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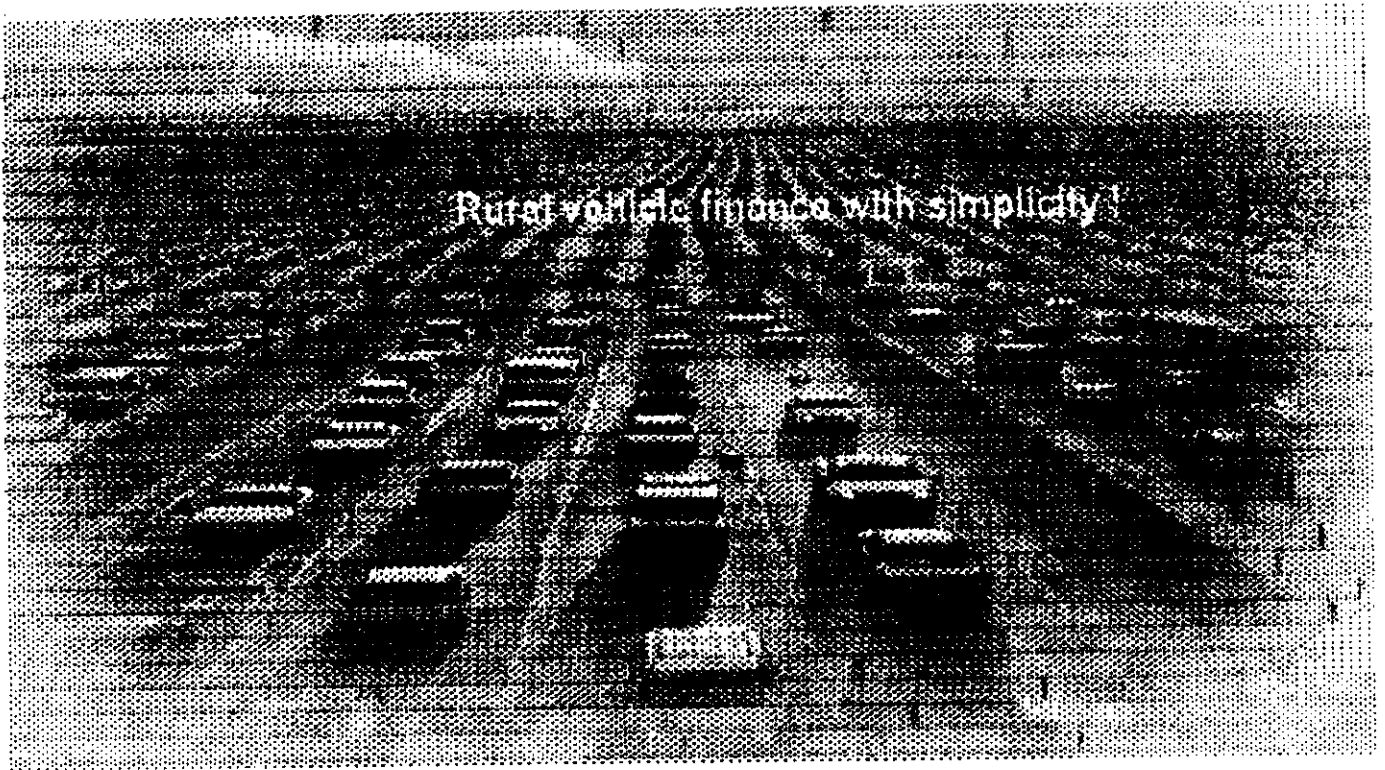


**Shalibhadra**

**FINANCE LIMITED**

**AUDITED ANNUAL ACCOUNTS**

**2010 · 2011**



**Onapathantad... Satinirgubachyadantol**



*Sahabhadra Finance Limited (SFL) is our philosophy which has led to sustained growth over a solid foundation of trust and simplicity in the most difficult to penetrate rural segment in India.*

*A rapidly growing base of highly satisfied and repeat customers leading to fortified confidence in increasing vehicle financing portfolio with 'simplicity, speed and customer happiness' as the prime objectives, has made your company today as one of the leaders in vehicle financing in rural Gujarat.*

*We have the ability and the foresight to carve our own path today - leading to a brighter tomorrow!*



**BOARD OF DIRECTORS**

SHRI MUKUND H DOSHI Chairman  
 SHRI MINESH M DOSHI Managing Director  
 SHRI GOVIND L KESWANI Director  
 SHRI NAROTANMAL RAMPURIA Director

**REGISTERED OFFICE**

3, Kamat Industrial Estate,  
 396 Veer Savarkar Marg,  
 Prabhadevi,  
 Mumbai: 400 025.

