

Kanakadurga Finance Limited

(Formerly known as Kanakadurga Leasing and Finance
Limited)

21st Annual Report

2014-15

KANAKADURGA FINANCE LIMITED
47-7-31, Jammichettu centre, Moghalrajpuram, Vijayawada – 520010.

NOTICE TO THE SHARE HOLDERS

Notice is hereby given that the 21st 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 Wednesday 30th September, 2015 at 4.30 p.m. to transact the following business.

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2015 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 Smt S.Ratnakumari who retires by rotation and being eligible, offers herself for re-appointment.
3. To declare a Dividend @10% on Equity Shares for the year 2014-15.
4. Appointment of Auditors:

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

“RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, M/s. Suresh & Babu, Chartered Accountants, (No.004254S) be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this 21st Annual General Meeting (AGM) till the conclusion of the 23rd Annual General Meeting to be held in the year 2017, subject to ratification of re-appointment by the members at every AGM held after this AGM of the Company, on a remuneration as may be agreed upon by the Board of Directors and the Auditors.”

Date: 23/06/2015
Place: Vijayawada.



By order of the Board of Directors
For Kanakadurga Finance Limited

S. V. S. Suresh
Managing Director

As part of the overall funding plan, your Company's working capital limits with Andhra Bank were enhanced from Rs.60.00 Crores to Rs.75.00 Crores and KVB OCC Limit of Rs.25.00 Crores is taken over by Andhra Bank and overall limits increased to Rs.100.00 Crores.

12. Material changes and commitment if any affecting the financial position of the company 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 are pleased to recommend, for approval of the members a final dividend of Re.1/- per share on 1,00,80,847 Equity Shares of Rs.10/- each of the company for the financial year 2014-15. The final dividend on the Equity Shares, if declared as above, would involve an outflow of Rs.100.81 Lakhs towards dividend and Rs.17.13 lakhs towards dividend tax, resulting in a total out flow of Rs.117.94 lakhs.

15. Capital:

Your company has not issued any further shares during the year. As on 31st March, 2015, the issued, subscribed and paid up share capital of your Company stood at Rs.10.08 Crores comprising 1,00,80,847 Equity shares of Rs.10/- each.

16. Details of Board meetings:

During the year, 14 (Fourteen) 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.	18/04/2014	4
2.	14/05/2014	4
3.	15/05/2014	4
4.	26/05/2014	4
5.	09/06/2014	4
6.	10/06/2014	4
7.	18/06/2014	4
8.	11/07/2014	4
9.	01/09/2014	4
10.	02/09/2014	4
11.	03/09/2014	4
12.	04/09/2014	4
13.	11/09/2014	4
14.	25/09/2014	4
15.	12/11/2014	4
16.	19/11/2014	4
17.	01/12/2014	4
18.	05/12/2014	4
19.	29/12/2014	4
20.	23/01/2015	4
21.	31/01/2015	6
22.	19/02/2015	6
23.	18/03/2015	6
24.	26/03/2015	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 is re-constituted, as above, as per the Section 177 of the Companies Act, 2013. The Committee had met on 18th March 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 Jayprakash 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 18th March 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 18th March 2015. The Committee had approved the CSR policy and the Budget. Further, 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. Information Technology:

During the Year, Your Company has adopted Smart Lend 3 G – Lending System / Software developed by Sundaram Infotech by spending an amount of Rs.72.74 lakhs for catering to the needs of IT services of your company.

The Company has taken several initiatives in developing mobile applications designed to process collections, which enable our Executives

23. 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 2014-15.

24. Annual evaluation by the Board:

The Board has made a formal evaluation of its own performance and that of its committees and individual directors as required under Section 134(3) (p) of the Companies Act, 2013.

25. Statutory Auditors, their Report and Notes to Financial Statements:

In the last AGM held on 30th September, 2014, M/s.Suresh And Babu, Chartered Accountants have been appointed as Statutory Auditors of the Company for a period of one year. Re-appointment is sought from the members of the Company at the ensuing AGM in accordance with the provisions of the Act for a maximum period of two years.

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.

26. Details of Significant and material Orders passed by the Regulators:

During the year 2014-15, 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.

27. 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.

28. 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.

29. 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).

30. Fixed Deposits:

The company does not have any public deposits outstanding as on 31st March 2015 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.

31. 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

32. 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
	(c) 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.

33. Acknowledgement:

Your Directors place on record their appreciation for employees at all levels, who have contributed to the growth and performance of your Company.

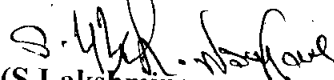
Your Directors also thank the clients, vendors, bankers, shareholders and advisers of the Company for their continued support.


Your Directors also thank the Central and State Governments, and other statutory authorities for their continued support.

