



**Sakthi Finance**

Since 1955

# Sakthi Group Founder

## About Sakthi

Pollachi, the hinterland of western Tamil Nadu or Kongunadu was a sleepy little town until the early years of the twentieth century. This largely agrarian region was known for its rich produce, its people respected for their hardworking nature and hospitality. It was one of the largest markets in South India, acting as a principle trading post between Tamil Nadu and Kerala regions.

**It was in Pollachi, where the saga of the Sakthi Group started in 1931. P Nachimuthu Gounder, was the person who laid the foundation of the Sakthi Group with the establishment of the Anamallais Bus Transport (ABT).**

Before the formation of the company he had already established a rudimentary transport network; first with bullock cars, then with taxis and later with a fleet of trucks and buses. Following his success in the transport sector, started ABT, the parent organisation of the Sakthi Group. From 21 buses, ABT eventually grew into a massive fleet of over 100 buses by 1946.

In the 1950's, Dr. N. Mahalingam, son of P Nachimuthu Gounder, took an active role in the family business. With his father as a mentor, he learnt the nuances of running the business, people skills and in turn brought to the business, his own strengths of dynamism and far impacting thought and vision. He also inherited a strong sense of social responsibility and vision for industrial growth and continued to build Sakthi Group on the strong foundations laid by his father.

From a young age, Dr. NM envisioned a path that focused on the bigger picture. He donned several roles, making a name for himself in politics, business, agriculture, education and literature.

# Sakthi Group

## About Sakthi

Beginning in 1950's, the next several decades rolled out like a timeline with achievements, impact and contributions that substantiated Dr. NM's endeavor to leverage industry and business to address issues plaguing the nation and his lifetime pursuit of enterprise building across industrial segments. The Sakthi Group is a large industrial conglomerate and one of the fastest growing business groups in South India. The Sakthi Group has a strong market presence in a number of Industrial Domains with a host of group companies, institutions, trusts and foundations operating under its umbrella. These organizations have been playing a significant role in shaping the economic and social development of South India.

Foraying into a diverse number of industrial, economic and social realms the Sakthi Group has been succeeding in its efforts to 'create and hone value' through its products, services and initiatives.

Late Dr. N.Mahalingam



# Sakthi Group



**Sugar**



**Soya**



**Auto  
Components**



**Distilleries**



**Power**



**Wind Mill**



**Logistics/  
Travels**



**Finance**



**IT Services**



**Maruti/ Tata  
Dealership**



**Dairy**



**Education  
Institutions**



**Coffee &  
Tea Estates**



**Real Estate**



**Health Care**



**Publication  
& Press**



**Bus Body  
Building /  
Retreading**



**Food**



**Digital**



**Textiles**



## Sakthi Finance Limited - Background

- Sakthi Finance Ltd. (“SFL” or the “Company”) was promoted by Late Dr. N. Mahalingam and incorporated as “The Pollachi Credit Society Pvt. Ltd.” on March 30, 1955. The company was later converted into public limited company and its name was changed to Sakthi Finance Ltd. on July 27, 1967.
- SFL has its registered office at 62, Dr.Nanjappa Road, Coimbatore, Tamil Nadu – 641 018.
- SFL is a deposit-taking Non-Banking Financial Company (“NBFC”) registered with RBI. It is an “Asset Finance Company” and by virtue of RBI Circular dated February 22, 2019, SFL has been re-classified as an NBFC - Investment and Credit Company (NBFC-ICC) by RBI.

