KANAKA DURGA™
FINANCE LIMITED
YOUR PROSPERITY. OUR PRIORITY.

Annual Report
2015-2016

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held at the Registered Office of the Company at 40-7-31, Jammichettu Centre, Moghalrajpuram, Vijayawada - 520010 on Monday the 8th day of August 2016 at 11.00 a.m. to transact the following business.

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2016 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors' and Auditors thereon.

2. To appoint a Director in place of Sri S.J P N Chowdary who retires by rotation and being eligible, offers himself for re-appointment.

3. Ratification of Appointment of Auditors.

To Consider and, if thought fit, to pass with or without modification(s) the following resolution as an ordinary Resolution.

By order of the Board of Directors
For KanakadurgaFinance Limited

Sd/-
S.Lakshminarayana
Managing Director
(DIN 00538185)

Date: 13/07/2016
Place: Vijayawada.

Notes

a)A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The instrument of proxy should however be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting.

b) Shareholders are requested to update their address for communication and also provide to the company their Email address.

DIRECTORS' REPORT

Your directors have pleasure in presenting the 22ndAnnual Report with audited accounts for the year ended 31st March 2016. The summarised financial results of the Company are given hereunder:

1. Financial Highlights

Your directors have pleasure in presenting the 22nd Annual Report with audited accounts for the year ended 31st March 2016. The summarized financial results of the Company are given hereunder:

Particulars	**2015-2016** (Rs.in Lakhs)	**2014-2015** (Rs.in Lakhs)	**2013-2014** (Rs.in Lakhs)
Gross Revenue	3151.18	2525.88	2121.35
Profit Before Depreciation and Tax	675.10	693.78	635.71
Depreciation	64.01	33.62	14.70
Profit Before Tax	611.09	660.16	621.01
Provision for Tax	217.09	206.24	205.43
Profit After Tax	393.99	453.92	415.58
Balance brought forward from previous year	1542.38	1318.71	1104.19
Amount available for apportionment	1936.38	1751.11	1519.77
Tax relating to previous year	0	0	0
Dividend and tax thereon	0	117.94	117.94
Loss of Previous Year	0	0	0
Transfer to Reserve Fund	78.79	90.78	83.12
Balance Carried Forward	1857.58	1542.39	1318.71
Paid-up Share Capital	1116.18	1008.08	1008.08
Tangible Net-worth	4227.83	3509.52	3195.09
Assets Under Management	14718.03	11048.43	8936.41

2. Review of Operations

During the year your Company recorded considerable growth in volume of business. Total Assets Under Management has gone up to Rs.14718.03 Lakhs as against Rs.11048.43 Lakhs in the preceding year registering a growth of 33.21%. Gross revenue generated during the year has increased by 24.78%, PBDT has marginally declined by 2.69% and Profit after Tax has decreased by 13.20% over preceding year. During the Financial year the company has disbursed the total amount of Rs.15826.70 Lacks towards Stock on Hypothecation and loans against jewelry. There is no change in the business activity of the company during the year.

3. Non Performing Assets

The Company has maintained the quantum of NPAs at 0.5% level during this year. During the year company created a provision for Standard Assets as per RBI Norms at 0.25%.

4. Capital Adequacy

Capital to Risk-weighted Assets Ratio (CRAR) as on 31st March 2016 was27.71%, comprised of total Tier I capital. The minimum CRAR prescribed by Reserve Bank of India is only 15%.

5. RBI Registration

As you are aware your Company is registered with Reserve Bank of India and the Registration No. is 09.00204. Your Company retains the classification given by the Reserve Bank of India as Asset Finance Company.

6. Directors& Key Managerial Person

Sri. S. Jaya Prakash Narayana Chowdary is liable to retire by rotation at the 22ndAnnual General Meeting and being eligible offer himself for re-appointment.

7. Declaration by Independent Directors

The Independent Directors have submitted their disclosures to the Board that they fulfil all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

8. Extract of Annual Return:

As required pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in MGT-9 is annexed as a part of this report vide Annexure I.

9. Remuneration to Directors & KMP:

Disclosure pursuant to Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed vide Annexure I(as part of MGT-9)

10. Related Party Transactions:

The transactions entered into by the Company with the related parties were in the ordinary course of business and on an arm's length basis. Form AOC-2, as required under Section 134 (3)(h) of the Act, read with Rule 8 (2) of the Companies (Accounts) Rules 2014, is attached as part of this report vide Annexure II.

10. Related Party Transactions:

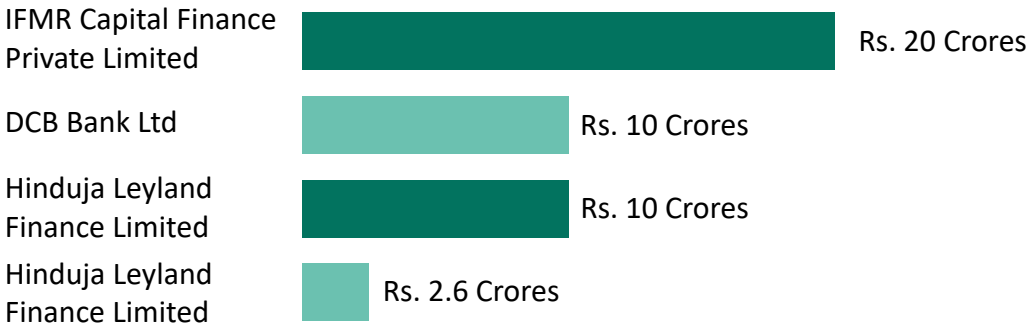
a) Deposits

The company does not have any public deposits outstanding as on 31st March 2016 as the company has been converted as Non-Deposit taking Company during the financial year 2008-2009 and the board of directors have passed a resolution for the non-acceptance of public deposits. Further The Companies (Acceptance of Deposits) Rules, 2014 shall not be applicable to our company vide its Rule 1 as it is a non-banking financial company registered with the Reserve Bank of India.

b) Term Funding

During the year, your Company has raised

Term Loan



c) Working Capital Finance

100 Crores Company's working capital limits with Andhra Bank

12. Material changes and commitment if any affecting the financial position of thecompany occurred between the end of the financial year to which this financial statements relate and the date of the report

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

13. Risk Management

Your Company, being in the business of financing of commercial and passenger vehicles and extending loans against security of Gold and Jewellery Ornaments, has to manage various risks. These risks include credit risk, liquidity risk, interest rate risk and operational risk. The Board of Directors of the Company review and monitor these risks at periodic intervals. The Company manages credit risk through stringent credit norms established through several years of experience in this line of business and continues to follow the time tested practice of personally assessing every borrower, before committing to a credit exposure.

This process ensures that the expertise in lending operations acquired by the Company over decades is put to best use and acts to mitigate credit risks. Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. The Company monitors ALM periodically to mitigate the liquidity risk.

Operational risks arising from inadequate or failed internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored by a dedicated team of people. Process improvements and quality control are on-going activities and are built into the employee's training modules, as well.

14. Dividend

Based on company's performance, the directors have decided not to declare any dividends during the year.

15. Capital

10,81,034 shares issued on rights basis during the year to existing members

As on 31st March, 2016, the issued, subscribed and paid up share capital of your Company stood at Rs.11.16Crorescomprising 1,11,61,881Equity shares of Rs.10/- each.

16. Details of Board meetings

During the year, 12 (Twelve) number of Board meetings were held, details of which are given below:

Sl No	Date of Meeting	No of Directors Attended the Board Meeting
1.	08/04/2015	6
2.	17/04/2015	6
3.	17/06/2015	6
4.	23/06/2015	6
5.	01/07/2015	6
6.	07/07/2015	6
7.	29/07/2015	6
8.	03/09/2015	6
9.	02/11/2015	6
10.	16/12/2015	6
11.	18/01/2016	6
12.	30/03/2016	6

17. Committees of Board

The details of composition of the Committees of the Board of Directors are as under:-

a) Audit Committee

Sl. No.	Name	Chairman/ Members	Status on Board
1	S Srimannarayana	Chairman	Whole Time Director & CFO
2	Nekkalapudi Hari Kiran	Member	Independent Director
3	Unnam Venkateswarlu	Member	Independent Director

During the year Audit Committee had met on 23rd June 2015 and all the members attended the meeting.

Brief Terms of Reference is as follows

The terms of reference of the Audit Committee are wide enough to cover the matters specified for Audit Committee under Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee are broadly as under:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;

3. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to;
a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report.
b) Changes, if any, in accounting policies and practices and reasons for the same.
c) Major accounting entries involving estimates based on the exercise of judgment by the management.
d) Significant adjustments made in the financial statements arising out of audit findings.
e) Disclosure of any related party transactions.
f) Qualifications in the draft audit report.