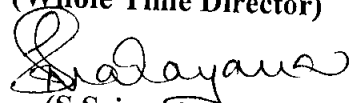
Place: Vijayawada
Date: 23rd June 2015



For and on behalf of the Board


(S.Lakshminarayana)
(Managing Director)


(S.J.P.N. Chowdary)
(Whole Time Director)


(S.Srinannarayana)
(Whole Time Director & CFO)

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31st March, 2015
of

KANAKADURGA FINANCE LIMITED

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- | | | | |
|------|--|---|--|
| i) | CIN | : | U65921AP1994PLC018605 |
| ii) | Registration Date | : | 24/10/1994 |
| iii) | Name of the Company | : | Kanakadurga Finance Limited |
| iv) | Category / Sub-Category of the Company | : | Company Limited by Shares
Indian Non-Government Company |
| v) | Address of the Registered Office and contact details | : | 40-7-31, Jammichettu Centre,
Moghalrajpuram,
Vijayawada – 520010.
Tel.Nos: 0866 – 2484034 |
| vi) | Whether listed company | : | No |
| vii) | Name, Address and contact details of Registrar & Transfer Agents, if any | : | Not Applicable |

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:-

Sl. No.	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

Sl No	Name and Address of the Company	CIN /GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Kanakadurga Financial Services Ltd: 40-1-41, MG Road, Labbipet, Vijayawada-10	U65923AP2010PLC070769	Associate	20.07	2(6)

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

(i) Category-wise Share Holding

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year				Share holding at the end of the year			% change In share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares		
								No. of Shares	
1	S.Lakshminarayana	1888837	18.74	Nil	1888837	18.74	Nil	Nil	
2	S.Ratna Kumari	1037794	10.30	Nil	1037794	10.30	Nil	Nil	
3	S.J.P.N.Chowdary	2450760	24.31	Nil	2450760	24.31	Nil	Nil	
4	S.Srimannarayana	2387626	23.68	Nil	2387626	23.68	Nil	Nil	
5	Kanakadurga Financial Services Limited	2114200	20.97	Nil	2114200	20.97	Nil	Nil	
6	Chava Nageswari	15700	0.1557	Nil	15700	0.1557	Nil	Nil	
7	Gurram Ramanamma	16400	0.1627	Nil	16400	0.1627	Nil	Nil	
8	Kovi Chalapati Rao	31200	0.3095	Nil	31200	0.3095	Nil	Nil	
9	Makkena Padmaja	100000	0.9920	Nil	100000	0.9920	Nil	Nil	
10	Muthavarapu Lakshmi	8330	0.0826	Nil	8330	0.0826	Nil	Nil	
11	Vuppalapati Vijaya Lakshmi	20000	0.1984	Nil	20000	0.1984	Nil	Nil	
12	Pothumarthi Rajendra Prasad	10000	0.0992	Nil	10000	0.0992	Nil	Nil	
	Total	10080847	100	Nil	10080847	100	Nil	Nil	

(d) State Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f) Insurance Cos	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(g) FIIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i) Other - Specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(1)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2) Non-Institutions															
(a) Bodies Corp															
(i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Individuals															
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) Others - Specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Public Shareholding (B)=(B)(1)+(B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	Nil	10080847	10080847	100.00	10080847	10080847	10080847	10080847	10080847	10080847	10080847	10080847	100.00	10080847	10080847

	transfer / bonus/ sweat equity etc):				
	At the end of the year	1888837	18.74	1888837	18.74
2	S Ratna Kumari				
	At the beginning of the year	1037794	10.30	1037794	10.30
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year	1037794	10.30	1037794	10.30
3	S Jayaprakash Narayana Chowdary				
	At the beginning of the year	2450760	24.31	2450760	24.31
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year	2450760	24.31	2450760	24.31
4	S Srimannarayana				
	At the beginning of the year	2387626	23.68	2387626	23.68
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year	2387626	23.68	2387626	23.68

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	63.45	Nil	Nil	63.45
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	63.45	Nil	Nil	63.45
Change in Indebtedness during the financial year				
• Addition	22.54	Nil	Nil	22.54
• Reduction	2.47	Nil	Nil	2.47
Net Change	20.07	Nil	Nil	20.07
Indebtedness at the end of the financial year				
i) Principal Amount	83.30	Nil	Nil	83.30
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	83.30	Nil	Nil	83.30

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		S.Lakshmi Narayana	S.Ratna Kumari	S.J.P.N. Chowdary	S.Srimann arayana	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1715000	1715000	1800000	1715000	6945000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under	Nil	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4.	. Commission - as % of profit - others, specify...	Nil	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (A)	1715000	1715000	1800000	1715000	6945000
	Ceiling as per the Act	3000000	3000000	3000000	3000000	12000000

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.	Shareholding at the beginning of the year	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	10080847	100.00	10080847	100.00
	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):	Nil	Nil	Nil	Nil
	At the end of the year	10080847	100.00	10080847	100.00

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total	No. of	% of total shares of

				shares of the company	shares	the company
	At the beginning of the year	Nil	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc).	Nil	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if Separated during the year)	Nil	Nil	Nil	Nil	Nil

(v). Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	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
1	S Lakshmi Narayana				
	At the beginning of the year	1888837	18.74	1888837	18.74
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /	Nil	Nil	Nil	Nil

B. Remuneration to other directors: Not Applicable

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
	1. Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	Nil	Nil	Nil	Nil	Nil
	2. Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil	Nil
	Total (B)=(1+2)	Nil	Nil	Nil	Nil	Nil
	Total Managerial Remuneration	Nil	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act (11% of Net Profits)	NA	NA	NA	NA	NA

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD /MANAGER/WTD:

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary (a) Salary as per provisions contained in section 17(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 section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total	Nil	Nil	Nil	Nil


VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences against the Company, Directors and other Officers in Default during the year ended 31st March 2015.