## Profile

- SFL is engaged in the business of Hire Purchase Financing for Commercial Vehicles, Infrastructure Equipment, and Machineries etc. Over six decades of operations, the company has grown into one of the leading NBFCs in South India specializing in financing of pre-owned commercial vehicles and construction equipment. The finances provided are secured by lien on the assets financed.
- As on 31 March, 2023., Equity shares & NCDs of SFL are listed on BSE. Market Capitalisation is Rs.201.00 Crs
- As on March 31, 2023, the Gross NPAs as a percentage of loan assets is 5.37% and Net NPAs as a percentage of loan assets is 2.63%. The Gross NPA as a percentage of loan assets was 4.68% and 4.52% as on March 31, 2022 and as at March 31, 2021 while Net NPA was 1.86% and 2.04% as on March 31, 2022 and March 31, 2021 respectively.
- As on March 31, 2023, SFL had an AUM (i.e. Stock on Hire) of Rs.1184.96 Crs. The income from hire purchase business constitutes about 93% of operating income of the Company. The income from hire purchase business has increased to Rs.248.99Crs for FY2023 from Rs.139.39Crs for FY 2016.

## Profile

- The capital adequacy ratio, computed on the basis of applicable RBI requirements, is 19.99% as on March 31, 2023. The Capital Adequacy Ratio computed on the basis of applicable RBI requirements was 21.66% and 22.52% as on March 31, 2022 and March 31, 2021, with Tier I Capital at 13.74% and 13.05%, respectively.
- SFL has presence through a network of close to 54 branches located across the Southern states of Tamil Nadu, Kerala, Andhra Pradesh, Karnataka, Maharashtra, Haryana and Union Territory of Puducherry.
- During the Financial Year 2023, the company disbursed an amount of Rs.821.00 Crs in hire purchase financing operations as against Rs.597.00 Crs during the previous Financial Year. Gross income for FY2023 stood at Rs.191.80 Crs and the net profit after tax for the year was at Rs.12.49 Crs. Gross income for FY2022 stood at Rs.181.35 Crs and the net profit after tax for the year was at Rs.9.52 Crs.



## Board of Directors

Name	Designation	Qualification	Age (Years)
<b>Mr. Mahalingam Manickam</b>	Chairman	Master's Degree in Statistics (Madras University), MBA (University of Michigan, USA)	67
<b>Mr. Balasubramaniam Mahalingam</b>	Vice Chairman & Managing Director	M.Com. (Madras University), MBA (Notre Dame University, USA)	65
<b>Mr. Srinivaasan Mahalingam</b>	Director	B.E., M.B.A.	57
<b>Dr. Arumugam Selvakumar</b>	Director	M.E., Ph.D	68
<b>Mr. Gopalakrishnan Subramaniam Puthucode</b>	Director	B.Com, LLB, AIB (London), Fellow of Economic Development Institute of World Bank, Washington	88
<b>Mrs. Priya Bhansali</b>	Director	Graduate Degree in Commerce (Madras University), Fellow Member of the Institute of Chartered Accountants of India ("ICAI") and a Diploma Holder in Information System Audit from ICAI	57
<b>Mr. Kollenogode Padmanabhan Ramakrishnan</b>	Director	B.E. (IIT Chennai)	69
<b>Dr.SundaraswamyVeluswamy</b>	Director	M Com, ACS, Ph.D	64

# Company's business model

## Unique business model

SFL's target customers comprise Small/ Medium Road Transport Operators (SRTOs/ MRTOs), primarily hailing from rural/semi-urban areas. SFL is among the few financial institutions in the organized sector, catering to the needs of this target customer base.

## Effective origination, credit appraisal and collection processes

The company has a cost-effective model for business origination through its branch networks working in association with marketing officers termed as Customer Service Points ("CSPs"). With its long-standing understanding and experience in the pre-owned vehicle finance segment, the company has developed a credit evaluation process suitable for this sector. SFL's entire recovery and collection operation is administered in-house and the company does not outsource loan recovery and collection operations.

