateral Security and Corporate Guarantee provided by a promoter Company and an amount 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.202.49 lakhs (Rs.202.45 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.4629.70 lakhs (Rs.7237.67 lakhs) are repayable in instalments upto October 2015.



Sakthi Auto Component Limited

(D) UNSECURED LOANS FROM OTHER PARTIES:

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL):

Sale Bill factoring facility amounting to Nil (Rs.114.91 lakhs) is guaranteed by the Managing Director and Joint Managing Director of SAAPL and corporate guarantee of the Holding Company.

	(Rs. in lakhs)	
	As at	As at
	31.03.2013	31.03.2012
NOTE No. 7		
OTHER CURRENT LIABILITIES		
Current maturities of long term debts	32,869.90	30,485.78
Current maturities of finance lease obligations	498.73	832.20
Interest accrued but not due on borrowings	387.37	183.19
Interest accrued and due on borrowings	2,672.96	2,093.06
Unclaimed matured deposits	0.14	0.24
Unclaimed matured debentures	142.31	-
Other payables:		
Statutory remittance	774.71	773.57
Advance from customers	120.75	285.45
Other liabilities	3,113.34	4,242.34
Liabilities for capital expenditure	425.58	861.63
	4,434.38	6,162.99
TOTAL	41,005.79	39,757.46
NOTE No. 8		
SHORT TERM PROVISIONS		
Provision for employee benefits	14.68	16.49
Provision for expenses	3911.58	4833.64
TOTAL	3926.26	4850.13



Note No. 9
TANGIBLE ASSETS

(Rs. in lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2012	Additions	Deletions / Adjustments	As on 31.03.2013	Upto 31.03.2012	For the year	With- drawn	Upto 31.03.2013	As on 31.03.2012	As on 31.03.2013
Land	16797.60	–	–	16797.60	–	–	–	–	16797.60	16797.60
Buildings	13484.86	724.56	–	14209.42	1091.67	564.10	–	1655.77	12393.19	12553.65
Plant and equipment	62682.83	3985.38	–	66668.21	6681.84	4225.59	–	10907.44	56000.99	55760.76
Furniture and fixtures	66.64	0.28	–	66.92	37.38	3.76	–	41.14	29.26	25.78
Vehicles	328.63	48.20	3.23	373.60	123.05	37.28	3.23	157.09	205.59	216.51
Office equipments	698.94	115.16	–	814.10	419.44	73.44	–	492.88	279.50	321.22
Total	94059.50	4873.58	3.23	98929.85	8353.37	4904.18	3.23	13254.32	85706.13	85675.52
Work in Progress	774.70	2111.41	2400.55	485.55	–	–	–	–	774.70	485.55
Total For The Year	94834.20	6984.99	2403.79	99415.40	8353.37	4904.18	3.23	13254.32	86480.83	86161.07
Total For The Previous Year	87339.49	10401.35	2906.65	94834.20	6146.92	2329.58	123.13	8353.37	81192.57	86480.83

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 01.04.2012	Additions	Deletions	As on 31.03.2013	Upto 31.03.2012	For the Year	Upto 31.103.2013	As on 31.03.2012	As on 31.03.2013
Product Development	9004.81	1847.30	–	10852.11	6504.22	702.36	7206.58	2500.60	3645.53
Total for the year	9004.81	1847.30	–	10852.11	6504.22	702.36	7206.58	2500.60	3645.53
Total for the previous year	8280.92	723.89	–	9004.81	5527.55	976.67	6504.22	2753.37	2500.60



Sakthi Auto Component Limited

	(Rs. in lakhs)	
	As at 31.03.2013	As at 31.03.2012
NOTE No. 11		
NON-CURRENT INVESTMENTS - At Cost		
a) Investments in Equity Instruments		
Un quoted:		
i. Subsidiaries		
Sakthi Europe Verwaltungs GmbH, Germany	21.00	20.63
	<u>21.00</u>	<u>20.63</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	-
	<u>14.68</u>	<u>1.00</u>
Total of Unquoted Investments	<u>35.68</u>	<u>21.63</u>
b) Investments in Government Securities:		
Investment in Govt. Securities	18.93	56.61
Investment in Partnership firm:-		
Sakthi Europe GmbH & Co Germany	46,187.40	45,390.16
TOTAL	<u>46,242.01</u>	<u>45,468.40</u>
Aggregate amount of Quoted Investments	-	-
Aggregate amount of Unquoted Investments	46,242.01	45,468.40
Provision for diminution in value of Investments	-	-
NOTE NO - 12		
LONG TERM LOANS AND ADVANCES - Unsecured, considered good		
(a) Capital Advances	380.15	532.44
(b) Security Deposits	1,092.77	929.54
(c) Loans and Advances to related parties (for details please see Note No. 28)	-	14.35
(d) Other Loans and Advances:		
Advance Income-tax	3.58	-
Mat Credit entitlement	1,339.00	885.02
Advance for purchases & others	150.11	706.85
	<u>1,492.69</u>	<u>1,591.87</u>
TOTAL	<u>2,965.61</u>	<u>3,068.20</u>
NOTE NO - 13		
OTHER NON-CURRENT ASSETS		
Sundry Deposits	543.71	543.71
TOTAL	<u>543.71</u>	<u>543.71</u>