Place: Vijayawada
Date: 23rd June 2015



For and on behalf of the Board


(S. Lakshminarayana)
(Managing Director)

(S.J.P.N. Chowdary)
(Whole Time Director)



(S. Srimannarayana)
(Whole Time Director & CFO)

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

All transactions entered into by the Company during the year with related parties were on an arm's length basis.

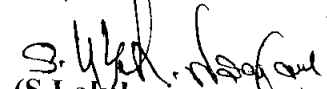
2. Details of material contracts or arrangement or transactions at arm's length basis

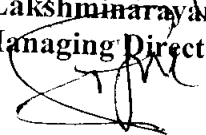
The transactions entered into by the Company during the year with related parties on an arm's length basis were not material in nature.

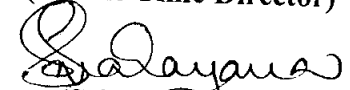
Place: Vijayawada
Date: 23rd June 2015



For and on behalf of the Board


(S.Lakshminarayana)
(Managing Director)


(S.J.P.N. Chowdary)
(Whole Time Director)


(S.Srimannarayana)
(Whole Time Director & CFO)

Annexure III

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. Average Net Profit of the company for last 3 financial years : Rs.636.47 Lakhs
4. Prescribed CSR expenditure (2% of amount) : Rs.12.73 lakhs
5. Details of CSR activities/projects undertaken during the year:
 - a) Total amount to be spent for the financial year: Rs.12.73 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.




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	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	1.Local area/others- /district 2.specify the state (Name of the District/s, State/s where project/program was undertaken Krishna District, Andhra Pradesh	12.73	12.73	12.73	12.73



S. V. K. S. S. S.
Managing Director & Chairman of CSR Committee

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To
The members of
M/s.Kanakadurga Finance Limited
(Formerly Known as Kanakadurga Leasing & Finance Limited)

Report on Financial Statements

We have audited the accompanying financial statements of **M/s Kanakadurga Finance Limited** *(Formerly Known as Kanakadurga Leasing & Finance Limited)*, ("the Company"), which comprise the Balance Sheet as at March 31, 2015 and 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 Management is responsible for the matters stated in section 134(5) of the Companies Act 2013 ("The Act") with respect to preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding 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 ensuring the accuracy and compliance of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, 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.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards required 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 auditor's 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, but not for the purpose of expressing an opinion on whether the company has in place adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.

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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2015;
- (b) in the case of the Statement of Profit and Loss, of the Profit/Loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date;

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, the extent applicable
2. 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 have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss and the cash flow statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet and the Statement of Profit and Loss comply with the Accounting Standards specified under section of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



(e) On the basis of the written representations received from the directors as on 31 March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.

Place : Vijayawada
Date : 23rd June, 2015



for SURESH AND BABU
Chartered Accountants
Firm Reg.No.004254S

A handwritten signature in black ink, appearing to be "S. Muralikrishna Rao".

(S.Muralikrishna Rao)
Partner
M.No.208435

Annexure to the Auditors' Report:

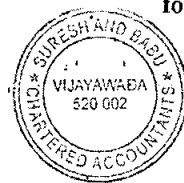
The Annexure referred to in our independent auditors report to the member of the company on the financial statements for the year ended 31st March 2015, we report that

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) We were informed that all the fixed assets of the Company have been physically verified by the management during the year at reasonable intervals and no discrepancies were noticed on such verification.
- (ii) Since the company is a Non-Banking Financial Company, the provisions of clauses 3 (ii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Hence the provisions of clauses 3(iii) (a) and (b) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public. Hence the provisions of clauses 3(v) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) We have been informed that the Central Government has not prescribed maintenance of cost records under Section 148 of Companies Act.
- (vii) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Employees' state insurance, Income tax and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Provident fund were in arrears, as at 31st March, 2015 for a period of more than six months from the date they became payable.



- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, and wealth tax were in arrears, as at 31st March, 2015 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us there were no amounts standing, which are required to be transferred to the investor education and protection fund in accordance with relevant provisions of the companies Act, 1956 (1 of 1956) and rules there under. Hence the provisions of clause (vii) (c) of the Companies (Auditors' Report) Order, 2015 are not applicable to the company.
- (viii) In our opinion; there were no accumulated losses and the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (x) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) In our opinion, the term loans taken by the company have been applied for the purpose for which they were raised.
- (xii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Place : Vijayawada
Date : 23rd June, 2015



for SURESH AND BABU
Chartered Accountants
Firm Reg.No.004254S

A handwritten signature in black ink, appearing to read "S. Muralikrishna Rao".