## Company's business model

### Long-standing presence in southern regional market

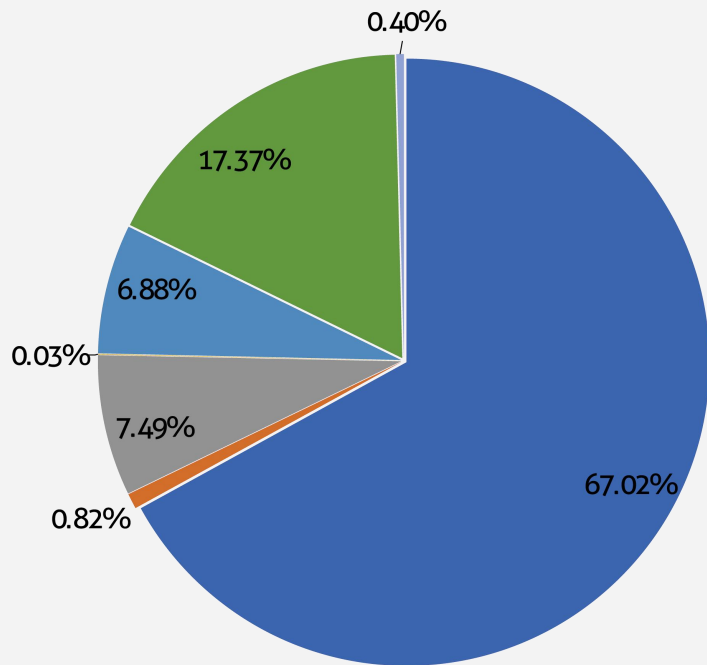
The company has been operating in the vehicle financing industry for several decades focusing on Southern parts of India particularly in the States of Tamil Nadu and Kerala. It has a network of 49 branches with more than 90% branches located in Tamil Nadu and Kerala. SFL's continuous focus and presence in the concentrated regional market has enabled it to create long-term customer relationships. At present 50% - 60% of the total business comes from the existing customers.

### Experienced senior management team

Majority of SFL's senior management team has grown with the Company and they have more than 15 years of experience with the Company. Industry knowledge and professional expertise of the senior management provides a distinct competitive advantage. (Please refer to organization structure placed as Annexure II).

The Company's credit rating of BBB/ A2 respectively for Long Term & Short Term credit facilities, factors in the company's prudent origination, monitoring and collection systems, which have evolved over the last six decades of its operations, and its reasonable asset quality.

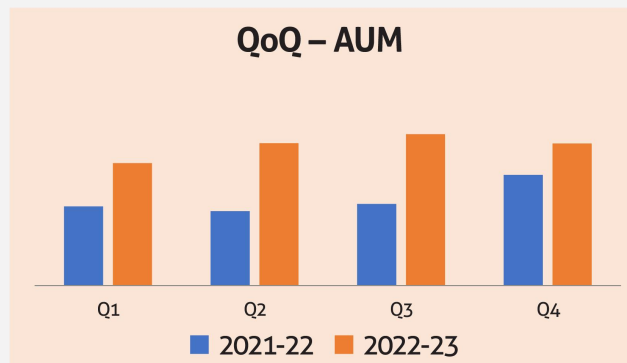
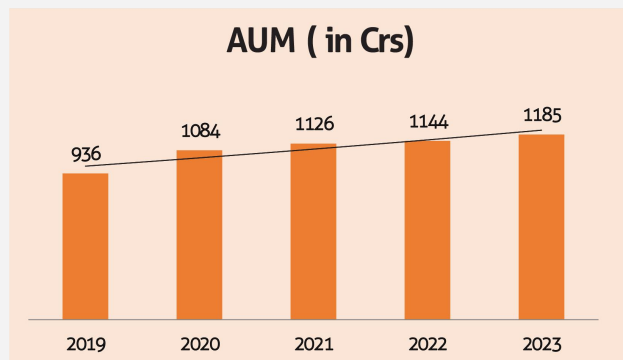
## Share Holding Pattern-Mar 2023