**BRANCHES**

Anand	Nadiad	Navsari
Ahmedabad	Mehsana	Nandurbar
Bardoli	Surat	Nasik
Bharuch	Valsad	Vadodara
Botisar	Vapi	
Dabhol	Rajpipla	
Himmatnagar		

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**BANKERS**

Indian Overseas Bank

**AUDITORS**

M/s. K.S.Sanghvi & Co.  
 Chartered Accountants

**ADVOCATES & SOLICITORS**

Kanga & Co.,  
 Mumbai.

20<sup>th</sup> Annual General Meeting on Friday,  
 30<sup>th</sup> September, 2011 at 3.30 p.m. at 3, Kamat  
 Industrial Estate, 396, Veer Savarkar Marg,  
 Opp. Siddhi Vinayak Temple, Prabhadevi,  
 Mumbai: 400 025.

Shareholders are requested to bring their copies  
 of the Annual Report along with the Annual  
 General Meeting.

**SHARE TRANSFER SERVICE**

3, Kamat Industrial Estate,  
 396, Veer Savarkar Marg,  
 Prabhadevi, Mumbai: 400 025. INDIA

## NOTICE

NOTICE is hereby given that the 20<sup>th</sup> ANNUAL GENERAL MEETING of the members of SHALIBHADRA FINANCE LIMITED will be held on Friday 30<sup>th</sup> September, 2011 at 3.30 p.m., at Registered Office at 3, Kamat Industrial Estate, Ground Floor, Opp. Siddhi Vinayak Temple, Prabhadevi, Mumbai - 400 025 to transact the following business.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and the Profit and Loss Account for the year ended on that date and the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Mukund H. Doshi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider & declare dividend.
4. To appoint the Auditors and fix their remuneration.

### Registered Office:

3, Kamat Industrial Estate,  
396, V.S. Marg,  
Opp. Siddhi Vinayak Temple,  
Prabhadevi,  
Mumbai - 400 025.  
Tel: 24 322 993/ 24 322 994.

For and on behalf of Board of Directors

  
DIRECTORS

Place: MUMBAI

Date: 4<sup>th</sup> August 2011

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing a proxy must be deposited with the Company at its Registered Office no less than 48 hours before the time for holding meeting.
2. The share transfer Book and the Register of Members of the Company has remain closed from 17.09.2011 to 21.09.2011
3. All members are requested to:
  - (i) Intimate any change of address, if any, to the Company quoting reference to their Registered Folio number.
  - (ii) Write to the Company for any information about accounts 10 days in advance of the Annual General Meeting.

- (iii) Members/Proxies are requested to bring the copy of their Annual Report alongwith them and to produce the attendance slip at the entrance of the meeting hall.
- (iv) Convert their shares in Demat form for easy liquidity or sale through Stock Exchange and safety.
4. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all working days, Saturdays and Holidays, between 11.00 a.m. and 1.00 p.m. upto date of the Annual General Meeting.
5. In all correspondence with the Company, the members are requested to quote their members folio numbers and in case their shares are held in dematerialized form, quote their client ID Number and their DPID Number.
6. Information required to be furnished under the Listing Agreement.  
As required under the Listing Agreement with the Stock Exchanges, the particulars of Directors who are proposed to be appointed/ re-appointed are given below:-

(A) Name	: Shri Mukund H.Doshi
Date of Birth	: 6 <sup>th</sup> August, 1938.
Qualification	: S.S.C.
Experience	: Wide experience in the line of trading. He is a member of Audit Committee, Remuneration Committee & Shareholders Committee.

For and on behalf of Board of Directors

Place: MUMBAI  
Date: 4<sup>th</sup> August 2011.

  
DIRECTORS

## SHALIBHADRA FINANCE LIMITED

### DIRECTORS REPORT

Your directors present here with the 20<sup>th</sup> Annual Report of the company with the Audited Statements of the Accounts for the year ended March 31, 2011.

#### FINANCIAL RESULTS:

The financial results for the year under review are summarized as follows:

Particulars	Current Year 2010 - 2011 (Rs.in '000)	Previous Year 2009 - 2010 (Rs.in '000)
Business Income	61,629	46,264
Profit before Interest, Depreciation, Lease Equalization Charges & Tax	58,844	31,099
Less:		
a. Interest	17,054	13,181
b. Depreciation	501	460
c. Exceptional Item	17,384	0
Profit before tax	23,906	17,458
Provision for Income Tax	9,325	4,563
Provision for FBT	130	1003
Profit after tax	14,593	11,892
Proposed Dividend	4,002	4,002
Distribution Tax	680	680
Transfer to/(from) General Reserve	1,500	1000
Transfer to Special Reserve	3,300	3,000
Balance brought forward from Previous Year	4,518	1,309
Balance carried to Balance Sheet	9,629	4,518

#### DIVIDEND:

The Directors recommend dividend of 8% i.e. Rs 0.80 per equity share.