4. Reviewing, with the management, the quarterly/half yearly financial statements if any before submission to the board for approval;

5. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

6. Review and monitor the Auditor's independence and performance, and effectiveness of audit process;

7. Approval or any subsequent modification of transactions of the company with related parties;

8. Scrutiny of inter-corporate loans and investments;

9. Evaluation of internal financial controls and risk management systems;

10. Reviewing, with the management, the performance of internal auditors, adequacy of the internal control systems and reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

11. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

12. To review the functioning of the Whistle Blower mechanism;

13. Approval of appointment of CFO or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;

14. Reviewing financial statements, in particular the investments made by the Company's subsidiaries.

b) Nomination and Remuneration Committee

Sl. No.	Name	Chairman/ Members	Status on Board
1	Unnam Venkateswarlu	Chairman	Independent Director
2	Nekkalapudi Hari Kiran	Member	Independent Director
3	S Jayaprakash Narayana Chowdary	Member	Whole Time Director

Nomination and Remuneration Committee is constituted, as above, as per the Section 178 of the Companies Act, 2013. During the year, the Committee had met on 23rd June 2015 and all the members attended the meeting.

c) Corporate Social Responsibility Committee

Sl. No.	Name	Chairman/ Members	Status on Board
1	Sandireddy Lakshmi Narayana	Chairman	Managing Director
2	Unnam Venkateswarlu	Member	Independent Director
3	Nekkalapudi Hari Kiran	Member	Independent Director

During the year Corporate Social Responsibility Committee was constituted and the Committee had met on 29th July 2015. The Report on CSR Activities/ Initiatives is enclosed as Annexure III.

18. Directors' Responsibility Statement

Your directors confirm that:

1.In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

2. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period;

3. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. The directors had prepared the annual accounts on a going concern basis;

5. The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

6. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

19. Cost Audit

Cost Audit is not applicable to your company

20. Secretarial Audit

Secretarial audit is not applicable to your company

21. Human Resources

Your Company believes that its greatest assets are its people and Training is an investment in long term people development, for organisational excellence. During the year under review, your Company has taken several new initiatives to ensure that the knowledge and wisdom gained over decades is handed down to the next generation of employees. A well balanced mix of domain knowledge and behavioural training was taken up towards talent transformation. These initiatives have paid rich dividends in the form of a strong group of in-house facilitators of domain knowledge and a highly motivated team of employees geared to fulfilling the needs of your Company’s valued customers.

22. Disclosure under The Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition &Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the year 2015-16.

23. Statutory Auditors, their Report and Notes to Financial Statements

In the last AGM held on 30th September, 2015, M/s. Suresh And Babu, Chartered Accountants have been appointed as Statutory Auditors of the Company for a period of three years. Ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM.

Further, the report of the Statutory Auditors along with notes to Schedules is enclosed to this report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

24. Details of Significant and material Orders passed by the Regulators

During the year 2015-16, no significant and material Orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

25. Internal Financial Controls

Appropriate controls are in place to ensure: (a) the orderly and efficient conduct of business, including adherence to policies, (b) safeguarding of assets, (c) Prevention and detection of frauds / errors, (d) accuracy and completeness of the accounting records and (e) timely preparation of reliable financial information.

26. Statement containing salient features of financial statements of subsidiaries, Associates and Joint Ventures

Your company does not have any Associate, Subsidiaries and Joint Ventures companies.

27. Transfer of Amounts to Investor Education and Protection Fund

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

28. Fixed Deposits

The company does not have any public deposits outstanding as on 31st March 2016 as the company has been converted as Non-Deposit taking Company during the financial year 2008-2009 and the board of directors have passed a resolution for the non-acceptance of public deposits. Further The Companies (Acceptance of Deposits) Rules, 2014 shall not be applicable to our company vide its Rule 1 as it is a non-banking financial company registered with the Reserve Bank of India

29. Particulars of Employees

None of the employees of the company are drawing remuneration exceeding Rs.5.00 lakhs per month or Rs.60.00 Lakhs per annum or a proportionate amount for a part period thereof.

30. Details of conservation of energy, technology absorption, foreign exchange earnings and outgo

a) Conservation of energy

i)	**the steps taken or impact on conservation of energy**	**Not Applicable**
ii)	**the steps taken by the company for utilizing alternate sources of energy**	**Not Applicable**
iii)	**the capital investment on energy conservation equipments**	**Not Applicable**

(b) Technology absorption

i)	**the efforts made towards technology absorption**	**Not Applicable**
ii)	**the benefits derived like product improvement, cost reduction, product development or import substitution**	**Not Applicable**
iii)	**in case of imported technology (imported during the last three years reckoned from the beginning of the FY)**	**Not Applicable**
	a) the details of technology imported	**Not Applicable**
	b) the year of import;	**Not Applicable**
	b) whether the technology been fully absorbed	**Not Applicable**
	d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	**Not Applicable**
iv)	**the expenditure incurred on Research and Development**	**Not Applicable**

(c) Foreign exchange earnings and Outgo

There is no foreign exchange earnings and outgo during the reporting period.

Your Directors place on record their appreciation for employees at all levels, who have contributed to the growth and performance of your Company. Your Directors also thank the clients, vendors, bankers, shareholders and advisers of the Company for their continued support. Your Directors also thank the Central and State Governments, and other statutory authorities for their continued support.

For and on behalf of the Board

Sd/-
(S. Lakshmi Narayana)
(Managing Director)

Sd/-
(S. Srimannarayana)
(Whole Time Director)

Sd/-
(S.J.P.N.Chowdary)
(Whole Time Director)

Place: Vijayawada
Date: 13th July 2016

ANNEXURE - 1

Form No.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2016

[Pursuant to section 92(3)ofthe Companies Act,2013 andrule12(1)of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

1.	CIN	U65921AP1994PLC018605
2.	Registration Date	24/10/1994
3.	Name of the Company	Kanakadurga Finance Limited
4.	Category/Sub-Category of the Company	Company Limited by Shares / Indian Non-Government Company
5.	Address of the Registered office and contact details	40-7-31, Jammichettu Centre, Mogalrajapuram, Vijayawada – 520010. Tel. Nos.: 0866 – 2484034.
6.	Whether listed company	No
7.	Name, Address and Contact details of Registrar and Transfer Agent ,If any	Not Applicable

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II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	NBFC - Asset Finance – Hypothecation	64920	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	%of shares held	Applicable Section
			NIL		

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 2016				No. of Shares held at the end of the year 2016				% Change during the year
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
Promoter									
1) Indian									
a) Individual/ HUF	-	7966647	7966647	79.03	-	8931014	8931014	80.01	0.98
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	2114200	2114200	20.97	-	2230867	2230867	19.99	(0.98)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	**-**	**10080847**	**10080847**	**100**	**-**	**11161881**	**11161881**	**100**	**-**
2) Foreign									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Body Corporate	-	-	-	-	-	-	-	-	-
j) Banks / FI's	-	-	-	-	-	-	-	-	-
k) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	-	-	-	-	-	-	-	-	-
Total Promoter **A**	**-**	**10080847**	**10080847**	**100**	**-**	**11161881**	**11161881**	**100**	**-**
B. Public Shareholding									
1. *Institutions*									
a)Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(1)	-	-	-	-	-	-	-	-	-

2. Non Institutions a) Bodies Corp. (i) Indian (ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals (i) Individual shareholders holding nominal share capital - uptoRs. 1 lakh	-	-	-	-	-	-	-	-	-
(ii) - excess of Rs 1 lakh									
C) Others-Specify	-	-	-	-	-	-	-	-	-
Sub-total(B)(2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding (**B**)= (B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs &ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**10080847**	**10080847**	**100**	**-**	**11161881**	**11161881**	**100**	**-**

ii.Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumber- red to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumber- red to total	% change in share holding during the year
1.	S. Lakshmi Narayana	1888837	18.74	Nil	2115066	18.95	Nil	0.21
2.	S. Ratna Kumari	1037794	10.30	Nil	1227553	11.00	Nil	0.70
3.	S.J.P.N.Chowdary	2450760	24.31	Nil	2728652	24.45	Nil	0.14
4.	S. Srimannarayana	2387626	23.68	Nil	2658113	23.81	Nil	0.13
5.	Kanakadurga Financial Services Ltd	2114200	20.97	Nil	2230867	19.99	Nil	-0.98
6.	Chava Nageswari	15700	0.1557	Nil	15700	0.14	Nil	-0.02
7.	Gurram Ramanamma	16400	0.1627	Nil	16400	0.15	Nil	-0.02
8.	Kovi Chalapathi Rao	31200	0.3095	Nil	31200	0.28	Nil	-0.03
9.	Makkena Padmaja	100000	0.9920	Nil	100000	0.90	Nil	-0.10
10	Muthavarapu Lakshmi	8330	0.0826	Nil	8330	0.07	Nil	-0.01
11	Vuppalapati Vijaya Lakshmi	20000	0.1984	Nil	20000	0.18	Nil	-0.02
12	Pothumarthy Rajendra Prasad	10000	0.0992	Nil	10000	0.09	Nil	-0.01
	Total	**10080847**	**100**	**-**	**11161881**	**100**	**-**	

iii. Change in Promoters Shareholding (please specify, if there is no change

Sr. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding	
1	S. Lakshmi Narayana	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1888837	18.74		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transf sweat equity etc):	03/12/2015 226229 Allotment	2.026	2115066	18.95
	At the End of the year	2115066	18.95	2115066	18.95
2	S. Ratna Kumari	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1037794	10.30		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	03/12/2015 189759 Allotment	1.70	1227553	11.00
	At the End of the year	1227553	11.00	1227553	11.00
3	S.J.P.N.Chowdary	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2450760	24.31		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	03/12/2015 277892 Allotment	2.489	2728652	24.45
	At the End of the year	2728652	24.45	2728652	24.45
4	S. Srimannarayana	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2387626	23.68		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	03/12/2015 270487 Allotment	2.423	2658113 Allotment	23.81
	At the End of the year	2658113	23.81	2658113	23.81