Sakthi Auto Component Limited

	(Rs. in lakhs)	
	As at 31.03.2013	As at 31.03.2012
NOTE NO - 14		
INVENTORIES		
(a) Raw Materials		
Steel Scrap, Pig Iron and others	6,626.55	6,433.89
(b) Work in Progress:		
Iron Castings and Industrial Valves	4,458.27	3,934.66
(c) Finished goods:		
Iron Castings and Industrial Valves	14,135.75	12,289.80
(d) Stores and spares	1,228.57	825.80
TOTAL	<u>26,449.14</u>	<u>23,484.15</u>
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	81.51	321.77
Trade receivables outstanding for a period less than six months	15,587.87	13,356.76
TOTAL	<u>15,669.38</u>	<u>13,678.53</u>
NOTE NO - 16		
CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents :		
Balances with Banks	1,193.29	1,243.50
EEFC Account	-	2.59
Cash on Hand	16.47	14.86
Margin Money with Banks / security against borrowings	1,066.60	1,708.65
TOTAL	<u>2,276.36</u>	<u>2,969.60</u>
Margin money with banks includes deposits with maturity period of more than 12 months of Rs.593.07 lakhs (Rs.66.48 lakhs)		
NOTE NO - 17		
SHORT TERM LOANS AND ADVANCES - Unsecured, considered good		
Loans and Advances to related parties (for details please see Note No. 28)	299.65	321.84
Other Loans and Advances:		
Loans and advance due by officers	28.84	38.77
Prepaid expenses	151.16	576.85
Deposit with Government authorities	1,286.19	950.58
Advance for purchases & others	1,710.10	658.27
Advance Income-tax	558.52	292.14
TOTAL	<u>3,734.81</u>	<u>2,516.61</u>
TOTAL	<u>4,034.46</u>	<u>2,838.45</u>
NOTE NO - 18		
OTHER CURRENT ASSETS		
Outstanding Income and interest receivable	242.16	297.76
TOTAL	<u>242.16</u>	<u>297.76</u>



Sakthi Auto Component Limited

	(Rs. in lakhs)	
	Year ended 31.03.2013	Year ended 31.03.2012
NOTE No. 19		
REVENUE FROM OPERATIONS:		
(a) Sale of Products		
Manufactured Goods		
Iron Castings	116,691.54	105,615.61
Pattern Sale	762.68	283.18
Industrial Valves	514.28	283.76
Total (a)	<u>117,968.50</u>	<u>106,182.55</u>
(b) Sale of Services		
	860.47	949.51
(c) Other Operating revenues		
Sale of Used Materials	305.20	264.33
Duty drawback / other export incentive	185.08	224.11
Total (c)	<u>490.28</u>	<u>488.44</u>
Total (a+b+c)	<u>119,319.25</u>	<u>107,620.51</u>
Less : Excise Duty	6,653.60	4,839.96
TOTAL	<u>112,665.65</u>	<u>102,780.55</u>
NOTE NO - 20		
OTHER INCOME		
(a) Interest income	362.07	373.72
(b) Dividend income	0.12	0.12
(c) Other non-operating income:		
Rent receipts	5.32	4.85
Manpower services	-	63.54
Miscellaneous income	228.97	537.02
Development cost received	51.98	1.47
Foreign exchange fluctuation	-	5.56
Sundry balance written off	0.14	6.03
Total (c)	<u>286.41</u>	<u>618.47</u>
TOTAL	<u>648.60</u>	<u>992.31</u>
NOTE NO - 21		
COST OF MATERIAL CONSUMED		
(a) Opening Stock:		
Steel Scrap, Pig iron & others	6,529.95	5,455.30
Total (a)	<u>6,529.95</u>	<u>5,455.30</u>
(b) Purchases:		
Steel Scrap, Pig iron & others	43,446.60	43,038.14
Total (b)	<u>43,446.60</u>	<u>43,038.14</u>
(c) Closing Stock:		
Steel Scrap, Pig iron & others	6,626.55	6,433.88
Total (c)	<u>6,626.55</u>	<u>6,433.88</u>
TOTAL (a+b-c)	<u>43,350.00</u>	<u>42,059.57</u>