#### FINANCE:

The company has been recently sanctioned of Rs. 3 corer of cash credit facility which will further help in expanding branch network.

## **CORPORATE GOVERNANCE & COMPLIANCE CERTIFICATE**

A separate section on Corporate Governance is included in the Annual Report and the certificate from the Company's Auditors confirming the Compliance of the conditions on the Corporate Governance as stipulated in the Clause 49 of the Listing Agreement with the Stock Exchange is annexed hereto.

### **OUTLOOK AND PROSPECTS:**

Outlook & Prospect look very encouraging due to increase sale of new two wheelers.

B. Clause 32: Cash flow statement pursuant to clause 32 listing agreement is provided along with Notes to Accounts.

### **PUBLIC FIXED DEPOSITS:**

The Company has no public deposit as of date and will not accept any deposit without prior approval of the statutory authorities concerned.

### **RBI GUIDELINES:**

The company is consistently complying with all the guidelines issued by the Reserve Bank of India for NBFC's (AFC's) with respect to capital adequacy, asset classification, provisioning and income recognition on non-performing assets.

The capital adequacy of the Company as on 31<sup>st</sup> March, 2011 is much higher than the minimum norms stipulated by the RBI for NBFC (AFC's).

### **ACCOUNTS & ACCOUNTING STANDARDS:**

The Company adheres to the prudential guidelines prescribed by the Reserve Bank of India and to the Accounting Standards issued by the Institute of Chartered Accountant of India in preparation of its financial statements.

The particulars on the related party exposures, non-performing assets and business levels in vehicle loans purchase and other activities, required to be disclosed in the format prescribed by the Reserve Bank of India are contained in the schedules forming part of the accounts.

### **DIRECTORS:**

In accordance with the Articles of Association Shri Mukund H.Doshi who retires by rotation is eligible for the reappointment. Members are requested to reappoint him.

The Board of Directors shall be broad based by inclusion of independent Directors from various fields in due course.

## **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- 1) That in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2011, the applicable accounting standards have been followed;
- 2) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2011 and of the profit of the Company for that period.
- 3) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) That the annual accounts for the financial year ended 31<sup>st</sup> March, 2011 are prepared on a 'going concern' basis.

## **MATERIAL CHANGES AFTER THE DATE OF BALANCE SHEET:**

Pursuant to provisions of Section 217(1)(d) of the Companies Act, 1956, there has been no material change and commitment affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the Report.

## **PARTICULARS OF EMPLOYEES:**

The company has not paid remuneration attracting the Provisions of Sec. 217 (2A) of the Companies Act, 1956.

## **PARTICULARS UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956:**

Additional information required under the provisions of the above section read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of Energy, Technology Absorption are not applicable as the company is not carrying out any manufacturing operation.

## **FOREIGN EXCHANGE EARNINGS AND OUTGO:**

During the year under review, the company has neither earned any foreign exchange nor incurred any expenses.



#### **AUDITORS:**

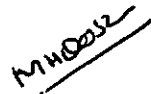
M/s K.S.Sanghvi & Co. Chartered Accountants retiring Auditors of the Company, retires at the ensuing Annual General Meeting of the Company and are eligible for re-appointment. Members are requested to appoint the auditors and fix their remuneration.

#### **ACKNOWLEDGMENTS:**

Your Directors wishes to place on record their appreciation to all the employees for their hard work, dedication, commitment and rendering impeccable service to every constituent of the company's customer and shareholders.

Place: Mumbai  
DATED: 4<sup>th</sup> August 2011.

For And On Behalf Of the Board of Directors.

  
MUKUND H. DOSHI  
Chairman.

## **MANAGEMENT DISCUSSION AND ANALYSIS:**

### **INDUSTRY STRUCTURE & DEVELOPMENTS:**

The Company is asset finance company focusing on rural, semi-urban & other under banked geographies of Gujarat & Maharashtra.

Company has conceptualised simple & speedy, small cap, asset financing products

#### **Why Simple & Speedy:**

1. The company operates in rural areas & its procedures have to be simple to be understood by the local people.
2. It is difficult to give unsecured finance on large scale swiftly unlike secured finance.