5	Kanakadurga Financial Services	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2114200	20.97		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	03/12/2015 116667 Allotment	1.045	2230867 Allotment	19.99
	At the End of the year	2230867	19.99	2230867	19.99

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. no	**Name**	**Shareholding at the beginning of the year**		**Cumulative Shareholding during the year**	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

V. Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1	S. Lakshmi Narayana	No. of shares	% of total shares of the company	No. of shares	% of total company
	At the beginning of the year	1888837	18.74		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	03/12/2015 226229 Allotment	2.026	2115066	18.95
	At the End of the year	2115066	18.95	2115066	18.95
2	S. Ratna Kumari	No. of shares	% of total shares of the company	No. of shares	% of total company
	At the beginning of the year	1037794	10.30		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	03/12/2015 189759 Allotment	1.70	1227553	11.00
	At the End of the year	1227553	11.00	1227553	11.00
3	S.J.P.N.Chowdary	No. of shares	% of total shares of the company	No. of shares	% of total company
	At the beginning of the year	2450760	24.31		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	03/12/2015 277892 Allotment	2.489	2728652	24.45
	At the End of the year	2728652	24.45	2728652	24.45

4	S. Srimannarayana	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2387626	23.68		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	03/12/2015 270487 Allotment	2.423	2658113 Allotment	23.81
	At the End of the year	2658113	23.81	2658113	23.81

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits (Rs. in Crores)	Unsecured Loans (Rs. in Crores)	Deposits (Rs. in Crores)	Total Indebtedness (Rs. in Crores)
Indebtedness at the beginning of the financial year				
i) Principal Amount	83.52	0.48		84.00
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not	-	-	-	-
Total(i+ii+iii)	83.52	0.48	-	84.00
Change in Indebtedness during the financial year				
- Addition	42.40	-		42.40
- Reduction	0.73	0.48	-	1.21
Net Change	41.67	0.48	-	41.19
Indebtedness at the end of the financial year				
i) Principal Amount	125.19	-		125.19
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	125.19	Nil	Nil	125.19

VI. REMUNERATION OF DIRECTORS AND KEYMANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
1.	Name	S. Lakshmi Narayana	S. Ratna Kumari	S.J.P.N. Chowdary	S. Sriman narayana	
2.	Gross Salary (a) Salary as per provisions contained in section17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2)Income-tax Act, 1961 (c) Profits in lieu of salary under section17(3) Income- tax Act,1961	2400000	2400000	2400000	2400000	9600000
3.	Stock Option	Nil	Nil	Nil	Nil	Nil
4.	Sweat Equity	Nil	Nil	Nil	Nil	Nil
5.	Commission - as % of profit - others, specify…	Nil	Nil	Nil	Nil	Nil
6.	Others, please specify	Nil	Nil	Nil	Nil	Nil
7.	Total(A)	2400000	2400000	2400000	2400000	9600000
8.	Ceiling as per the Act	3000000	3000000	3000000	3000000	12000000

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Director				Total Amount
1.	<u>Independent Directors</u> ·Fee for attending board committee meetings ·Commission ·Others, please specify	Nil	Nil	Nil	Nil	Nil
2.	Total(1)	Nil	Nil	Nil	Nil	Nil
3.	<u>Other Non-Executive Directors</u> ·Fee for attending board		Nil	Nil	Nil	Nil

	committee meetings ·Commission ·Others, please specify	Nil				
4.	Total(2)	Nil	Nil	Nil	Nil	Nil
5.	Total(B)=(1+2)	Nil	Nil	Nil	Nil	Nil
6.	Total Managerial Remuneration A+B					9600000
7.	Overall Ceiling as per the Act					

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
1.		CEO	Company Secretary	CFO (mentioned above WTD Mr. S. Sriman Narayana)	Total
2.	Gross salary (a)Salary as per provisions contained in section17(1)of th Income-tax Act,1961 (b)Value of perquisites u/s 17(2)Income-tax Act,1961 (c)Profits in lieu of salary unde section 17(3) Income-tax Act,1961	Nil	Nil	Nil	Nil
3.	Stock Option	Nil	Nil	Nil	Nil
4.	Sweat Equity	Nil	Nil	Nil	Nil
5.	Commission - as % of profit -others, specify…	Nil	Nil	Nil	Nil
6.	Others, please specify	Nil	Nil	Nil	Nil
7.	Total	Nil	Nil	Nil	Nil

VII. PENALTIES/PUNISHMENT/COMPOUNDINGOFOFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/Compounding fees imposed	Authority [RD /NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. Directors					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. Other Officers	In Default				
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

Sd/-
(S. Lakshmi Narayana)
(Managing Director)

Sd/- **Sd/-**
(S. Srimannarayana) **(S.J.P.N.Chowdary)**
(Whole Time Director) **(Whole Time Director)**

Place: Vijayawada
Date: 13th July 2016

ANNEXURE - 2

Form No.AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

2. Details of material contracts or arrangement or transactions at arm's length basis: NIL

For and on behalf of the Board

Sd/-
(S. Lakshmi Narayana)
(Managing Director)

Sd/-	**Sd/-**
(S. Srimannarayana)	**(S.J.P.N.Chowdary)**
(Whole Time Director)	**(Whole Time Director)**

Place: Vijayawada
Date: 13th July 2016

ANNEXURE - 2

Form No.AOC-2

REPORT ON CSR ACTIVITIES/ INITIATIVES

[Pursuant to Section 135 of the Act & Rules made thereunder]

1. A brief outline of the company's CSR policy, including overview of the projects or programs proposed to be undertaken has been laid down.

2. The composition of the CSR Committee

Sl. No.	Name	Chairman/ Members	Status on Board
1	Sandireddy Lakshmi Narayana	Chairman	Managing Director
2	Unnam Venkateswarlu	Member	Independent Director
3	Nekkalapudi Hari Kiran	Member	Independent Director

3. Rs. 535.79 Lakhs, Average Net Profit of the company for last 3 financial years

4. Rs.10.72, LakhsPrescribed CSR expenditure (2% of amount)

5. Details of CSR activities/projects undertaken during the year:

a) Total amount to be spent for the financial year: Rs.11.50 Lakhs

b) Amount un-spent, if any: Nil

c) Manner in which the amount spent during financial year was detailed below

6. In case the company has failed to spend the 2% of the average net profit of the last 3 financial years or any part thereof, reasons for not spending the amount in its Board Report – Not Applicable

7. A responsibility statement by the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

We hereby state that implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Place: Vijayawada
Date: 13th July 2016

Sd/-
Managing Director & Chairman of CSR Committee

1	2	3	4	5	6	7	8
Sr. No	CSR project/ activity identified	Sector in which the Project is covered	Projects/Programs 1.Local area/others- 2.specify the state /district (Name of the District/s, State/s where project/program was undertaken	Amount outlay (budget) project/ program wise (Rs.in Lakhs)	Amount spent on the project/ program Sub-heads: 1.Direct expenditure on project/ program, 2.Overheads: (Rs.in Lakhs)	Cumulative spend upto to the reporting period (Rs.in Lakhs)	Amount spent: Direct/ through implementing agency*
1	Promoting education by providing financial assistance to deserving and meritorious students and also Educational Institutions which work for this cause (2 Institutions)	Education	Krishna District, Andhra Pradesh	11.50	11.50	11.50	11.50

Place: Vijayawada
Date: 13th July 2016

Sd/-
Managing Director & Chairman of CSR Committee

INDEPENDENT AUDITORS' REPORT

To the members of
Kanakadurga Finance Limited
Report on the Financial Statements

We have audited the accompanying financial statements of Kanakadurga Finance Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of these financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the 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 auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit/loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law relating to preparation of financial statements have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of these financial statements.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable.