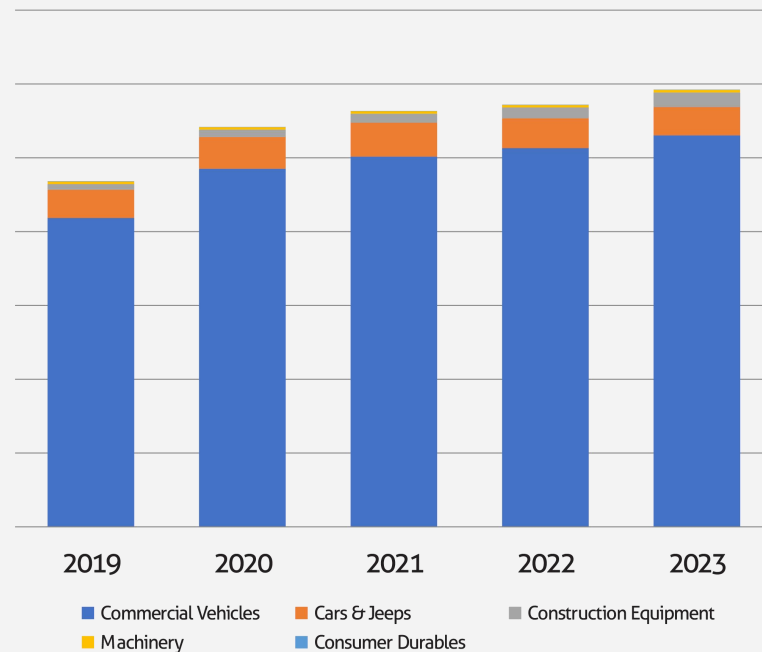
<u>Particulars</u>	<u>% of Share Holding</u>
Promoter / promoter Group	67.02%
Other Bodies Corporate	17.37%
Resident Public	7.49%
Non Resident Incorporated entity	6.88%
IEPF	0.82%
Any Others	0.40%
Non Resident Indians	0.03%