(S.Muralikrishna Rao)
Partner
M.No.208435

KANAKADURGA FINANCE LIMITED
(Formerly known as Kanakadurga Leasing & Finance Limited)
Balance Sheet as at 31st March 2015

(Amount In Rs)

	Note No	As at 31st March, 2015	As at 31st March, 2014
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	100,808,470	100,808,470
(b) Reserves and surplus	3	250,143,660	218,697,584
2 Share Application Money Pending allotment		-	3,057
3 Non-current liabilities			
(a) Long-term borrowings	4	25,642,340	40,869,268
(b) Deferred tax liabilities (Net)	5	2,361,431	2,224,431
(c) Long-term provisions	6	2,987,190	2,380,565
4 Current liabilities			
(a) Short-term borrowings	7	769,026,369	573,648,484
(b) Trade payables		-	-
(c) Other current liabilities	8	48,218,204	20,985,783
(d) Short-term provisions	9	36,798,943	35,056,969
TOTAL		1,235,986,607	994,674,611
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	43,677,297	35,527,854
(ii) Capital work-in-progress		-	-
(b) Non-current investments		-	-
(c) Long-term loans and advances	11	325,439,270	92,115,431
(d) Other non-current assets		-	-
2 Current assets			
(a) Cash and cash equivalents	12	43,400,320	31,415,068
(b) Short-term loans and advances	13	798,161,295	811,693,083
(c) Other current assets	14	25,308,425	23,923,175
TOTAL		1,235,986,607	994,674,611
Notes form an integral part of these financial statements		20	

As per our Report of even date

For Suresh And Babu
Chartered Accountants

S.Muralikrishna Rao
Partner

Place: Vijayawada
Date: 23rd June 2015



For and on behalf of the Board

(Sandireddy Lakshmi Narayana)
Chairman-Cum-Managing Director

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

(S.Srimannarayana)
Whole-time Director

KANAKADURGA FINANCE LIMITED

(Formerly known as Kanakadurga Leasing & Finance Limited)

Statement of Profit and Loss for the year ended 31st March 2015

(Amount In Rs)

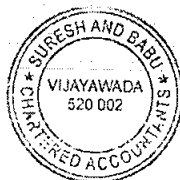
	Note No.	Year Ended 31st March, 2015	Year Ended 31st March, 2014
Income:			
I. Revenue from operations	15	249,551,239	210,905,535
II. Other income	16	3,036,828	1,229,019
III. Total Revenue (I + II)		252,588,067	212,134,554
IV. Expenses:			
Employee benefit expenses	17	36,650,485	25,078,636
Finance costs	18	96,369,462	80,680,650
Depreciation	10	3,362,389	1,470,471
Other expenses	19	50,189,672	42,803,734
Total expenses		186,572,008	150,033,491
V. Profit before exceptional Items and tax (III-IV)		66,016,059	62,101,063
VI. Exceptional Item		-	-
VII. Profit before tax (V- VI)		66,016,059	62,101,063
VIII Tax expense:			
(1) Current tax		20,487,392	19,912,097
(2) Deferred tax liability/(asset)	5	137,000	631,431
IX Profit for the year (VII-VIII)		45,391,667	41,557,535
X Earnings per Equity Share:			
Weighted average number of Equity Shares outstanding during the year		10,080,847	9,204,255
Basic & diluted earnings per share, including exceptional item (in Rs.)		4.50	4.52
Basic & diluted earnings per share, excluding exceptional item (in Rs.)		4.50	4.52
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

S. Muralikrishna Rao

S.Muralikrishna Rao
Partner



Place: Vijayawada
Date: 23rd June 2015

For and on behalf of the board

Sandireddy Lakshmi Narayana
(Sandireddy Lakshmi Narayana)
Managing Director

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

S. Srimanharayana
(S. Srimanharayana)
Whole-time Director

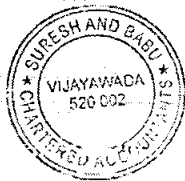
KANAKADURGA FINANCE LIMITED
 (Formerly known as Kanakadurga Leasing & Finance Limited)
 Cash Flow Statement for the year ended 31st March 2015

		[Rupees in Lakhs]	
		Year Ended 31st March, 2015	Year Ended 31st March, 2014
A	NET CASH FLOW FROM OPERATING ACTIVITIES:		
	Profit Before Tax	660.16	621.01
	Depreciation	33.62	14.70
	Amount written off	-	-
	Profit on sale of Agrl land	-	-
	Loss on sale of car	(15.22)	-
	Contingent Provision against standard assets	1.79	-
	Provision Against non performing assets	5.21	4.09
	Investment Income	0.85	0.54
	Operating Profit before Working Capital Change	(4.49)	(0.36)
	Increase in Stock-on-Hire	681.92	639.98
	Increase in Loans and Advances	(2,112.02)	(1,634.71)
	Increase in other Current Assets	(25.85)	0.85
	Increase in Current Liabilities	(66.80)	(9.40)
	Cash Generated from Operations	19.82	12.98
	Less: Direct Taxes Paid (Net off Refund)	(1,502.93)	(990.00)
	Net Cash Flow from Operating Activities	206.30	217.89
		(1,709.23)	(1,207.89)
B	NET CASH FLOW FROM INVESTING ACTIVITIES:		
	Sale proceeds of Fixed Assets	19.51	-
	Purchase of Fixed Assets	(142.71)	(15.16)
	Investment Income	4.49	0.36
	Net Cash Flow from Investing Activities	(118.71)	(34.80)
C	NET CASH FLOW FROM FINANCING ACTIVITIES:		
	Proceeds from issue of Share Capital	-	250.24
	Increase in Secured Loans	2,017.62	1,191.38
	Increase in Unsecured Loans	47.94	-
	Dividend Paid	(100.64)	(95.79)
	Dividend tax paid	(17.13)	(16.28)
	Net Cash Flow from Financing Activities	1,947.79	1,329.55
	Net Increase in Cash & Cash Equivalents (A + B + C)	119.85	86.86
	Cash & Cash Equivalents as on 1-4-2014	314.15	227.29
	Cash & Cash Equivalents as on 31-3-2015	434.00	314.15