#### **Why Small Cap:**

1. The Bank's / Big NBFC's have exited or reduced exposure to small deals as cost of administration for them is too high & smallness does not attract them.
2. We want to reach to the bottom of pyramid people with annual family income of less than Rs. 1, 00,000 /-pas.
3. The risk is spread over a very large number of customers.

#### **Why Rural:**

1. There will be saturation in urban markets in near future.
2. Successive government is targeting growth of rural infrastructure with fiscal support measures
3. With rising income levels there is shift in pattern of consumption from food to non-food item where vehicle has top priority.
4. Rural market is yet to be penetrated fully.
5. The bankers & big NBFC are averse to financing in rural areas.
6. Due to invasion of television & communication rural people are aspiring for new products including vehicles.
7. 11<sup>th</sup> Five Year Plan (2007 - 2012) targets turnaround in agriculture.

#### **Why asset finance – especially vehicles:**

1. There is & will be huge demand for vehicle specially two wheelers & old four- wheelers.
2. Company intends to give only secured finance to have very low level of delinquency.
3. Company feels that financing for white goods & personal finance will take a long time to succeed in rural areas.
4. RBI & courts have taken an adverse view for tough recovery system which is must for unsecured finance.
5. Unsecured finance requires lot of energy towards loan processing.

## THREATS & RISKS:

There may be drastic slowdown in demand for the two wheelers. However, company is confident to grow its business due to withdrawal of NBFC's /Bank from this sector.

There is always a greater difficulty of seizing NPA assets from rural than urban area due to non-co-operation of customers and local community pressure. Shalibhadra Finance Limited has mitigated this risk to a great degree by keeping the average loan size small and financing a maximum of 75% of the vehicle, along with a robust hypothecation policy, besides building relationships with locals with human face. However, a major slowdown in economy, fluctuation in interest rates, liquidity availability, extra-ordinary increase in fuel prices or vehicle taxes, floods or such calamities can drastically affect Shalibhadra Finance Limited business growth and asset portfolio in non-urban segments.

## OPERATIONS & CONTROL SYSTEMS:

Shalibhadra Finance Limited has a very good presence in Gujarat, being *"the dominant player"* in its segment of financing 2 wheelers in rural, semi rural and under banked areas. Shalibhadra Finance Limited operates in small towns, villages and city outskirts where the customer is not very literate and highly unorganized. Shalibhadra Finance Limited has its grip on the right pulse of the market segment in question, and has mastered the art of keeping excellent relations with its clients without compromising on growth and bottom-line, resulting in return business and word of mouth publicity.

Shalibhadra Finance Limited has tie up's with various dealers, brokers and service station spread across around 50km, range of each branch from where regular business is generated.

Our company believes that normal collection through post dated cheques will not work in rural areas due to poor banking habit & poor banking penetration. The company has tied up with various Co-operative banks to collect on behalf of company which has received good response from customers.

Company does not operate on franchise or DSA model but put up its own branches in owned premises. The company thinks that this small loan business is highly service oriented & requires physical presence & can not be done from a long distance. We have to be physically present & be face-to-face to give service to rural borrower. Company cover up to 50km. of area from each branch to keep its high standard of service & be in touch with customers directly.

The company presently have branch network of 17 branches & planning to reach to 24 branches in near future.

Company employs local rural people who know local market well, know local language properly & can easily establish good relationship with local customers. This also helps in keeping employee cost down.

Shalibhadra Finance Limited have a reasonably de-centralized decision making system with the first contact employee empowered to initiate sanction of loans under supervision of branch heads upto certain amounts. All disbursements of loan are done from head office. All branches are fully computerized and efforts to link the same on-line with head office are underway.

Once loan is sanctioned there is strong MIS system which is centralized at head office. Monthly reporting system of all overdues and follow-ups with customers are in place. All documents pertaining to hypothecation are kept at branches. NOC are sent from Head office.

The company has also got all its documents digitized by an outside agency. This will improve efficiency drastically.

Around three years back company had started stock broking business on pilot basis at one branch. However, results were not encouraging hence company exited this business.

The share of money lenders in funding business is continuously increasing due to averseness of bank to finance speedily. Hence we want to play a bigger role by giving instant finance on pre-owned vehicles. We have recently launched a scheme called "SARAL" to service this sector.

The company is finding difficulty in getting bank finance as RBI has withdrawn status of priority sector lending on finance to NBFC / AFC. However company is exploring other avenues.

People having extremely low income are served by Microfinance institutions. The company does not target them as they usually do not have means/ income to buy any vehicles. The company wants to finance people who are in slightly higher income bracket.