as on March 31<sup>st</sup> 2023

# Asset Under Management (AUM)

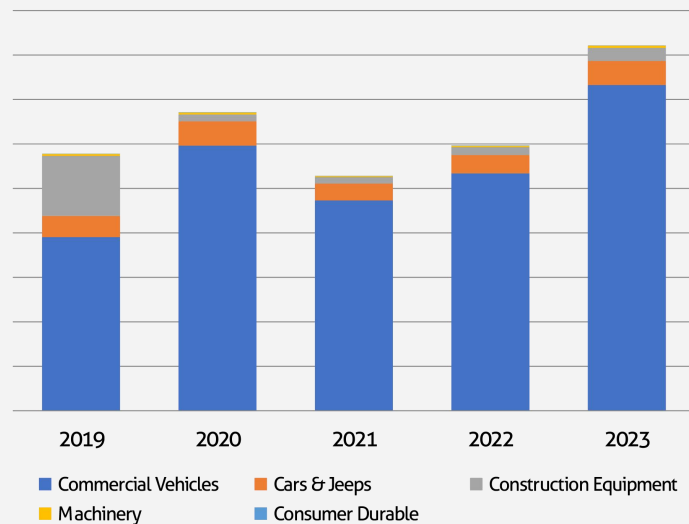


## Product Mix – AUM (5 Years)



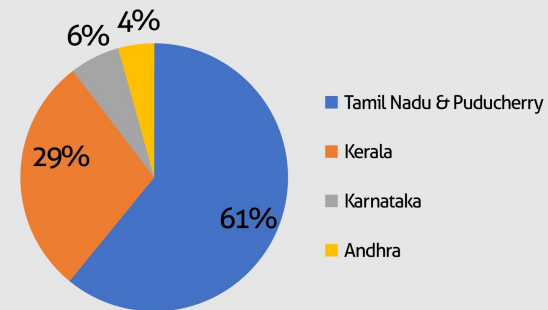
# Disbursement

## Productwise – Disbursement

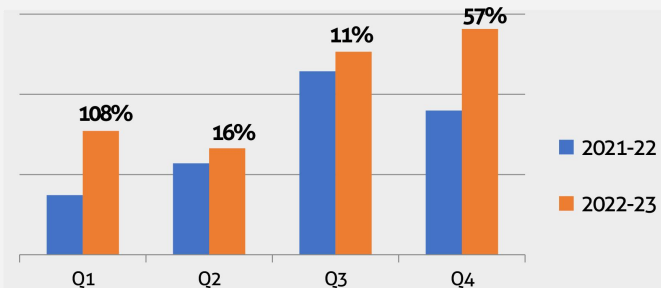


**YoY-38%**

## Statewise Disbursement 2023

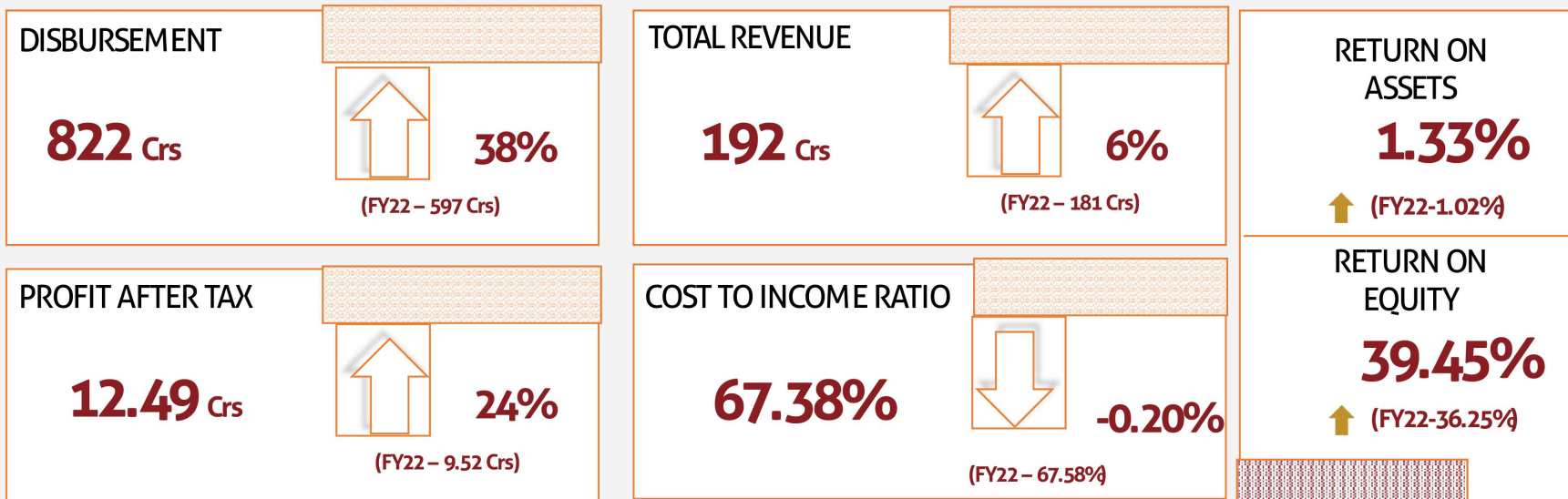


## QoQ – Disbursement



as on March 31<sup>st</sup> 2023

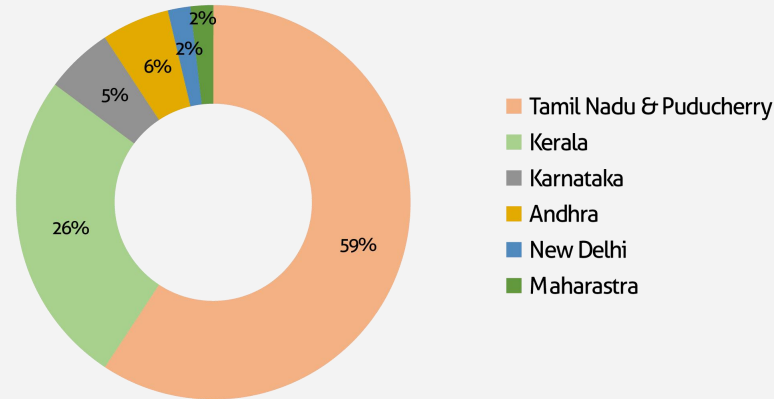
# Key Highlights FY22 vs FY23



# Branch Network – Mar 2023



Branch Network ason Mar-23





## Borrowings – Mar 2023

### Retail Resources Mar'23

Products	%
Redeemable Non-Convertible Debentures - Public Issue	34.34%
Sub-Ordinated Debts	23.73%
Redeemable Non-Convertible Debentures - Secured Retail	12.19%
Non-Convertible Debentures - Secured	10.89%
Fixed Deposits	2.42%
Redeemable Cumulative Preference Shares	1.52%