As per our report of even date

For Suresh and Babu
Chartered Accountants

S. Murali Krishna Rao
Partner
Place Vijayawada
Date: 23rd June 2015



For and on behalf of the board

(S. J. P. Narayana Chowdary)
Managing Director

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

(S. Srimanujayana)
Whole-time Director

Schedule - 1

Company Overview:

Kanakadurga Finance Limited is a Non-Banking Finance company duly registered with the Reserve Bank of India vide Regd.No: 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, 1956. 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:

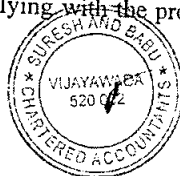
Company does not carry any investments.

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.

1.8 Impairment 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.



KANAKADURGA FINANCE LIMITED
Notes forming part of the Financials Statements

Note : 2 : SHARE CAPITAL

(Amount In Rs)

	As at 31st March 2015	As at 31st March 2014
Authorised		
11750000 Equity shares of Rs.10/- each (Previous year 11750000 Equity Shares of Rs.10/- each)	117,500,000	117,500,000
250000 redeemable Preference Shares of Rs.10/- each	2,500,000	2,500,000
	120,000,000	120,000,000
Issued, Subscribed & Paid Up		
1,00,80,847 Equity shares of Rs.10/- each fully paid	100,808,470	100,808,470
Total	100,808,470	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 2015		As at 31st March 2014	
	Number of Shares	Amount	Number of Shares	Amount
Equity Shares:				
Opening Balance	10,080,847	100,808,470	9,201,847	92,018,470
Changes during the year	-	-	879,000	8,790,000
Closing Balance	10,080,847	100,808,470	10,080,847	100,808,470
Preference Shares:				
Opening Balance	-	-	-	-
Changes during the year	-	-	89,900	899,000
Closing Balance	-	-	(89,900)	(899,000)

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 2015		As at 31st March 2014	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Kanakadurga Financial Services Ltd	2114200	20.97	2114200	20.97
S.Lakshminarayana	1888837	18.74	1888837	18.74
S.Ratna Kumari	1037794	10.29	1037794	10.29
S.Jayaprakash Narayana Chowdary	2450760	24.31	2450760	24.31
S.Srimannarayana	2387626	23.68	2387626	23.68



Note : 3 : RESERVES & SURPLUS

(Amount In Rs)

	As at 31st March 2015	As at 31st March 2014
Share Premium Reserve		
Opening Balance	45,379,402	27,799,402
Add: Additions during the year	-	17,580,000
	45,379,402	45,379,402
Statutory Reserve		
(As per Section 45-1C of the Reserve Bank of India Act, 1934)		
Opening Balance	41,296,487	32,984,980
Add: Additions/(Deductions) during the Year	9,078,333	8,311,507
	50,374,820	41,296,487
Debenture Redemption Reserve		
Opening Balance	150,600	150,600
Add: Additions during the year	-	-
	150,600	150,600
Surplus in Statement of Profit and Loss		
Opening balance	131,871,095	110,419,154
Add/(Less): Adjustment towards deprecitaion	(2,151,504)	
Add: Profit for the year	45,391,667	41,557,535
	175,111,258	151,976,689
Less: Appropriations		
Transfer to Statutory Reserve	9,078,333	8,311,507
Proposed Dividend	10,080,847	10,080,847
Tax on Proposed Dividend	1,713,240	1,713,240
Closing Balance	154,238,837	131,871,095
Total	250,143,660	218,697,584



Note : 4 : LONG-TERM BORROWINGS

	(Amount In Rs)	
	As at 31st March 2015	As at 31st March 2014
Secured		
Non-Convertible Secured Debentures	4,789,340	14,863,237
Sundaram Finance Limited	15,526,324	26,006,031
Sundaram Finance Limited - Car Loan	529,419	-
Unsecured		
Unsecured Loans from Directors	4,797,257	-
Total	25,642,340	40,869,268

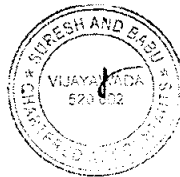
Note: Non-Convertible secured debentures are secured by hypothecation of receivables under hypothecation agreements except those charged to banks and other financial institutions. Car loan from Sundaram Finance Limited is secured by hypothecation of car purchased out of that loan.