#### **FUTURE OUTLOOK:**

Due to withdrawal by Banks /NBFC from Two wheelers financing business we have great opportunity to tap this market

The Indian rural landscape is rapidly changing, presenting various growth opportunities. The rural customer (>75% of the population) is becoming more market savvy, and aspires for a higher life quality. Shalibhadra Finance Limited objective is to grow its customer base to over 40,000 customers, 24 branches and a vehicle finance portfolio of Rs 400 million by March 2012.

Shalibhadra Finance Limited plans to concentrate further on smaller but upcoming towns to avoid margin competition. Shalibhadra Finance Limited customers are generally salaried class, agriculturist and self employed. Since the past five years, Shalibhadra Finance Limited has concentrated on 2 wheelers and 2, 3 & 4 wheelers' refinance. This industry is growing in double figure rates and competition from other NBFC's and banks is practically non-existent due to relatively small & wide market and high service oriented business.

Company plan to cross sell other practices to same customers like mutual funds health & life insures.

B. Clause 32: Cash flow statement pursuant to clause 32 listing agreement is provided along with Notes to Accounts.

#### **CAUTIONARY STATEMENT:**

As stated in the beginning, this report Shareholders is in compliance with the corporate Governance Standard incorporated in the listing Agreement with the stock Exchanges and as such cannot be constructed as holding out of any forecasts, projections, expectations, invitations, offers etc, within the meaning of applicable securities, laws and regulations. This report basically seeks to furnish information, as laid down with in the different headings provided under the sub-head Management Discussion and Analysis to meet the Listing Agreement requirements.

#### **FINANCIAL PERFORMANCE**

During the year the operations have been satisfactory and profitable insofar as the Company has generated revenue of Rs.616.29Lacs (Previous year Rs. 462.64 Lacs) and a profit after tax of Rs. 145.93 Lacs (Previous Year Rs118.92Lacs).

## CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in clause 49 of Listing Agreement as applicable to the company is set out below:

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The company is committed to good corporate governance and has started implementing corporate governance norms as prescribed by SEBI. The Company respects the rights of not only of its Shareholders but also of general public to the information on the performance of the Company and considers it self a trustee of its Shareholders.

### 2. BOARD OF DIRECTORS:

The Company is fully compliant with the Corporate Governance Norms in terms of constitution of the Board with a good combination of Executive and Non – Executive Directors. The board has complete access to any information within the Company and to any employee of the Company.

In accordance with the provisions of Clause 49 of the Listing Agreement, the Board meets at least once every quarter to review the quarterly results and other items of the Agenda and, if necessary, additional meetings are held. The Board meets at least 4 times in a year and the gap between two Board Meetings is not more than 4 months as per the revised Clause 49 of the Listing Agreement. The Board is apprised and informed of all the important information relating to the business of the Company including those listed in Annexure 1A of the revised Clause 49 of the Listing Agreement.

### COMPOSITION AND CATEGORY

Present strength of the Board of Directors is five whose composition is given below:

- 1 Managing Director.
- 2 Promoter Director.
- 3 Non-Executive Directors.

### ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING

During the financial year ended March 31,2011 Twelve Board Meetings were held on 29<sup>th</sup> April 2010, 27<sup>th</sup> May 2010, 24<sup>th</sup> June 2010, 29<sup>th</sup> July 2010, 26<sup>th</sup> August 2010, 8<sup>th</sup> September 2010, 28<sup>th</sup> October 2010, 25<sup>th</sup> November 2010, 30<sup>th</sup> December 2010, 27<sup>th</sup> January 2011, 24<sup>th</sup> February 2011, 31<sup>st</sup> March 2011.

Name of the Director	No. of Board Meetings attended	Attendance at last AGM held on 30 <sup>th</sup> September 2011.
Shri Minesh M.Doshi	12	Present
Shri Mukund H.Doshi	12	Present
Shri Govind L.Keswani	12	Present
Shri Narotan mal Rampuria	10	Present

**3. DISCLOSURE REGARDING APPOINTMENT OR REAPPOINTMENT OF DIRECTORS:**

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Shri Mukund H.Doshi, Director of the Company, retire by rotation at the forthcoming Annual General Meeting and are eligible for reappointment. Shri Mukund H.Doshi offers himself for reappointment. The required details of Shri Mukund H.Doshi are provided in the Notice of the Annual General Meeting.

**4. AUDIT COMMITTEE :**

Company has formed Audit Committee comprising 3 Directors of the Company.

Five Meetings were held during the year on 29.04.2010, 24.06.2010, 24.07.2010, 28.10.2010 and 27.01.2011 to consider the periodical financial statements and discussion on internal control system of the Company.