### Lender-wise Mar'23

Loans from Banks	%
From Banks: Cash Credit and Demand Loans	81%
<b>Term Loan:</b>	
State Bank of India	16%
Shriram Transport Finance company Ltd.	2%
IndusInd Bank Ltd.	1%

as on March 31<sup>st</sup> 2023

# ALM (Asset Liability Management)

## ALM snapshot as on 31<sup>st</sup> Mar 2023 (in Crs)

Particulars	1 m	>1 to 2m	>2 to 3m	>3 to 6m	>6m to 1 yr	>1 to 3 yr	>3 to 5 yr	>5yr	Total
Cash & Bank Balances	30.46	-	-	-	-	-	-	-	30.46
Advances	53.28	53.18	54.24	158.96	271.90	493.52	25.70	0.00	1,110.79
Trade Receivable & Others	1.18	2.59	2.96	3.84	8.67	11.27	31.98	93.12	155.60
Total Inflows (A)	84.92	55.77	57.20	162.80	280.57	504.78	57.68	93.13	1,296.85
<b>Cumulative Total Inflows (B)</b>	<b>84.92</b>	<b>140.69</b>	<b>197.89</b>	<b>360.69</b>	<b>641.26</b>	<b>1,146.05</b>	<b>1,203.73</b>	<b>1,296.85</b>	<b>1,296.85</b>
Borrowin Repayment-Bank & Others	3.07	41.82	22.22	91.42	238.90	413.93	128.93	-	940.28
Borrowin Repayment- Market	-	-	-	-	-	-	-	-	-
Capital Reserves and Surplus	-	-	-	-	11.65	3.30	-	142.17	157.12
Other Outflows	9.66	12.92	3.98	18.49	34.29	49.94	5.46	86.13	220.88
Total Outflows (C)	12.73	54.74	26.19	109.91	284.84	467.17	134.39	228.30	1,318.27
<b>Cumulative Total Outflows (D)</b>	<b>12.73</b>	<b>67.47</b>	<b>93.66</b>	<b>203.57</b>	<b>488.41</b>	<b>955.59</b>	<b>1,089.98</b>	<b>1,318.27</b>	<b>1,318.27</b>
E. GAP (A - C)	72.18	1.04	31.01	52.89	(4.27)	37.61	(76.71)	(135.17)	(21.42)
F.Cumulative GAP (B - D)	72.18	73.22	104.23	157.12	152.85	190.46	113.75	(21.42)	
Cumulative GAP as % (F/D)	567%	109%	111%	77%	31%	20%	10%	-2%	

# P & L Financials

## Financials (in Crs)

Particulars	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Growth % (YTD)
Disbursements	577	671	528	597	822	27.37%
Closing Assets - Managed	936	1084	1126	1144	1185	3.45%
Operating Income	168	170	171	181	192	5.52%
Finance Charges	101	103	107	110	110	0.68%
<b>Net Income</b>	<b>67</b>	<b>67</b>	<b>64</b>	<b>72</b>	<b>82</b>	<b>12.06%</b>
Expenses	47	46	44	48	55	11.79%
Net Credit Losses	6	7	8	10	9	-11.69%
<b>PBT</b>	<b>14</b>	<b>14</b>	<b>13</b>	<b>13</b>	<b>17</b>	<b>25.57%</b>
<b>PAT</b>	<b>10</b>	<b>11</b>	<b>9</b>	<b>10</b>	<b>12</b>	<b>23.81%</b>