(e) On the basis of the written representations received from the Directors as on March 31, 2016, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Independent Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
ii) The Company has made provision in its financial statements, as required under the applicable law or accounting standards, for material foreseeable losses on long term contracts including derivative contracts;
iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in 'Annexure B' a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Suresh And Babu
Chartered Accountants
FRN: 004254S

Sd/-
(S.Muralikrishna Rao)
Partner
ICAI M.No: 208435

Place: Vijayawada
Date: 13th July 2016

(b) In our opinion, proper books of account as required by law relating to preparation of financial statements have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of these financial statements.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable.

(e) On the basis of the written representations received from the Directors as on March 31, 2016, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Independent Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Kanakadurga Finance Limited ('the Company') as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended and as on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act and the Guidance Note, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the

preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For Suresh And Babu
Chartered Accountants
FRN: 004254S

Sd/-
(S.Muralikrishna Rao)
Partner
ICAI M.No: 208435

Place: Vijayawada
Date: 13th July 2016

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

Report on Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ('the Act') of Kanakadurga Finance Limited ('the Company')

1. In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of lands which are freehold, are held in the name of the Company as at the balance sheet date.

2. Since the company is a Non-Banking Finance Company, the provisions of paragraph 3(ii) of the Order are not applicable.

3. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.

4. The provisions of paragraph 3(iv) of the Order are not applicable to the company as the Company has not granted any loans as specified in Section 185 of the Act or has not made any investments as specified in Section 186 of the Act.

5. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2016 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

6. Reporting under clause 3(vi) of the Order is not applicable as the Company's business activities are not covered by the Companies (Cost Records and Audit) Rules, 2014.

7. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income Tax and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

(c) There were no dues of Income Tax, Provident Fund, Employees State Insurance, Sales Tax, Service Tax, Value Added Tax, duty of Customs, duty of Excise and Cess which have not been deposited as at March 31, 2016 on account of dispute.

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks or financial institutions. The Company does not have any loans or borrowings from government and has not issued any debentures.

9. In our opinion and according to the information and explanations given to us, the funds raised by the company through rights issue and term loans were utilized for the purpose for which they were raised.

10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

11. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

13. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

15. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors and hence provisions of Section 192 of the Act are not applicable.

16. The Company is required to be registered under Section 45-I of the Reserve Bank of India Act, 1934 and the company has been granted the Registration as Non-Banking Finance Company by the Department of Non-Banking Supervision, Reserve Bank of India, Hyderabad vide its Registration bearing No.B.09.00204, dated 28th November, 1998.

For Suresh And Babu
Chartered Accountants
FRN: 004254S

Sd/-
(S.Muralikrishna Rao)
Partner
ICAI M.No: 208435

Place: Vijayawada
Date: 13th July 2016

KANAKADURGA FINANCE LIMITED

(Formerly known as Kanakadurga Leasing & Finance Limited)

Balance Sheet as at 31st March 2016

(Amount In Rs)

	Description	Note No	As at 31st March, 2016	As at 31st March, 2015
I.	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	(a) **Share capital**	2	111,618,810	100,808,470
	(b) **Reserves and surplus**	3	311,134,664	250,143,660
2	Share Application Money Pending allotment		-	-
3	**Non-current liabilities**			
	(a) **Long-term borrowings**	4	275,312,063	25,642,340
	(b) **Deferred tax liabilities (Net)**	5	2,463,229	2,361,431
	(c) **Long-term provisions**	6	6,384,529	2,987,190
4	**Current liabilities**			
	(a) **Short-term borrowings**	7	838,329,999	769,026,369
	(b) Trade payables		-	-
	(c) **Other current liabilities**	8	143,816,412	52,727,338
	(d) **Short-term provisions**	9	21,637,228	32,289,809
	TOTAL		**1,710,696,934**	**1,235,986,607**
II.	**ASSETS**			
1	**Non-current assets**			
	(a) **Fixed assets**			
	(i) Tangible assets	10	40,682,338	43,677,297
	(ii) Capital work-in-progress		-	-
	(b) **Non-current investments**		-	-
	(c) **Long-term loans and advances**	11	442,812,265	325,439,270
	(d) **Other non-current assets**		-	-
2	**Current assets**			
	(a) **Cash and cash equivalents**	12	156,755,052	43,400,320
	(b) **Short-term loans and advances**	13	1,028,990,897	798,161,295
	(c) **Other current assets**	14	41,456,382	25,308,425
	TOTAL		**1,710,696,934**	**1,235,986,607**
Notes form an integral part of these financial statements		20		

As per our Report of even date

For Suresh And Babu

Chartered Accountants

Sd/-

S.Muralikrishna Rao

Partner

For and on behalf of the Board

Sd/-

(Sandireddy Lakshmi Narayana)

Chairman-Cum-Managing Director

Sd/-

(S.J.P.Narayana Chowdary)

Whole-time Director

Sd/-

(S.Srimannarayana)

Whole-time Director

Place: Vijayawada

Date: 13th July, 2016

KANAKADURGA FINANCE LIMITED

(Formerly known as Kanakadurga Leasing & Finance Limited)

Statement of Profit and Loss for the year ended 31st Mar 2016

(Amount In Rs)

	Description	Note No.	As at 31st March, 2016	As at 31st March, 2015
	Income:			
I.	Revenue from operations	15	311,400,142	249,551,239
II.	Other income	16	3,717,905	3,036,828
III.	**Total Revenue (I + II)**		**315,118,047**	**252,588,067**
IV.	**Expenses:**			
	Employee benefit expenses	17	49,240,965	36,650,485
	Finance costs	18	125,585,312	96,369,462
	Depreciation	10	6,401,467	3,362,389
	Other expenses	19	72,780,953	50,189,672
	Total expenses		**254,008,697**	**186,572,008**
V.	**Profit before exceptional Items and tax (III-IV)**		61,109,350	66,016,059
VI.	Exceptional item		-	-
VII.	**Profit before tax (V- VI)**		61,109,350	66,016,059
VIII	Tax expense:			
	(1B28:E29) Current tax		21,637,228	20,487,392
	(2) Deferred tax liability/(asset)		101,798	137,000
IX	**Profit for the year (VII-VIII)**		**39,370,324**	**45,391,667**
X	Earnings per Equity Share:			
	Weighted average number of Equity Shares outstanding during the year		10,433,294	10,080,847
	Basic & diluted earnings per share, including exceptional item (in Rs.)		3.77	4.50
	Basic & diluted earnings per share, excluding exceptional item (in Rs.)		3.77	4.50
	Nominal value per share (in Rs.)		10.00	10.00
	Notes form an integral part of these financial statements	20		

As per our Report of even date
For Suresh And Babu
Chartered Accountants

Sd/-
S.Muralikrishna Rao
Partner

Place: Vijayawada

For and on behalf of the board

Sd/-
(Sandireddy Lakshmi Narayana)
Managing Director

Sd/-
(S.J.P.Narayana Chowdary)
Whole-time Director

Sd/-
(S.Srimannarayana)
Whole-time Director

KANAKADURGA FINANCE LIMITED

(Formerly known as Kanakadurga Leasing & Finance Limited)

Cash Flow Statement for the year ended 31st March 2016

[Rupees in Lakhs]

		Year Ended 31st March, 2016	Year Ended 31st March, 2015
A	**NET CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit Before Tax	611.09	660.16
	Depreciation	64.01	33.62
	Amount written off	-	-
	Profit on sale of Agrl land	-	(15.22)
	Loss on sale of fixed assets	4.36	1.79
	Contingent Provision against standard assets	8.68	5.21
	Provision Against non performing assets	25.29	0.85
	Investment Income	(12.85)	(4.49)
	Operating Profit before Working Capital Change	**700.58**	**681.92**
	Increase in Stock-on-Hire	(4,653.88)	(2,112.02)
	Increase in Loans and Advances	1,171.86	(25.85)
	Increase in other Current Assets	(161.64)	(66.80)
	Increase in Current Liabilities	910.89	19.82
	Cash Generated from Operations	**(2,032.19)**	**(1,502.93)**
	Less: Direct Taxes Paid (Net off Refund)	322.73	206.30
	Net Cash Flow from Operating Activities	**(2,354.92)**	**(1,709.23)**
B	**NET CASH FLOW FROM INVESTING ACTIVITIES:**		
	Sale proceeds of Fixed Assets	5.08	19.51
	Purchase of Fixed Assets	(43.51)	(142.71)
	Investment Income	12.85	4.49
	Net Cash Flow from Investing Activities	**(25.58)**	**(118.71)**
C	**NET CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from issue of Share Capital (Incl. share premium)	324.31	-
	Net Increase in Secured Loans	2,544.67	2,017.62
	Increase in Unsecured Loans	(47.97)	47.94
	Increase in Working capital limits	693.04	
	Dividend Paid	-	(100.64)
	Dividend tax paid	-	(17.13)
	Net Cash Flow from Financing Activities	**3,514.05**	**1,947.79**
	Net Increase in Cash & Cash Equivlents (A + B + C)	1,133.55	119.85
	Opening Cash & Cash Equivalents	434.00	314.15
	Closing Cash & Cash Equivalents	1,567.55	434.00