Note : 5 : DEFERRED TAXES (NET)

	(Amount In Rs)	
	As at 31st March 2015	As at 31st March 2014
Deferred Tax Liabilities on account of		
Depreciation		
Opening Balance	2,224,431	1,593,000
Add/(Less): Adjustments during the year	137,000	631,431
Total	2,361,431	2,224,431

Note : 6 : LONG-TERM PROVISIONS

	(Amount In Rs)	
	As at 31st March 2015	As at 31st March 2014
Contingent Provision against Standard Assets		
Opening Balance	2,235,000	1,826,000
Add/(Less): Adjustments during the year	521,335	409,000
	2,756,335	2,235,000
Provision for Non-Performing Assets		
Opening Balance	145,565	91,903
Add/(Less): Adjustments during the year	85,290	53,662
	230,855	145,565
Total	2,987,190	2,380,565



Note : 7 : SHORT-TERM BORROWINGS

(Amount In Rs)		
	As at 31st March 2015	As at 31st March 2014
Secured		
(a) Loans repayable on demand from Andhra Bank*	768,508,171	331,021,356
(b) Loans repayable on demand from Karur Vysya Bank*	518,198	242,627,128
Total	769,026,369	573,648,484

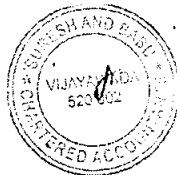
*Secured by First Charge on hypothecation receivables both present and future by hypothecation of vehicles and hypothecation of Gold loan receivables.

Note : 8 : OTHER CURRENT LIABILITIES

(Amount In Rs)		
	As at 31st March 2015	As at 31st March 2014
(a) Current maturities of long-term debt		
- Term Loan from Sundaram Finance Limited	29,044,850	11,543,934
- Car Loan from Sundaram Finance Limited	571,772	-
- Non-Convertible Secured Debentures	16,809,429	8,473,593
(b) Interest accrued but not due on borrowings	-	-
(c) Advance from customers	-	-
(d) Statutory dues	-	-
(e) Others	-	-
- Debenture Application Money	424,500	174,500
- Insurance Premium Pre-received	767,653	793,756
- Security Deposit	600,000	-
(f) Share Application Money (in excess of Authorised Capital)	-	-
Total	48,218,204	20,985,783

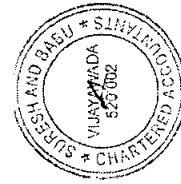
Note : 9 : SHORT-TERM PROVISIONS

(Amount In Rs)		
	As at 31st March 2015	As at 31st March 2014
Provision for tax	20,487,392	19,912,097
Proposed Dividend on Equity Shares	10,080,847	10,080,847
Tax on Proposed Dividend	1,721,570	1,713,240
TDS Payable	800,660	238,871
Auditors Remuneration	57,200	55,618
Salaries Payable	2,851,977	2,077,373
ESI Payable	374,107	18,658
PF Payable	189,627	869,377
Others	235,563	90,888
Total	36,798,943	35,056,969



Note : 10 : FIXED ASSETS

	Rate (%)	Gross Block (At Cost)				Depreciation For the year	Deduction/Adjustment	Net Block	
		Balance as at 1st April 2014	Addition/Adjustment	Deduction/Adjustment	Balance as at 31st March 2015			Balance as at 31st March 2015	Balance as at 31st March 2015
Tangible Assets									
Building	1.58%	10,740,261	-	-	10,740,261	168,199	-	262,966	10,477,296
Land	0.00%	12,487,920	-	149,000	12,487,920	-	-	-	12,487,920
Phone	19.00%	218,289	-	-	218,289	6,892	-	188,907	29,382
Godrej Type Machine and cabinets	31.67%	37,662	-	-	37,662	595	-	36,378	1,284
Computer	31.67%	3,780,805	647,170	-	4,427,975	857,794	-	2,928,377	1,499,598
CC Cameras	9.50%	817,863	-	-	817,863	73,061	-	121,862	696,001
Counting Machine	19.00%	77,100	8,700	-	85,800	7,529	-	28,718	57,082
Jaguar (soft ware)	31.67%	1,198,905	50,000	-	1,248,905	125,576	-	1,013,852	235,053
Plant & Machinery	6.33%	142,293	-	-	142,293	3,379	-	92,296	49,997
Air conditioner	6.33%	326,240	-	-	326,240	15,934	-	90,152	236,088
Electrical Fittings	9.50%	124,545	-	-	124,545	8,242	-	46,030	78,515
Furniture	9.50%	1,295,799	204,028	-	1,499,827	118,544	-	439,590	1,060,237
Inverters	6.33%	411,877	123,500	-	535,377	33,822	-	56,651	478,726
Iron Safes	6.33%	1,809,716	-	-	1,809,716	96,604	-	380,194	1,429,522
Vehicles	9.50%	580,688	-	-	580,688	45,109	-	150,963	429,725
Water cooler	6.33%	34,804	-	-	34,804	1,630	-	10,691	24,113
Generator Set	6.33%	508,111	10,440	-	518,551	29,310	-	86,479	432,072
Telephone Equipment	19.00%	66,350	-	-	66,350	7,750	-	33,308	33,042
Spectrum	31.67%	126,947	40,000	-	166,947	35,915	-	120,471	46,476
Siral Paypack	31.67%	37,079	56,180	-	93,259	8,220	-	3,895	29,605
Gold Melting Machine	6.33%	33,500	-	-	33,500	2,001	-	59,378	60,622
Bar Code Readers	31.67%	120,000	-	-	120,000	22,098	-	9,793	102,797
Sign Boards	6.33%	112,590	-	-	112,590	6,947	-	6,027	17,773
Television	9.50%	23,800	-	-	23,800	1,866	-	269,026	258,425
Printer	31.67%	285,966	241,485	-	527,451	70,522	-	2,597	12,403
Lift	6.33%	15,000	-	-	15,000	838	-	82,140	432,901
UPS	6.33%	361,600	153,441	-	515,041	33,551	-	210,969	357,065
Routers	15.83%	390,000	178,034	-	568,034	70,615	-	1,746,170	881,213
Car passat Exclusive	11.88%	2,627,383	-	-	2,627,383	118,802	-	229,273	458,811
Maruthi Swift	11.88%	688,084	-	-	688,084	61,855	-	38,946	19,951
Xerox machine	6.33%	32,399	-	-	32,399	1,348	-	12,448	289,233
Weighing Machines	6.33%	328,179	-	-	328,179	19,546	-	222,953	2,277,047
Ford Figo	11.88%	-	500,000	-	500,000	41,173	-	1,845,411	1,845,411
BMW Car	11.88%	-	2,500,000	-	2,500,000	222,953	-	12,817	257,897
Innova Car	11.88%	-	1,866,061	-	1,866,061	20,650	-	858,133	6,416,277
POS Machines	6.33%	270,714	-	-	270,714	12,817	-	15,943	131,057
SSG Software	31.67%	7,274,410	-	-	7,274,410	-	-	-	-
MS Office	31.67%	147,000	147,000	-	294,000	15,943	-	-	-
Total		39,990,755	14,271,163	649,000	53,612,918	3,362,389	41,173	9,935,621	43,677,297
Previous year total		36,475,221	3,515,534	-	39,990,755	1,470,471	-	4,462,901	35,527,854