Composition and the name of the members as on 31<sup>st</sup> March 2011:

Name of the Directors	Meetings attended
Shri Minesh M.Doshi	5
Shri Mukund H.Doshi	5
Shri Noratan Mal Rampuria	4

**Terms of reference**

The terms of reference of the Audit Committee broadly are as under:

- (a) To hold periodic discussions with the Statutory Auditors of the Company concerning the financial reports of the Company, internal control systems, scope of audit and observations of the Auditors/ Internal Auditors;
- (b) To review compliance with internal control systems;
- (c) To review the quarterly, half yearly and annual financial results of the Company before submission to the Board;
- (d) To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report;
- (e) Recommending the appointment/reappointment of statutory auditors and fixation of their remuneration.

The powers and terms of reference of the committee are as specified in Clause 49 of the Listing Agreements with Stock Exchanges and Section 292A of the Companies Act, 1956. Recommendations of the Audit Committee, if any are considered and implemented by the Board.

**5. REMUNERATION COMMITTEE :**

The Company has formed Remuneration Committee. The remuneration committee comprises of three Directors.

Composition and the name of the members as on 31<sup>st</sup> March 2011:

Name of the Directors	Meetings attended
Shri Mukund H.Doshi	1
Shri Minesh M.Doshi	1
Shri Govind Keswani	1

The Committee has met on July 31, 2010 during financial year ended March 31,2011.

#### 6. SHAREHOLDERS COMMITTEE/ INVESTORS GRIVENCES COMMITTEE:

The committee reviews all matters connected with the securities transfer. The committee also looks into redressal of shareholders complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, issue of share certificates on account of bonus, split or any other matter related to securities of the Company. The committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services. The committee meets as and when required, depending upon grievances and /or request for physical transfer of securities received by the Company. Details of shares transfers / transmission approved by the Committee and Shareholders/Investors grievances are placed at the Board Meetings from time to time.

Five Meetings were held during the year on 29.04.2010, 29.07.2010, 26.08.2010, 28.10.2010 and 27.01.2011. Members of the Committee are:

Name of the Directors	Meetings attended
Shri Mukund H.Doshi	6
Shri Govind L.Keswani	6

Company has attended the Investors Grievances / Correspondence promptly. There is no pending complaint as on 31<sup>st</sup> March 2011. There is no outstanding request for Share Transfer and dematerialization as on 31<sup>st</sup> March 2011.

#### 7. GENERAL BODY MEETINGS:

The last three Annual General Meeting of the Company were held as under:

Financial Year	Date	Time	Venue
2007 - 2008	30 <sup>th</sup> September 2008	3.30 p.m.	Registered Office
2008 - 2009	30 <sup>th</sup> September 2009	3.30 p.m.	Registered Office
2009 - 2010	30 <sup>th</sup> September 2010	3.30 p.m.	Registered Office

During the period under report the Company has not called any Extra Ordinary General Meeting.

#### 8. DISCLOSURES:

SEBI has initiated penalty proceedings against the company for late filing of certain documents. Matter is still under consideration by SEBI.

Other than above Stock Exchange or SEBI has not imposed any fine, penalty or restriction for non-compliance of any matters relating to capital market during last three years.

**9. MEANS OF COMMUNICATION:**

The quarterly and half-yearly results are forthwith communicated to Mumbai Stock Exchange after they are approved and taken on record by Board of the Directors of the Company.

Company's Management Discussion and Analysis for the year ended March 31<sup>st</sup> 2011 forms a part of and this Annual Report and is given under the section so captioned.

**10. INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)**

ISIN is unique identification number of traded scrip. This number has to be quoted in each transaction relating to the dematerialized equity shares of the company. The Company's ISIN No.: **INE861D01011**.

**11. GENERAL SHAREHOLDER INFORMATION:**

- a. **Annual General Meeting** : Date and Time: 30<sup>th</sup> September 2011, 3.30 p.m  
Venue: Registered office of the Company.
- b. **Date of Book Closure** : 17<sup>th</sup> September 2011 to 21<sup>st</sup> September 2011.
- c. **Listing on Stock Exchange** : Shares of the Company are listed on Mumbai Stock Exchange. Annual Listing fees as prescribed are been paid for the calendar year 2010 & 2011.

**d. Financial Calendar**

Financial Reporting for the Year ended

March 31, 2011	By End of April 2011 (Un audited)
Quarter ending June 30, 2010	By End of July 2010
Quarter ending September 30, 2010	By End of October 2010
Quarter ending December 31, 2010	By End of January 2011
Annual General Meeting for the year Ended March 31, 2011	September 30, 2011



e. **Stock Code** : BSE, Mumbai (Physical) – 11754  
BSE, Mumbai (Demat Segment) – 511754

f. **Stock Market Data** : The shares are not traded regularly in Stock Exchanges.