As per our report of even date
For Suresh and Babu
Chartered Accountants

Sd/-
S. Murali Krishna Rao
Partner
Place: Vijayawada

For and on behalf of the board

Sd/-
(Sandireddy Lakshmi Narayana)
Managing Director

Sd/-
(S.J.P.Narayana Chowdary)
Whole-Time Director

Sd/-
(S.Srimannarayana)
Whole-Time Director

KANAKADURGA FINANCE LIMITED
Notes forming part of the Financials Statements

Note : 2 : SHARE CAPITAL **(Amount In Rs)**

Description	As at 31st March, 2016	As at 31st Mar, 2015
Authorised		
11750000 Equity shares of Rs.10/- each	117,500,000	117,500,000
(Previous year 11750000 Equity Shares of Rs.10/- each)		
250000 redeemable Preference Shares of Rs.10/- each	2,500,000	2,500,000
	120,000,000	120,000,000
Issued, Subscribed & Paid Up		
1,11,61,881 Equity shares of Rs.10/- each fully paid	111,618,810	100,808,470
(Previous year 10080847 Equity Shares of Rs.10/- each fully paid)		
(During the year 10,81,034 Equity Shares were issued on rights basis at a premium of Rs.20/- per Equity Share)		
Total	**111,618,810**	**100,808,470**

Rights, preferences and restrictions attached to :

Equity Shares:- The Company has only one class of equity share having a par value of Rs 10 per share. Each shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the Event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Reconciliation of Number of Shares

Particulars	As at 31st March 2016		As at 31st March 2015	
	Number of Shares	Amount	Number of Shares	Amount
Equity Shares:				
Opening Balance	10,080,847	100,808,470	10,080,847	100,808,470
Changes during the year	1,081,034	10,810,340		
Closing Balance	**11,161,881**	**111,618,810**	**10,080,847**	**100,808,470**

Details of Shares held by shareholders holding more than 5% of the aggregate shares in the company

Name of the Shareholder	As at 31st March 2016		As at 31st March 2015	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Kanakadurga Financial Services Ltd	2230867	19.98	2114200	20.97
S.Lakshminarayana	2115066	18.94	1888837	18.74
S.Ratna Kumari	1227553	10.99	1037794	10.29
S.Jayaprakash Narayana Chowdary	2728652	24.45	2450760	24.31
S.Srimannarayana	2658113	23.81	2387626	23.68

Note : 3 : RESERVES & SURPLUS

(Amount In Rs)

Description	As at 31st March, 2016	As at 31st March, 2015
Share Premium Reserve		
Opening Balance	45,379,402	45,379,402
Add: Additions during the year	21,620,680	-
	67,000,082	45,379,402
Statutory Reserve		
(As per Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening Balance	50,374,820	41,296,487
Add: Additions/(Deductions) during the Year	7,874,065	9,078,333
	58,248,885	50,374,820
Debenture Redemption Reserve		
Opening Balance	150,600	150,600
Less: Transferred to General Reserve	150,600	-
	-	150,600
General Reserve		
Opening Balance	-	-
Add: Additions during the year	150,600	-
	150,600	-
Surplus in Statement of Profit and Loss		
Opening balance	154,238,838	131,871,095
Add/(Less):Adjustment towards deprecitaion		(2,151,504)
Add: Profit for the year	39,370,324	45,391,667
	193,609,161	175,111,258
Less: Appropriations		
Transfer to Statutory Reserve	7,874,065	9,078,333
Proposed Dividend	-	10,080,847
Tax on Proposed Dividend	-	1,713,240
Closing Balance	185,735,097	154,238,838
Total	**311,134,664**	**250,143,660**

Note : 4 : LONG-TERM BORROWINGS

(Amount In Rs)

Description	As at 31st March, 2016	As at 31st March, 2015
Secured:		
Non-Convertible Secured Debentures	-	4,789,340
Sundaram Finance Limited	4,336,151	15,526,324
Sundaram Finance Limited - Car Loan	-	529,419
IFMR Capital Finance Private Limited	131,927,789	-
DCB Bank Ltd	72,730,000	-
Hinduja Leyland Finance Ltd	66,318,123	-
Unsecured:		
From directors	-	4,797,257
Total	**275,312,063**	**25,642,340**

Nature of Security	Term of Repayment
Term Loan from **Sundaram Finance** is secured by specific charge on loans receivables of the company	Repayable in 24 Monthly Installments comencing from December 2015 and ending on November 2017.
Term Loan from **IFMR Capital Finance Private Limited** is secured by charge on qualified receivables of the company	Repayable in 36 Monthly Installments comencing from October 2015 and ending on September 2018.
Term Loan from **DCB Bank Ltd** is secured by exclusive charge on specific receivables of the company	Repayable in 33 Monthly Instalments and Interest to be paid as and when it becomes due.
Term Loan from **Hinduja Leyland Finance** is secured by exclusive first charge on portfolio of receivables of the company	Repayable in 36 Monthly Installments comencing from February 2016 and ending on January 2019.

Note : 5 : DEFERRED TAXES (NET)

(Amount In Rs)

Description	As at 31st March, 2016	As at 31st March, 2015
Deferred Tax Liabilities on account of Depreciation		
Opening Balance	2,361,431	2,224,431
Add/(Less): Adjustments during the year	101,798	137,000
Total	**2,463,229**	**2,361,431**

Note : 6 : LONG-TERM PROVISIONS

(Amount In Rs)

Description	As at 31st March, 2016	As at 31st March 2015
Contingent Provision against Standard Assets		
Opening Balance	2,756,335	2,235,000
Add/(Less): Adjustments during the year	868,035	521,335
	3,624,370	2,756,335
Provision for Non-Performing Assets		
Opening Balance	230,855	145,565
Add/(Less): Adjustments during the year	2,529,304	85,290
	2,760,159	230,855
Total	**6,384,529**	**2,987,190**

Note : 7 : SHORT-TERM BORROWINGS

(Amount In Rs)

Description	As at 31st March, 2016	As at 31st March, 2015
Secured		
(a) Loans repayable on demand from Andhra Bank(43 A\c)*	719,277,716	539,348,084
(b) Loans repayable on demand from Andhra Bank(487 A\c)*	119,052,283	229,160,087
(c) Loans repayable on demand from Karur Vysya Bank*	-	518,198
Total	**838,329,999**	**769,026,369**

*Secured by First Charge on hypothecation receivables both present and furture by hypothecation of vehilces and hypothecation of Gold loan receivables.

Note : 8 : OTHER CURRENT LIABILITIES

(Amount In Rs)

Description	As at 31st March, 2016	As at 31st March, 2015
(a) Current maturities of long-term debt		
-Term Loan from Sundaram Finance Limited	29,560,114	29,044,850
-Term Loans repayable from IFMR Capital	51,189,802	-
-Term Loan repayable from HLF	29,802,022	-
-Term Loan repayable from DCB Bank	27,270,000	-
-Car Loan from Sundaram Finance Limited	529,419	571,772
-Non-Covertible Secured Debentures	-	16,809,429
(b) Statutory dues		
- TDS Payable	837,512	800,660
- ESI Payable	141,277	374,107
- PF Payable	189,003	189,627
(c) Others		
-Salaries Payable	3,087,517	2,851,977
-Auditors Remuneration	84,000	57,200
-Debenture Application Money	-	424,500
-Insurance Premium Pre-received	760,067	767,653
-Security deposit	174,500	600,000
-Others	191,179	235,563
Total	**143,816,412**	**52,727,338**

Note : 9 : SHORT-TERM PROVISIONS

(Amount In Rs)

Description	As at 31st March, 2016	As at 31st March, 2015
Provision for tax	21,637,228	20,487,392
Proposed Dividend on Equity Shares	-	10,080,847
Tax on Proposed Dividend	-	1,721,570
Total	**21,637,228**	**32,289,809**