Note : 11 : LONG-TERM LOANS & ADVANCES

<i>Secured and Considered good</i>		
Stock on Hypothecation	325,439,270	92,115,431
	<u>325,439,270</u>	<u>92,115,431</u>

Note : 12 : CASH AND BANK BALANCES

(a)Cash and Cash Equivalents		
(i)Balances with banks		
In current accounts	7,269,290	16,172,398
In deposit accounts	5,855,457	451,458
(ii) Cash in hand	30,275,573	14,791,212
	<u>43,400,320</u>	<u>31,415,068</u>

Note : 13 : SHORT-TERM LOANS & ADVANCES

<i>Secured and Considered good</i>		
Loans against security of Gold Jewellery	299,067,556	318,188,428
Stock on Hypothecation	480,335,918	483,337,281
<i>Unsecured and Considered good</i>		
Demand Loans	2,613,655	27,790
Due from Directors		
Due from Others	16,144,166	10,139,584
	<u>798,161,295</u>	<u>811,693,083</u>

Note : 14 : OTHER CURRENT ASSETS

Advance Tax & TDS	21,715,935	21,005,985
Rent Deposit	3,571,350	2,896,050
Telephone Deposit	16,466	16,466
Electricity Deposit	4,674	4,674
	<u>25,308,425</u>	<u>23,923,175</u>



Note : 15 : REVENUE FROM OPERATIONS

Interest on Hypothecation Loans	159,064,008	127,769,851
Interest on Demand Loans	304,682	4,253
Interest on Loans against Gold Jewellery	78,230,498	68,783,565
Additional Financial Charges	11,952,051	14,347,866
	<u>249,551,239</u>	<u>210,905,535</u>

Note : 16 : OTHER INCOME

Miscellaneous Income	915,069	924,517
Profit on Insurance	150,492	264,165
Interest on Fixed Deposits	448,888	40,337
Profit on sale of Agricultural Land	1,522,379	-
	<u>3,036,828</u>	<u>1,229,019</u>

Note : 17 : EMPLOYEE BENEFITS EXPENSE

Salaries	28,168,188	21,858,746
Directors Remuneration	6,945,000	2,340,000
Staff Welfare Expenses	490,686	455,688
ESI	352,527	166,144
Provident Fund	694,084	258,058
	<u>36,650,485</u>	<u>25,078,636</u>

Note : 18 : FINANCE COSTS

Interest on Debentures	2,995,497	4,509,927
Interest on car loan	-	-
Interest on cash credit	85,621,365	75,207,111
Interest on Sundaram Loan	7,752,600	963,612
	<u>96,369,462</u>	<u>80,680,650</u>