# P & L Ratios

## Asset Ratios

Particulars	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Income	15.27%	13.95%	13.84%	14.29%	14.76%
Cost of Funds	9.20%	8.43%	8.66%	8.63%	8.48%
Net Interest Margin	6.08%	5.52%	5.18%	5.65%	6.27%
Expense	4.24%	3.78%	3.53%	3.82%	4.23%
Losses & Provisions	0.58%	0.60%	0.64%	0.81%	0.71%
<b>ROA-PBT</b>	<b>1.25%</b>	<b>1.15%</b>	<b>1.02%</b>	<b>1.02%</b>	<b>1.33%</b>
<b>ROA-PAT</b>	<b>0.87%</b>	<b>0.92%</b>	<b>0.75%</b>	<b>0.75%</b>	<b>0.96%</b>
Gross - Stage 3	49.80	49.83	55.94	59.42	69.98
ECL Provisions - Stage 3	24.95	29.92	36.33	45.11	51.92
<b>Coverage Ratio - Stage 3</b>	<b>50.11%</b>	<b>60.03%</b>	<b>64.94%</b>	<b>75.92%</b>	<b>74.20%</b>

# Balance Sheet

<b>ASSETS</b>					
<b>Financial Assets (in Crs)</b>					
<b>Particulars</b>	<b>Mar-19</b>	<b>Mar-20</b>	<b>Mar-21</b>	<b>Mar-22</b>	<b>Mar-23</b>
Cash and Bank balance	40.55	15.82	17.40	25.79	30.46
Derivative financial instruments	-	-	-	-	-
Receivables	1.22	2.46	1.86	1.86	2.45
Loans	926.54	1070.46	1093.54	1103.11	1145.00
Investments	27.83	26.60	26.68	24.88	13.45
Other Financial Assets	17.43	20.44	18.30	17.13	12.89
<b>Non- Financial Assets</b>					
Current tax assets (Net)	0.50	0.37	-	0.17	0.33
Deferred tax assets (Net)	-	-	-	2.18	3.95
Investment Property	2.89	2.84	2.80	2.75	2.71
Property, Plant and Equipment	64.75	63.17	61.22	59.47	58.45
Right of use assets	14.31	13.31	10.71	10.94	10.59
Intangible assets	1.90	1.30	1.89	1.79	1.57
Other Non-Financial Assets	2.70	3.24	3.36	19.36	18.75
<b>TOTAL</b>	<b>1101</b>	<b>1220</b>	<b>1238</b>	<b>1269</b>	<b>1301</b>