	As at 31st March, 2016	As at 31st Mar, 2015
Note : 11 : LONG-TERM LOANS & ADVANCES		
Secured and Considered good		
Stock on Hypothecation	440,341,971	325,439,270
Term loans	2,470,294	-
	442,812,265	**325,439,270**
Note : 12 : CASH AND BANK BALANCES		
(a)Cash and Cash Equivalents		
(i) Balances with banks		
In current accounts	105,614,834	7,269,290
In deposit accounts	6,319,669	5,855,457
(ii) Cash in hand	44,820,549	30,275,573
	156,755,052	**43,400,320**
Note : 13 : SHORT-TERM LOANS & ADVANCES		
Secured and Considered good		
Loans against security of Gold Jewellery	169,413,562	299,067,556
Stock on Hypothecation*	830,821,640	480,335,918
Term loans	14,058,161	-
Unsecured and Considered good		
Demand Loans	96,301	2,613,655
Due from Dealers	14,601,233	16,144,166
	1,028,990,897	**798,161,295**

** Includes Non-performing assets of Rs.184.01 Lakhs (31.03.2015 Rs.23.09 Lakhs)*

Note : 14 : OTHER CURRENT ASSETS		
Advance Tax & TDS	21,699,447	21,715,935
Refund for AY:2015-16	1,192,190	-
Rent Deposit	5,631,950	3,571,350
Telephone Deposit	17,531	16,466
Electricity Deposit	4,674	4,674
Security deposit	10,163,361	-
Prepaid Exp	2,747,229	-
	41,456,382	**25,308,425**

	As at 31st March, 2016	As at 31st Mar, 2015
Note : 11 : LONG-TERM LOANS & ADVANCES		
Secured and Considered good		
Stock on Hypothecation	440,341,971	325,439,270
Term loans	2,470,294	-
	442,812,265	**325,439,270**
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Note : 14 : OTHER CURRENT ASSETS		
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Refund for AY:2015-16	1,192,190	-
Rent Deposit	5,631,950	3,571,350
Telephone Deposit	17,531	16,466
Electricity Deposit	4,674	4,674
Security deposit	10,163,361	-
Prepaid Exp	2,747,229	-
	41,456,382	**25,308,425**

	As at 31st March, 2016	As at 31st Mar, 2015
Note : 15 : REVENUE FROM OPERATIONS		
Hypothecation Charges	256,295,945	171,016,059
Interest on Demand Loans	8,954	304,682
Interest on Loans against Gold Jewellery	54,211,168	78,230,498
Interest from Term loans	884,075	-
	311,400,142	**249,551,239**
Note : 16 : OTHER INCOME		
Miscelleneous Income	1,739,509	915,069
Profit on Insurance	66,202	150,492
Interest on Fixed Deposits	1,285,046	448,888
Profit on sale of Agricultural Land	-	1,522,379
Compensation charges	627,148	-
	3,717,905	**3,036,828**
Note : 17 : EMPLOYEE BENEFITS EXPENSE		
Salaries	36,906,442	28,168,188
Directors Remuneration	9,600,000	6,945,000
Staff Welfare Expenses	563,422	490,686
Contributions to:		
ESI	972,084	352,527
Provident Fund	1,199,017	694,084
	49,240,965	**36,650,485**
Note : 18 : FINANCE COSTS		
Interest on Debentures	3,486,733	2,995,497
Interest on cash credit	104,087,675	85,621,365
Interest on Sundaram Loan	5,655,367	7,752,600
Interest on Hinduja Loan	2,969,945	-
Interest on IFMR Loan	9,385,592	-
	125,585,312	**96,369,462**

Note : 19 : OPERATION AND OTHER EXPENSES	As at 31st March, 2016	As at 31st Mar, 2015
Advertisement & Publicity	1,401,457	1,397,735
AMC	1,257,864	167,102
Audit Fee	92,000	62,700
Other professional fee	88,269	-
Audit Expenses	20,490	33,950
Auction Loss	1,574,419	161,766
Bank Charges	441,851	373,248
Bad debts (Written off)	2,645,414	406,639
Business Promotion Expenses	4,755,015	3,452,057
Car Maintenance	325,027	167,206
Cloud Services	38,643	15,847
Commission & Brokerage	15,551,668	10,909,560
Computer Maintenance	227,333	222,197
Discount	4,075,752	1,683,918
Donations	1,308,249	1,663,288
Ezone Securities	10,369	26,050
Electricity Charges	652,775	931,110
Insurance	618,303	727,209
Income Tax	32,445	-
Interest on Income Tax	34,468	106,490
Dividend distribution tax paid	338,985	-
TDS	4,471	-
Internet Bill	777,160	723,002
Legal Expenses	127,854	266,222
Loss on sale of Fixed assets	436,344	178,826
News papers & Periodicals	53,302	42,813
Contingent provision against Standarad Assets	868,035	521,335
NPA Provision	2,529,304	85,290
Office Maintenance	4,636,062	4,209,628
Pooja Expenses	44,515	48,999
Postage expeses	818,664	807,619
Printing & Stationery	1,318,081	1,075,555
Processing Charges	1,891,900	4,554,876
Professional Fee	3,658,044	3,143,622
Parking charges	1,060,219	-
Rent	8,362,085	6,692,599
Repairs & Maintenance	1,441,172	224,692
Registration Charges	13,870	314,083
ROC Filing	116,900	218,100
Renovation charges	508,257	-
Repo expenses	637,019	-
RTO expenses	1,074,427	-
Seizing Charges	113,425	122,695
Subscriptions	76,040	86,798
Taxes & Licenses	930,089	728,937
Telephone	1,335,865	946,466
Travelling & conveyance	3,504,150	1,751,002
Vehicle Maintenance	810,278	938,441
Valuation Charges	142,625	-
	72,780,953	**50,189,672**

Note : 10 : FIXED ASSETS

(Amount In Rs)

	Rate (%)	Gross Block (At Cost)				Depreciation				Net Block
		Balance as at 1st April 2015	Addition/ Adjustment	Deduction/ Adjustment	Balance as at 31st March 2016	Balance as at 1st April 2015	For the year	Deduction / Adjustment	Balance as at 31st March 2016	Balance as at 31st March 2016
Tangible Assets										
Building	1.58%	10,740,261	-	-	10,740,261	262,966	169,696	-	432,662	10,307,600
Land	0.00%	12,487,920	-	-	12,487,920	-	-	-	-	12,487,920
Phone	19.00%	218,289	-	-	218,289	188,907	18,467	-	207,374	10,915
Godrej Type Machine	31.67%	37,662	-	-	37,662	36,378	-	-	36,378	1,284
Computer	31.67%	4,427,975	913,056	-	5,341,031	2,928,377	1,583,866	-	4,512,242	828,788
CC Cameras	9.50%	817,863	187,459	-	1,005,322	121,862	85,485	-	207,347	797,975
Counting Machine	19.00%	85,800	25,175	-	110,975	28,718	18,145	-	46,863	64,112
Jaguar (soft ware)	31.67%	1,248,905	-	-	1,248,905	1,013,852	172,608	-	1,186,460	62,445
Plant & Machinery	6.33%	142,293	-	-	142,293	92,296	9,007	-	101,303	40,990
Airconditioner	6.33%	326,240	-	-	326,240	90,152	20,651	-	110,803	215,437
Eletrical Fittings	9.50%	124,545	42,040	-	166,585	46,030	12,269	-	58,299	108,286
Furniture	9.50%	1,499,827	1,255,708	-	2,755,535	439,590	155,317	-	594,907	2,160,628
Inverters	6.33%	535,377	115,700	96,377	554,700	56,651	33,301	10,771	79,181	475,519
Iron Safes	6.33%	1,809,716	49,513	266,716	1,592,513	380,194	108,247	58,424	430,017	1,162,496
Vehicles	9.50%	580,688	55,620	-	636,308	150,963	55,165	-	206,129	430,179
Water cooler	6.33%	34,804	-	-	34,804	10,691	2,203	-	12,894	21,910
Generator Set	6.33%	518,551	-	-	518,551	86,479	32,824	-	119,304	399,247
Telephone Equipment	19.00%	66,350	25,750	-	92,100	33,308	12,714	-	46,022	46,078
Spectrum	31.67%	166,947		-	166,947	120,471	38,128	-	158,599	8,348
Saral Paypack	31.67%	93,259	-	-	93,259	46,577	29,535	-	76,112	17,147
Gold Melting Machine	6.33%	33,500	-	-	33,500	3,895	2,121	-	6,015	27,485
Bar Code Readers	31.67%	120,000	-	-	120,000	59,378	38,004	-	97,382	22,618
Sign Boards	6.33%	112,590	103,175	-	215,765	9,793	10,222	-	20,015	195,750
Television	9.50%	23,800	-	-	23,800	6,027	2,261	-	8,288	15,512
Printer	31.67%	527,451	117,200	-	644,651	269,026	188,264	-	457,289	187,362
Lift	6.33%	15,000	-	-	15,000	2,597	950	-	3,547	11,453
UPS	6.33%	515,041	7,000	-	522,041	82,140	32,663	-	114,803	407,238
Routers	15.83%	568,034	-	-	568,034	210,969	89,920	-	300,889	267,145
Car passat Exclusive	11.88%	2,627,383	-	2,627,383	-	1,746,170	230,367	1,976,537	(0)	0
Maruthi Swift	11.88%	688,084	-	-	688,084	229,273	81,744	-	311,018	377,067
Xerx machine	6.33%	32,399	-	-	32,399	12,448	2,051	-	14,499	17,900
Weighing Machines	6.33%	328,179	-	-	328,179	38,946	20,774	-	59,719	268,460
BMW Car	11.88%	2,500,000	-	-	2,500,000	222,953	297,000	-	519,953	1,980,047
Innova Car	11.88%	1,866,061	-	-	1,866,061	20,650	221,688	-	242,338	1,623,723
POS Machines	6.33%	270,714	-	-	270,714	12,817	17,136	-	29,953	240,761
S3G Software	31.67%	7,274,410	1,299,737	-	8,574,147	858,133	2,554,712	-	3,412,845	5,161,302
MS Office	31.67%	147,000	-	-	147,000	15,943	46,555	-	62,498	84,502
Fire walls	31.67%	-	102,135	-	102,135	-	5,200	-	5,200	96,935
Fire Extiguisher	6.33%	-	51,984	-	51,984	-	2,209	-	2,209	49,775
Total		**53,612,918**	**4,351,252**	**2,990,476**	**54,973,694**	**9,935,621**	**6,401,467**	**2,045,732**	**14,291,356**	**40,682,338**
Previous year total		**39,990,755**	**14,271,163**	**649,000**	**53,612,918**	**4,462,901**	**3,362,389**	**41,173**	**9,935,621**	**43,677,297**