Sakthi Auto Component Limited

	(Rs. in lakhs)	
	Year ended 31.03.2013	Year ended 31.03.2012
NOTE NO - 22		
CHANGES IN INVENTORIES OF FINISHED GOODS		
Work-in-progress and Stock In Trade		
(a) Opening Stock		
Finished Goods		
Iron Castings	12,378.64	9,699.63
Work in Progress		
Iron Castings	<u>3,999.10</u>	<u>2,709.51</u>
Total (a)	<u>16,377.74</u>	<u>12,409.14</u>
(b) Closing Stock		
Finished Goods		
Iron Castings	14,135.75	12,289.81
Work in Progress		
Iron Castings	<u>4,458.27</u>	<u>3,934.67</u>
Total (b)	<u>18,594.02</u>	<u>16,224.48</u>
TOTAL (a-b)	<u>(2,216.28)</u>	<u>(3,815.34)</u>
NOTE NO - 23		
EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	8,732.71	8,649.66
Contribution to Provident and other funds	1,944.63	2,080.03
Staff welfare expenses	<u>859.96</u>	<u>685.33</u>
TOTAL	<u>11,537.30</u>	<u>11,415.02</u>
NOTE NO - 24		
FINANCE COSTS		
Interest Expense		
On borrowings	7,571.50	6,527.79
On Trade payable	-	61.31
Other borrowing costs	69.50	39.89
Gain / loss on foreign currency transactions	<u>192.06</u>	<u>68.17</u>
TOTAL	<u>7,833.06</u>	<u>6,697.16</u>
NOTE NO - 25		
DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation	4,904.18	4,108.44
Less : Transfer from Revaluation reserve	<u>839.28</u>	<u>327.73</u>
	4,064.90	3,780.71
Amortization expense	<u>702.36</u>	<u>976.67</u>
TOTAL	<u>4,767.26</u>	<u>4,757.38</u>
NOTE NO - 26		
OTHER EXPENSES:		
Manufacturing Expenses:		
Consumption of stores and spares	16,132.69	14,903.62
Power and Fuel	16,011.35	12,660.98
Water charges	149.22	133.33
Fettling & Machining Charges	<u>2,329.11</u>	<u>2,415.49</u>



Sakthi Auto Component Limited

Note No. 26 (Contd.)	(Rs. in lakhs)	
	Year ended 31.03.2013	Year ended 31.03.2012
Rent	478.29	336.94
Lease rent	42.25	45.53
Repairs to buildings	76.35	47.48
Repairs to machinery	3,357.31	2,763.87
Repairs to others	165.15	160.85
Insurance	351.91	320.27
Rates and Taxes, excluding taxes on income	57.85	47.36
Royalty	23.03	27.11
Selling and Distribution Expenses:		
Packing Materials	1,452.71	1,293.97
Selling and distribution expenses	2,487.64	2,734.83
Freight and transport on finished goods	1,827.90	1,680.11
Other Administrative Expenses:		
Travelling expenses	157.97	186.70
Printing, postage, telephone & telex	221.61	153.33
Freight and transport	193.90	124.00
Donations	5.38	48.20
Legal and professional charges	1,257.85	937.07
Excise Duty on stock adjustments	13.80	234.88
Administrative and other expenses	644.10	653.21
Bank Charges	95.44	96.23
Payment to Auditor		
As Auditors	13.25	11.25
Taxation matters	2.11	3.60
Consolidated audit report	–	1.49
Management services & others	5.83	2.61
Service tax	1.25	–
Reimbursement of expenses	0.07	–
Managerial remuneration	81.15	13.68
Directors sitting fees	3.65	4.80
Loss on sale of fixed assets	–	425.87
Deferred revenue expenditure written off	6.65	26.62
Irrecoverable advances written off	0.11	2.45
TOTAL	47,646.88	42,497.75

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 2013	31 st March 2012
Gratuity	89.19	53.61
Provident Fund	125.27	114.68
Employees State Insurance	34.73	35.54