Note : 19 : OPERATION AND OTHER EXPENSES

Advertisement & Publicity	1,397,735	3,442,511
AMC	167,102	9,550
Audit Fee	62,700	66,170
Audit Expenses	33,950	105,816
Auction Loss	161,766	61,216
Bank Charges	373,248	538,283
Bad debts (Written off)	406,639	435,452
Business Promotion Expenses	3,452,057	1,831,696
Car Maintenance	167,206	191,330
Cloud Services	15,847	3,300
Commission & Brokerage	10,909,560	7,808,716
Computer Maintenance	222,197	69,546
Consulting Charges	-	54,000
Discount	1,683,918	4,160,541
Donations	1,663,288	122,702
Ezone Securities	26,050	62,250
Electricity Charges	931,110	728,250
Insurance	727,209	636,299
Income Tax	-	80,513
Interest on Income Tax	106,490	148,323
Internet Bill	723,002	605,755
Legal Expenses	266,222	146,545
Loss on sale of car	178,826	-
News papers & Periodicals	42,813	27,446
Contingent provision against Standard Assets	521,335	409,000
NPA Provision	85,290	53,662
Office Maintenance	4,209,628	3,141,580
Pooja Expenses	48,999	36,999
Postage	807,619	717,013
Printing & Stationery	1,075,555	1,318,509
Processing Charges	4,554,876	1,944,936
Professional Fee	3,143,622	600,419
Rent	6,692,599	6,450,940
Repairs & Maintenance	224,692	3,320,009
Registration Charges	314,083	20,250
ROC Filing	218,100	16,135
Seizing Charges	122,695	-
Subscriptions	86,798	6,939
Taxes & Licenses	728,937	102,795
Telephone	946,466	703,215
Travelling & conveyance	1,751,002	1,935,464
Vehicle Maintenance	938,441	688,029
Valuation Charges	-	1,630
	50,189,672	42,803,734



20. Notes to accounts

1. Terms of Redemption of Debentures

Non-Convertible Debentures Privately placed shall be redeemed on the expiry of 18/36 months from the date of issue of each series.

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) Debentures

The Secured Non-Convertible Debentures privately placed are secured by mortgage of immovable property ranking *pari passu* with charges created in favour of the trustees in addition to specific assets covered by charge on Hypothecation Loan receivables with a security cover of 100% as per the terms of issue.

c) Other Secured Loans

Other Secured loans consisting of Term Loan from Sundaram Finance Limited is secured by hypothecation of receivables other than those specifically charged to banks.

3. Borrowing Costs as per Accounting Standard – 16:

Borrowing costs include interest on term loans and Cash Credit Limits with banks/financial institutions and interest on debentures 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) Associates:
M/s.Kanakadurga Finance Foundation
M/s.Kanakadurga Financial Services Ltd



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

b) **Related Party Transactions for the Year Ended 31st March 2015**

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	69,45,000	Nil
Donation to Associate Enterprise	7,72,937	Nil
Unsecured Loans from Key Managerial Personnel	47,97,257	47,97,257

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	2014-2015	2013-2014
Managing Director	17,15,000	7,80,000
Whole-time Director	17,15,000	7,80,000
Executive Director	17,15,000	7,80,000
Whole-time Director	18,00,000	0.00

8. Auditors Remuneration includes the following:

Statutory Audit Fee	Rs.40,000/-
Tax Audit Fee	Rs.15,000/-
Service Tax	Rs. 6,798/-

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.23.09 lakhs and made a provision of Rs.2.31 lakhs. Company has made a general provision @0.25% of the outstanding Standard Assets which comes to Rs.27.56 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

Particulars,	2014-2015 (Rs)	2013-2014 (Rs)
Profit attributable to Equity Shareholders (A)	4,53,91,667	4,15,57,535
Basic/weighted average number of equity shares outstanding during the year (Nos) (B)	1,00,80,847	92,04,255
Nominal Value of Equity Share(Rs)	10/-	10/-
Earnings Per Share (Basic & Diluted)	4.50	4.52

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

The deferred tax liability for the year 2014-2015 due to timing differences between financial statements and taxation statements as per the applicable rate of taxation, estimated as Rs.1,37,000/- 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 31-03-2014 is as given below:

Particulars	(Liability) / Asset as at 1-4-2014.	(Charges) / Credit for the year	(Liability) / Asset as at 31-3-2015.
Timing differences on Account of			
Depreciation on Assets	(22,24,431)	(1,37,000)	(23,61,431)
Total	(22,24,431)	(1,37,000)	(23,61,431)

14. Capital to Risk (weighted) Assets Ratio.

Sl.No	Particulars	31 st March 2015	31 st March 2014
1	CRAR (%)	31.68	33.64
2	CRAR – Tier I Capital (%)	31.23	33.16
3	CRAR – Tier II Capital (%)	0.45	0.49
4	Tier I Capital (in lakhs)	37.29	31.94
5	Tier II Capital (in lakhs)	0.54	0.47



15. Corporate Social Responsibility (CSR)

The Company has spent an amount of 12.73 lakhs towards Corporate Social Responsibility (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.

16. Previous year figures have been regrouped / reclassified wherever necessary to conform to the current year's presentation.

Signatures to Schedules 1 to 20


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

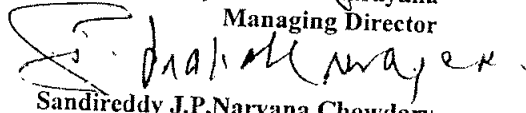

S. Muralikrishna Rao
Partner

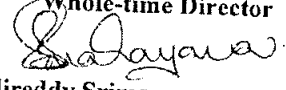
Place : Vijayawada
Date : 23rd June 2015



For and on behalf of the Board


Sandireddy Lakshmi Narayana
Managing Director


Sandireddy J.P. Naryana Chowdary
Whole-time Director


Sandireddy Srimannarayana
Whole-time Director