SCHEDULE - 1

Company Overview:

Kanakadurga Finance Limited is a Non-Banking Finance company duly registered with the Reserve Bank of India vide Regd.No.B.09.00204. It provides financial services to various customers by way of hypothecation of vehicles, loans against gold jewellery and general finance. The Company's registered office is in Vijayawada.

1. Significant Accounting Policies:

1.1 Basis of Preparation & Use of Estimates:

The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the provisions of the Companies Act, 2013. The Company follows the directions prescribed by the Reserve Bank of India (RBI) for Non Banking Financial Companies. The preparation of the financial statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

1.2 Income recognition:

a) Income from Hypothecation Loans is accounted on the basis of the Internal Rate of Return method.
b) Income from other financing activities including gold loans is recognised on accrual basis.
c) Additional Financial Charges are accounted for as and when received.

1.3 Fixed Assets and Depreciation / Amortisation:

Fixed Assets are stated at historical cost less accumulated depreciation. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Assets costing Rs.5000 or less acquired during the year are fully depreciated.

1.4 Valuation of Investments:

Company does not carry any investments.

1.5 Foreign Currency Transactions:

There were no foreign currency transactions during the year under review.

1.6 Employee Benefits:

The provisions of Provident Fund Act and Employees' State Insurance Act are applicable to the company and the company is generally regular in depositing the dues with appropriate authorities. The provisions of payment of Gratuity Act are also applicable to the company. However, the company has not been complying with the provisions of the Payment of Gratuity Act.

1.7 Taxation:

Current tax is provided on the taxable income for the year. Deferred tax liabilities arising from timing differences have been fully provided. Deferred tax assets are recognised on the consideration of prudence.

1.8Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets and their value in use.

1.9 Provisions:

Provisions are recognised when the Company has present legal or constructive obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

20. Notes to accounts

1. The presentation of the Balance Sheet, Profit and Loss Statement and Notes to the Accounts is in terms of the Schedule III to the Companies Act, 2013. The assets and liabilities have been classified as current and non-current based on a twelve month operating cycle. Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's presentation.

2. Details of Secured Loans and Security

a) Cash Credit from Andhra Bank

Cash Credit from Andhra Bank to the extent of Rs.10000.00 Lacs is secured by hypothecation of assets covered by charge on Hypothecation Loan Receivables and Gold Loan Receivables, ranking pari passu, excluding assets which are specifically charged to others.

b) Other Secured Loans

Other Secured loans consisting of Term Loans from Sundaram Finance Limited, IFMR Capital Private Limited, HLF Limited and DCB Bank Limited are secured by hypothecation of receivables other than those specifically charged to Andhra Bank.

3. Borrowing Costs as per Accounting Standard – 16:

Borrowing costs include interest on term loans and Cash Credit Limits with banks/financial institutions are charged to profit & loss account on accrual basis.

4. Segment Reporting:

The board of directors of the company is of the opinion that there are no separate reportable segments as per Accounting Standard – 17, as the operations of the company are in the nature of an integrated system of function.

5. Related Parties Disclosures:

Related party disclosures, as stipulated by Accounting Standard – 18 – 'Related Party Disclosures', are given below:

a) Related Parties and their relationships

(1) Key Managerial Personnel
S.Lakshmi Narayana
S.Ratna Kumari
S.Jayaprakashnarayana Chowdary
S.Srimannarayana

(2) Other Related Parties
Kanakadurga Fianancial Services Limited
Kanakadurga Foundation

b) Related Party Transactions for the Year Ended 31st March 2016

The nature and volume of transactions of the Company during the year, with the above related parties are as follows.

Nature of Transactions	Transactions During the Year	Closing Balance
Remuneration to Key Managerial Personnel	96,00,000	Nil
Unsecured Loans from Key Managerial Personnel	47,97,257	Nil
Donation to Associate Concern	2,00,000	Nil

6. There are no amounts due to Small Scale Industries in terms of "The Micro, Small and Medium Enterprises Development Act, 2006".

7. Managerial Remuneration:

Particulars	201 5-201 6	201 4-2015
Managing Director	24 ,00 ,000	17 ,15 ,000
Whole - time Director	24,00 ,000	17 ,15 ,000
Executive Director	24 ,00 ,000	17 ,15 ,000
Whole - time Director	24,00,000	18,00,000

8. Auditors Remuneration includes the following:

Statutory Audit Fee
Rs.50,000/-

Tax Audit Fee
Rs.20,000/-

Other Services
Rs.10,000/-

Service Tax
Rs.12,000/-

9. There are no liabilities against the company contingent in nature.

10. The company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it as per the provisions of Paragraph 7 of the Non-Banking Financial Companies (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. The company has non-performing assets to the tune of Rs.184.01 lakhs and made a provision of Rs.27.60 lakhs. Company has made a general provision @0.25% of the outstanding Standard Assets which comes to Rs.36.24 lakhs.

11. The company does not have any operating leased assets and hence no information has been provided as required by the Accounting Standard - 19 'Accounting for Leases'.

12. Earning Per Share as per Accounting Standard-20

Profit attributable to Equity Shareholders (A)

2014-2015
4,53,91,667 (Rs.)

2015-2016
3,93,70,324 (Rs.) ▼

Basic/weighted average number of equity shares outstanding during the year (Nos) (B)

2014-2015
1,00,80,847 (Rs.)

2015-2016
1,04,33,294 (Rs.) ▲

Nominal Value of Equity Share(Rs)

2014-2015
10 (Rs.)

2015-2016
10(Rs.)

Earnings Per Share (Basic & Diluted)

2014-2015
4.50 (Rs.)

2015-2016
3.77 (Rs.) ▼

13. Accounting for taxes on income as per Accounting Standard-22

The deferred tax liability for the year 2015-2016 due to timing differences between financial statements and taxation statements as per the applicable rate of taxation, estimated as Rs.1,01,798/- and the same has been debited to Profit & Loss Account as per the procedure prescribed in Accounting Standard – 22 "Accounting for Taxes on Income" issued by the ICAI.

The movement of provision for Deferred Taxes for the year ended 31-03-2016 is as given below:

Particulars	(Liability) /Asset as at 1-4-2015.	(Charges) /Credit for the year	(Liability) /Asset as at 31-3-2016.
Timing differences on Account of			
Depreciation on Assets	(23,61,431)	(1,01,798)	(24,63,229)
Total	(23,61,431)	(1,01,798)	(24,63,229)

14. Capital to Risk (weighted) Assets Ratio

Sl.No	Particulars	31st March 2016	31st March 2015
1	CRAR (%)	27.71	31.68
2	CRAR – Tier I Capital (%)	27.71	31.23
3	CRAR – Tier II Capital (%)	0.00	0.45
4	Tier I Capital (in Crores)	42.28	37.29
5	Tier II Capital (in Crores)	0.00	0.54

15. Corporate Social Responsibility (CSR)

(CSR) under Sec 135 of the Companies Act 2013, in the various areas covered under the regulatory provisions like healthcare, education, environment and protection of art and culture.