**h) Share Transfer System:**

Share transfer application received in physical form and Demat requests found in order are normally confirmed within reasonable time and posted /informed to the agencies within the requisite time.

**i) Share Holding Pattern.**

	Category	No. of Shares held	% age of Shareholding
1.	Indian Promoters	1705181	34.08
2.	Persons acting in concern	646010	12.91
3.	Private Corporate Bodies	648255	12.96
4.	Indian Public	2003654	40.05
	<b>GRAND TOTAL....</b>	<b>5003100</b>	<b>100</b>

**J) Dematerialization of shares :**

46.20% of the Company's paid up equity share capital has been Dematerialized up to March 31, 2011. Trading in the equity shares of the Company at Bombay Stock Exchange is permitted only in dematerialized form.

The details of Demat shares.

Depository	No. of Shareholders	No. of Shares	% of Capital
NSDL	789	1622661	32.46
CDSL	570	717739	14.34
<b>TOTAL</b>	<b>1359</b>	<b>2340400</b>	<b>46.08</b>

Request for dematerialization of shares are processed and confirmation is given to the respective depositories i.e. National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days. Shares of the Company are regularly traded on BSE.

**12. Shares under lock-in:-**

There are no shares under lock in as on 31.03.2011.

**13. Address for Correspondence for Shareholders**

Shalibhadra Finance Limited,  
3, Kamat Industrial Estate,  
396, V.S. Marg,  
Opp. Siddivinayak Temple,  
Prabhadevi,  
Mumbai - 400 025.  
Email: [shalibhadra\\_mum@yahoo.co.in](mailto:shalibhadra_mum@yahoo.co.in)

**Registered Office:**

Shalibhadra Finance Limited,  
3, Kamat Industrial Estate,  
396, V.S. Marg,  
Opp. Siddivinayak Temple,  
Prabhadevi,  
Mumbai - 400 025.  
Email : [shalibhadra\\_mum@yahoo.co.in](mailto:shalibhadra_mum@yahoo.co.in)

**KIRIT S.SANGHVI**  
B.Com.(Hon.)LLB FCA

**H.A.DOSHI**  
B.Com.FCA

**S.B.SHETHIA**  
B.Com.FCA

**K.S.SANGHVI & CO.**  
**CHARTERED ACCOUNTANTS**  
A-218/219, Kanara Business Centre  
Laxmi Nagar, Ghafkopar Andheri  
Link Road, Behind Everest Garden,  
Ghafkopar (E), Mumbai 400 075  
Tel.No.2500 4144\* 2500 4334  
Fax: 2500 6024  
e-mail:ksaco@vsnl.com

#### **AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

**The Members,  
SHALIBHADRA FINANCE LIMITED.**

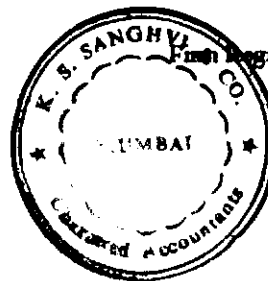
We have examined the compliance of conditions of Corporate Governance by Shalibhadra Finance Limited, for the year ended 31<sup>st</sup> March 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that generally no Investors grievance are pending for a period extending 30 days against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the Management has conducted the affairs of the Company.



**K S Sanghvi & Co**  
Chartered Accountants  
Firm Registration Number: 116714W

  
**Kirit S. Sanghvi**  
Partner  
(Membership No.:031123)

Place: Mumbai  
Dated: 4<sup>th</sup> August, 2011

**KIRIT S.SANGHVI**  
B.Com.(Hon.) LL.B FCA

**H.A.DOSHI**  
B.Com.FCA

**S.B.SHETHIA**  
B.Com.FCA

**K.S.SANGHVI & CO.**  
**CHARTERED ACCOUNTANTS**  
A-218/219, Kanara Business Centre  
Laxmi Nagar, Chhatkopar Andheri  
Link Road, Behind Everest Garden,  
Chhatkopar (E), Mumbai 400 075  
Tel.No.2500 4144\* 2500 4334  
Fax: 2500 6024  
e-mail:ksco@vsnl.com

### **Auditors' Report**

To,  
The Members Of  
Shalibhadra Finance Limited.

1. We have audited the attached Balance Sheet of Shalibhadra Finance Limited as at 31<sup>st</sup> March, 2011 and Profit & Loss account for the year ended on that date and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by Management, as well as evaluating the overall presentation of financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure, a statement on the matter specified in Para 4 mid 5 of the said order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
  - a. We have obtained all the information and explanations necessary for the purpose of our audit *except (i) information about the amount of liability in respect of provision for gratuity, leave encashment and other retirement benefits as prescribed by AS 15 "Employee Benefits" issued by the Institute of Chartered Accountants of India, and (ii) the information on Bank Reconciliation Statement of few bank accounts.*
  - 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 the books.