Sakthi Auto Component Limited

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	31.03.2013	31.03.2012
I Principal Actuarial Assumptions (Expressed as weighted average)		
Discount Rate	8.05%	8.00%
Salary escalation rate	7.00%	7.00%
Attrition rate	3.00%	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	67.38	46.34
Interest Cost	5.23	3.57
Current Service Cost	28.77	7.94
Past Service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	-
Benefits paid	(4.74)	(3.52)
Actuarial loss/(gain) on obligation (balancing figure)	(16.18)	13.05
PVO as at the end of the period	80.45	67.38
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	4.74	3.52
Benefits paid	(4.74)	(3.52)
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	(16.18)	13.05
Actuarial gain/(loss) for the period - Plan Assets	-	-
Total (gain)/loss for the period	(16.18)	13.05
Actuarial (gain)/loss recognized in the period	(16.18)	13.05
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	67.38	67.38
Fair value of plan assets	-	-
Difference	67.38	67.38
Unrecognised transitional liability	-	-
Unrecognised past service cost-non vested benefits	-	-
Liability recognized in the balance sheet	67.38	67.38



Sakthi Auto Component Limited

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

Particulars	31.03.2013	31.03.2012
VII Expenses Recognised in the Statement of Profit and Loss		
Current service cost	28.77	7.94
Interest Cost	5.23	3.57
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	(16.18)	13.05
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	17.82	24.56
VIII Movements in the Liability Recognised in the Balance Sheet		
Opening net liability	67.38	46.34
Expenses as above	17.81	24.56
Contribution paid	(4.74)	(3.52)
Closing net liability	80.45	67.38
IX Amount for the Current Period		
Present value of obligation	80.45	67.38
Plan Assets	-	-
Surplus (Deficit)	80.45	-67.38
X Major Categories of Plan Assets (As Percentage of Total Plan Assets)	Nil	Nil

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL)

Particulars	31.03.2013	31.03.2012
I Principal Actuarial Assumptions (Expressed as weighted average)		
Discount Rate	8.05%	8.57%
Salary escalation rate	5.50%	5.50%
Attrition rate	2.00%	2.00%
Expected rate of return on Plan Assets	8.05%	8.00%
II Changes in the Present Value of the Obligation (PVO) - Reconciliation of Opening and Closing Balances		
PVO as at the beginning of the period	40.78	33.65
Interest Cost	3.28	2.87
Current Service Cost	7.22	6.84
Past Service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	-
Benefits paid	-	(0.34)
Actuarial loss/(gain) on obligation (balancing figure)	(5.01)	(2.24)
PVO as at the end of the period	46.26	40.78
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	21.38	15.03
Expected return on plan assets	1.72	1.21
Contributions	-	4.00
Benefits paid	-	(0.34)
Actuarial gain/(loss) on obligation (balancing figure)	(0.01)	1.48
Fair value on plan assets as at the end of the period	23.09	21.38



Sakthi Auto Component Limited

SAKTHI AUTO ANCILLARY PRIVATE LIMITED (SAAPL) (Contd.)		
Particulars	31.03.2013	31.03.2012
IV Actual Return on Plan Assets		
Expected return on plan assets	1.72	1.21
Actuarial gain/(loss) on plan assets	(0.01)	1.48
Actual return on plan assets	1.71	2.69
V Actual Gain/Loss Recognised		
Actuarial gain/(loss) for the period - Obligation	(5.02)	(2.24)
Actuarial gain/(loss) for the period - Plan Assets	0.01	(1.48)
Total (gain)/loss for the period	(5.01)	(3.72)
Actuarial (gain)/loss recognized in the period	(5.01)	(3.72)
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	46.26	40.78
Fair value of plan assets	23.09	21.38
Difference	(23.16)	(19.39)
Unrecognised transitional liability	-	-
Unrecognised past service cost-non vested benefits	-	-
Liability recognized in the balance sheet	(23.16)	(19.39)
VII Expenses Recognised in the Statement of Profit and Loss		
Current service cost	7.22	6.84
Interest Cost	3.28	2.87
Expected return on plan assets	(1.72)	(1.21)
Net actuarial (gain)/loss recognised in the year	(5.00)	(3.71)
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	3.77	4.78
VIII Movements in the Liability Recognised in the Balance Sheet		
Opening net liability	(19.39)	(18.61)
Expenses as above	(3.77)	(4.78)
Contribution paid	-	4.00
Closing net liability	(23.16)	(19.39)
IX Amount for the Current Period		
Present value of obligation	46.25	40.78
Plan Assets	23.09	21.38
Surplus (Deficit)	(23.16)	(19.39)
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	0.83 (16.98)	140.17 (5.02)				141.00 (22.00)
Purchase of Power	-- (204.37)					-- (204.37)
Sales						
Sale of Materials	5.38 (4.28)	2.89 (13.98)				8.27 (18.26)
Rendering of services						
Interest Receipts	62.38 (65.75)					62.38 (65.75)
Receiving of services						
Interest Payments		2426.69 (177.14)				2426.69 (177.14)
Printing charges		8.20 (5.43)				8.20 (5.43)
Others		2.70 (3.14)				2.70 (3.14)
Lease rent		5.40 (3.60)				5.40 (3.60)
Vehicle Purchase/ Maintenance		21.03 (7.67)			31.43 (34.25)	52.46 (41.92)
Transport charges		-- (15.96)				-- (15.96)
Managerial Remuneration						
Remuneration to Managing Director and Joint Managing Director			81.15 (13.68)			81.15 (13.68)
Sitting Fees				0.80 (2.10)		0.80 (2.10)
Balance outstanding at the end of the year						
Key Managerial Personnel			46.21 (6.88)			46.21 (6.88)
Loans and advances	214.81 (250.96)	84.84 (85.23)				299.65 (336.19)
Borrowing	17087.13 (13111.11)	4715.98 (2417.82)				21803.11 (15528.93)