Signatures to Schedules 1 to 20

As per report of even date
For Suresh and Babu
Chartered Accountants

Sd/-

S. Murali Krishna Rao
Partner

Place :Vijayawada
Date : 13th July 2016

For and on behalf of the Board

Sd/-

S. Lakshmi Narayana
Managing Partner

Sd/-

S. J.P. Narayana Chowdary
Whole-Time Director

Sd/-

S. Srimannarayana
Whole-time Director

SCHEDULE TO THE BALANCE SHEET AS ON 31-03-2016

(as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007)

(Rs.in Lakhs)

S.No.	Particulars	Amount Out Standing	Amount Overdue
	LIABILITIES SIDE :		
(1)	**Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid**		
	a) Debenture : Secured	0	0
	: Unsecured	0	0
	(Other than falling within themeaning of Public Deposits*)		
	b) Deferred Credits	0	0
	c) Term Loans	4131.34	0
	d) Inter-corporate loans and borrowing	0	0
	e) Commercial Paper	0	0
	f) Public Deposits*	0	0
	g) Other Loans		
	-Cash Credit from Banks & Car Loan	8388.59	0
	Security Deposits		
(2)	**Break-up of (1) (f) above (Outstanding Public Deposits inclusive of interest accrued thereon but not paid) :**		
	a) In the form of Unsecured Debentures	0	0
	b) In the form of Partly Secured debentures	0	0
	I.e. debentures where there is a shortfall in the value of security		
	c) Other public deposits	0	0
	Please see Note 1 below		
	Assets side :		
		Amount outstanding	
(3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below :**		
	(a) Secured	0.96	0
	(b) Unsecured	0.00	0

(4) **Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities**

(I) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	0	0
(b) Operating lease	0	0
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire	0	0
(b) Repossessed Assets	0	0
(iii) Hypothecation loans counting towards EL/HP activities		
(a) Loans where assets have been repossessed	0	
(b) Loans other than (a) above	14571.06	

(5) **Break-up of Investments :**

Current Investments :	
1. Quoted :	0
(I) Shares : (a) Equity	0
(b) Preference	0
(ii) Debentures and Bonds	0
(iii) Units of mutual funds	0
(iv) Other (Please specify)	0
2. Unquoted :	
(I) Shares : (a) Equity	0
(b) Preference	0
(ii) Debentures and Bonds	0
(iii) Units of Mutual funds	0
(iv) Government Securities	0
(v) Other (Please specify)	0
Long Term Investments :	
1. Quoted :	0
(I) Shares : (a) Equity	0
(b) Preference	0
(ii) Debentures and Bonds	0
(iii) Units of mutual funds	0
(iv) Government Securities	0
(v) Other (Please specify)	0

(6) **Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :**

Please see Note 2 below

Category	Amount net of provisions Secured Unsecured total
1. Related Parties	
(a) Subsidiaries	0
(b) Companies in the same group	0
(c) Other related parties	0
2. Other than related parties	14572.02
Total	14572.02

(7) **Investor group-wise classification of all investments (Current and long term) in shares and securities (both quoted and unquoted);**

Please see note 3 below

Category	Market Value/Break up or fair value or NAV Book Value (Net of Provisions)
1. Related Parties	0
(a) Subsidiaries	0
(b) Companies in the same group	0
(c) Other related parties	0
2. Other than related parties	0
Total	0

As per Accounting Standard of ICAI (Please see Note 3)

(8) **Other information**

Particulars	Amount
(i) Gross Non- Performing Assets	
(a) Related parties	0
(b) Other than related parties	184.01
(ii) Net Non-Performing Assets	
(a) Related parties	0
(b) Other than related Parties	27.60
(iii) Assets acquired in satisfaction of debt	0

Notes:

1. As defined in paragraph 2(1) (xii) of the Non Banking Financial Companies Accepted of Public Deposits (Reserve Bank) Directions, 1998.

2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential norms (Reserve Bank) Directions, 1998.

3. All Accounting Standard and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. however, market value in respect of quoted investments and break up/ fair value / NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

As per report of even date
For Suresh and Babu
Chartered Accountants

Sd/-
S. Murali Krishna Rao
Partner

Place :Vijayawada
Date : 13th July 2016

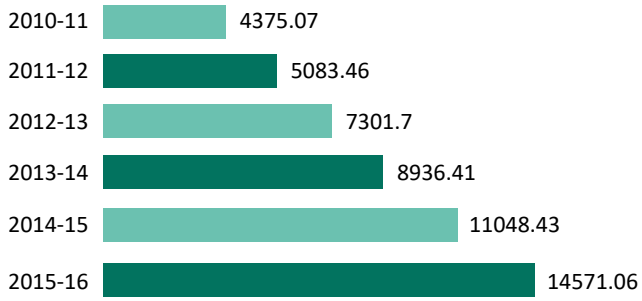
Sd/-
S. Lakshmi Narayana
Managing Partner

Sd/-
S. J.P. Narayana Chowdary
Whole-time Director

Sd/-
S. Srimannarayana
Whole-time Director

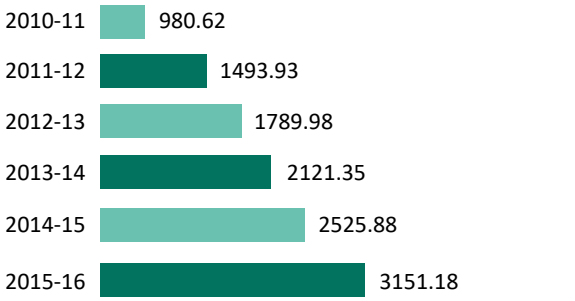
CREDIT EXPOSURE

Rupees in Lakh



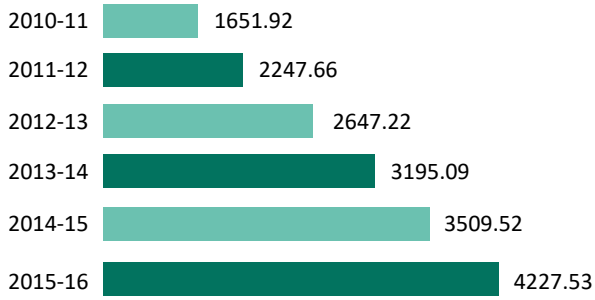
GROSS REVENUE

Rupees in Lakh



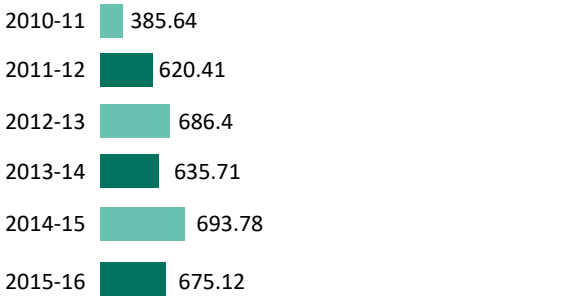
NET WORTH

Rupees in Lakh



PROFIT BEFORE DEP &TAX

Rupees in Lakh



Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

KANAKADURGA FINANCE LIMITED

CIN No:U65921AP1994PLC018605

Registered Office: 40-7-31, Jammichettu Centre, Mogalrajpura, VIJAYAWADA- 520010

Website: www.kanakadurgafinance.com

Name of the Member(s)		
Registered Address		
E-mail Id	Folio No /Client ID	DP ID

I/We, being the member(s) of _____shares of the above named company. Hereby appoint

Name :	E-mail Id:
Address:	
Signature , or failing him	

Name :	E-mail Id:
Address:	
Signature , or failing him	

Name :	E-mail Id:
Address:	
Signature , or failing him	

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting / Extra-Ordinary General Meeting of the company, to be held on the 30th day of September 2015 at 4.30 p.m. at 40-7-31, Jammichettu Centre, Moghalrajpuram, Vijayawada – 520010 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

Sl. No.	**Resolution(S)**	**Vote**	
		For	**Against**
1.	Adoption of Financial Statement Report of Director's and Auditor's for the financial year 31st March, 2015		
2.	To Declare Dividend		
3.	Reappointment of retiring director Smt S.Ratnakumari who retires by rotation		
4.	To ratify the appointment of M/s. Suresh & Babu, Chartered Accountants,a firm of Chartered Accountants, (ICAI Firm Registration No.004254S),as approved by Members at the Twenty Firrst Annual General Meeting as Statutory Auditors of the Company, to hold office until the conclusion of 23rd Annual General Meeting, and to fix their remuneration.		

* Applicable for investors holding shares in Electronic form.

Affix Revenue Stamps

Signed this _____day of _____20___

Signature of Shareholder Signature of Proxy holder Signature of the shareholder across Revenue Stamp

Note:

1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

2) The proxy need not be a member of the company

3) This is only optional. Please put a ' √ ' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

REGISTERED OFFICE

Kanakadurga Finance Limited

40-7-31, Mogalrajapuram, Jammichettu Centre,
Vijayawada, Krishna, AP – 520010.

www.kanakadurgafinance.com

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