as on March 31<sup>st</sup> 2023

# Balance Sheet

## EQUITY AND LIABILITIES

### Financial Liabilities (in Crs)

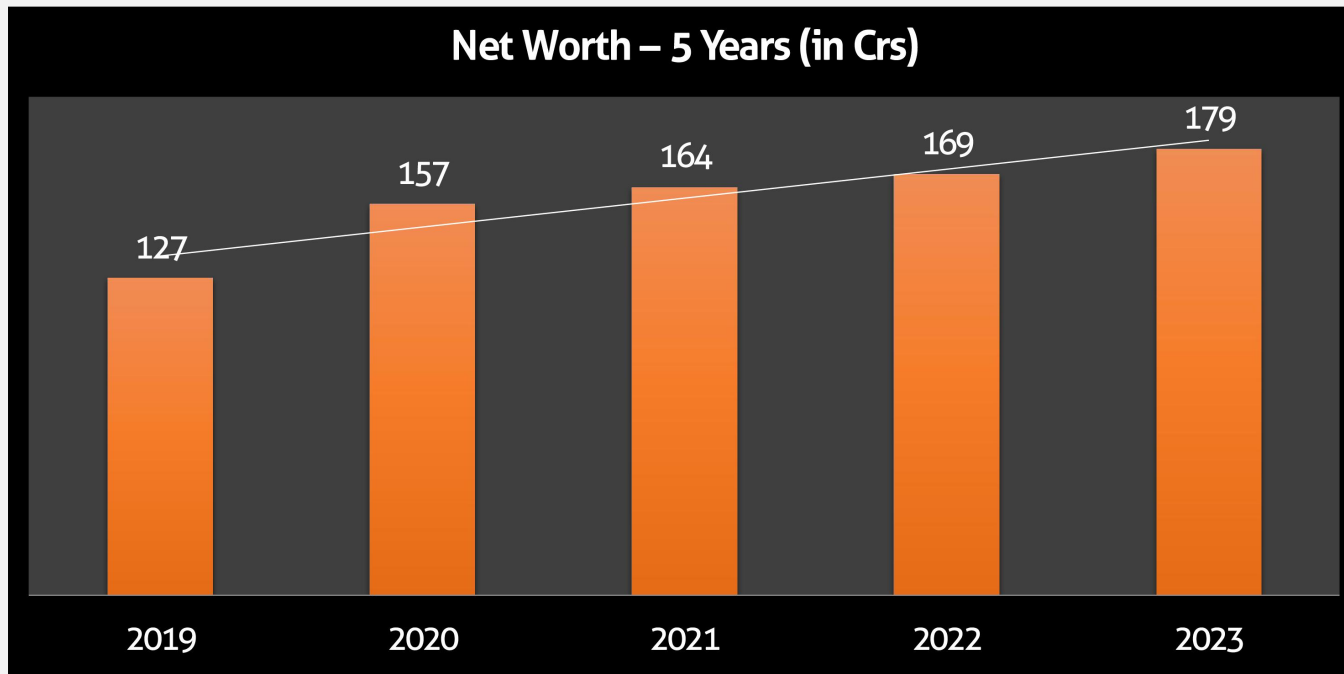
Particulars	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Derivative financial instruments	-	-	-	-	-
Trade Payables - Others	1.86	1.68	1.44	1.28	1.56
Other Payables - Others	2.51	1.02	1.51	1.75	1.93
Borrowings	912.75	1009.34	1023.37	1051.97	1074.03
Other Financial Liabilities	17.27	17.21	16.72	14.26	13.85
Non-Financial Liabilities	5.86	4.29	2.73	2.22	2.33
Shareholder's fund	160.37	186.48	191.98	197.94	206.87
<b>TOTAL</b>	<b>1100.62</b>	<b>1220.01</b>	<b>1237.75</b>	<b>1269.43</b>	<b>1300.58</b>

as on March 31<sup>st</sup> 2023

## Stagewise Assets & Provision Summary

Particulars	Mar-22	Mar-23	Mar-22	Mar-23
	Normal INR Cr	Normal INR Cr	Normal % to GA	Normal % to GA
<b>Gross Assets</b>	<b>1148</b>	<b>1,197</b>	<b>100.00%</b>	<b>100.00%</b>
Stage 1	997	976	86.81%	81.52%
Stage 2	92	151	8.01%	12.63%
Stage 3	59	70	5.18%	5.85%
<b>Provision - ECL</b>	<b>45</b>	<b>52</b>	<b>100.00%</b>	<b>100.00%</b>
Stage 1	5	1.6716	10.61%	3.22%
Stage 2	1	11.49	2.12%	22.14%
Stage 3	39	39	87.27%	74.65%
<b>Net Assets</b>	<b>1103</b>	<b>1,145</b>	<b>100.00%</b>	<b>100.00%</b>
Stage 1	992	974	89.93%	85.08%
Stage 2	91	140	8.25%	12.20%
Stage 3	20	31	1.82%	2.73%

## Net Worth (Past 5 Years)



as on March 31<sup>st</sup> 2023



# Credit Rating

Instrument	ICRA Rating
Fixed Deposits	[ICRA] BBB (STABLE)
Non-Convertible Debentures	[ICRA] BBB (STABLE)
Long Term Bank Borrowings	[ICRA] BBB (STABLE)
Short Term Bank Borrowings	ICRA A2



**Thank you**

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