Figures in brackets are that of the previous year



Sakthi Auto Component Limited

29 Earnings per Share:

Particulars	2012-13	2011-12
Basic:		
a) Net Profit as per statement of Profit and Loss (Rs. in lakhs)	(397.35)	(638.91)
b) Less: Dividend attributable to Preference shareholders (including tax)	4295.21	4039.91
c) Net Profit/loss after Preference Dividend	(4692.56)	(4678.82)
d) No. of Equity Shares - Basic	43860000	43860000
e) Nominal value per Equity share (Rs.)	10	10
f) Earnings per share - Basic (Rs.)	(10.70)	(10.67)
Diluted:		
a) Net Profit attributable (Rs. in lakhs)	(397.35)	(638.91)
b) Weighted average number of shares	246310000	246310000
c) Earnings per share - Diluted (Rs.)	(0.16)	(0.26)

30. Deferred Tax:

(Rs. in lakhs)

Particulars	31.03.2013	31.03.2012
A. For Indian Companies:		
i) Deferred Tax Liability:		
Arising out of depreciation of Fixed Assets (Net)	3100.89	2613.03
Difference in treatment of expenses/income (Net)	231.15	278.89
Total	3332.04	2891.92
ii) Deferred Tax Asset:		
Carried forward losses/Unabsorbed depreciation	1716.22	2012.93
Net Deferred Tax Liability (+) / Asset (-)	1615.82	878.99
B. For Foreign Companies:		
i) Deferred Tax Liability:		
Revaluation of tangible Fixed Assets	969.50	1113.63
Non reimbursable investment subsidies	110.03	119.08
Total	1079.53	1232.71
ii) Deferred Tax Assets:		
Provisions not tax deductible	54.26	32.46
Corporate income tax credit	285.00	280.07
Tax losses	450.22	588.42
Total	789.48	900.95
Net Deferred Tax Liability (+) / Asset (-)	290.05	331.76
Deferred Tax Liability (+) / Asset (-) (A+B)	1905.87	1210.75

31. Contingent Liabilities:

(Rs. in lakhs)

Particulars	31.03.2013	31.03.2012
A) Claims against the Company not acknowledged as debts:		
(i) Income tax matters	31.22	61.56
(ii) Purchase tax/sales tax matters	--	85.12
(iii) Others	515.00	425.60
B) Guarantees issued by bankers	1195.43	1861.83
C) Corporate guarantee Provided:		
(i) Guarantee amount	51226.52	57895.00
(ii) Outstanding amount	52457.08	43323.78
D) Export obligation		
Duty component to be paid in case of non fulfillment of obligation	--	188.64



Sakthi Auto Component Limited

32. Commitments:

(Rs. in lakhs)

Particulars	31.03.2013	31.03.2012
Estimated amount of contracts remaining to be executed on capital account and not provided for	1215.69	1717.48

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
(ICAI Regn. No.: FRN003328S)

P R VITTEL
Partner
M.No. 018111
Coimbatore
28.05.2013

M MANICKAM
Chairman & Managing Director

C RANGAMANI
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 Statement of Profit and loss.
- v) Inter segmental transfer price is not recognised.

b) Expenditure Recognition:

Indian Companies:

The Excise duty appearing in the Statement of Profit and loss 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 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 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 Profit and loss account

Provision for liability in respect of Leave encashment benefits are made based on actuarial valuation made by an independent actuary as at 31.03.2011 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.



Sakthi Auto Component Limited

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 following Subsidiaries,

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 Netherlands B.V.	Netherlands	100.00
Sakthi Service GmbH	Germany	100.00
Sakthi Portugal SA	Portugal	100.00
Sakthi Foreign Sales Corporation BV	Netherlands	100.00
Sakthi Holdings BV	Netherlands	100.00
Sakthi Auto Mauritius Limited	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 these 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.