**KIRIT S.SANGHVI**  
B.Com.(Hon) LL.B FCA

**H.A.DOSHI**  
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- c. *The Company has not made provision for gratuity, leave encashment and other retirement benefits as prescribed by AS 15 "Employee Benefits" issued by the Institute of Chartered Accountants of India. In the absence of the information as regard the amount of the liability, the impact of non-provision on the he profit of the Company for the year ended 31 March 2011 is unascertainable and overstated to the extent of the non provision and the provisions of the Company are understated to the extent of the non provision.*
- d. *Subject to our comment in point(a) and (c) above, in our opinion the Balance Sheet and Profit & Loss complies with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.*
- e. *On the basis of written representation received from Directors as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, We report that none of the Directors are disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.*
- f. *Subject to paragraphs 4(a) and 4(c) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act 1956, in the manner as required give a true and fair view in conformity with the accounting principles generally accepted in India:*
- In the case of the Balance Sheet of the State of Affairs of the Company as at March 31<sup>st</sup>, 2011.*
  - In the case of the Profit & Loss account, of the profit of the Company for the year ended on that date.*
  - In case of the Cash Flow Statement, of the cash flows for the year ended on that date.*

Place: Mumbai  
Dated: 4<sup>th</sup> August, 2011

For K S Sanghvi & Co  
Chartered Accountants,  
Firm Registration Number: 116714W



*Kirit S. Sanghvi*  
Kirit S. Sanghvi  
Partner  
Membership No.031123)

**KIRIT S.SANGHVI**  
B.Com.(Hon.)LLB FCA

**H.A.DOSHI**  
B.Com.FCA

**S.B.SHETILA**  
B.Com.FCA

**K.S.SANGHVI & CO.**  
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e-mail:ksco@vsnl.com

**Annexure to the Auditor's Report**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, physical verification of fixed assets as at March 31, 2011 was conducted by the management of the company during the year. In our opinion the frequency of physical verification is reasonable. Having regards to the size of the operations of the company and on the basis of explanations received, in our opinion, there were no differences found on physical verification.
- (ii) (a) Except for the stocks on hire, the legal ownership of which is to be transferred to the hirers on receipt of the last installment from them, the Company does not have any stocks of inventory. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii)(a) The company has not granted any unsecured loans to companies, firms and other parties as covered in the register maintained under section 301 of the Companies Act, 1956. As a result, this clause alongwith sub clauses (b), (c) and (d) are not applicable.
- a. There are 16 (sixteen) parties covered in the register maintained under section 301 of the Companies Act, 1956 from whom the loans have been taken. The year end balance was Rs 7.91 crores.
- b. In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions as stipulated on which the company has taken the loans from firms and other parties required to be listed in the register maintained under section 301 of the Companies Act, 1956, are *prima facie* not prejudicial to the interest of the company.
- c. The Company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest stipulated to the firms and companies or other related parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the company and nature of its business for purchase of inventories and fixed assets and for sale of services. During the course of our audit no major weakness has been observed in the internal control procedures.



**KIRIT S.SANGHVI**  
B.Com.(Hon)LLB FCA

**H.A.DOSHI**  
B.Com.FCA

**S.B.SHETHIA**  
B.Com.FCA

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- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and having regard to our comments in paragraph (iii) above, and according to the information and explanations given to us, particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section and the transactions exceeding the value of Rupees Five Lacs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.
- (vi) The Company has not accepted any deposits from the public within the meaning of Section 58A and Section 58AA of the Companies Act 1956 and the rules framed there under.
- (vii) *The Company does not have an internal audit system.*
- (viii) As informed to us, the maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, in respect of activities carried on by the Company.
- (ix) (a) According to the information and explanation given to us, the company is generally regular in depositing with the appropriate authorities in India the undisputed statutory dues under income Tax act and other material statutory dues as applicable to it.
- (b) At the end of the financial year there were no undisputed amounts payable in respect of income tax and other statutory dues as applicable, for a period of more than six months from the date they become payable.
- (x) The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding Financial Year.
- (xi) In our opinion and according to the information and explanation given to us the company has not defaulted in repayment of its dues to any bank or financial institution during the year.
- (xii) In our opinion and according to the information and explanation given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanation given to us the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanation given to us the, the company is not dealing in or trading in shares, securities, debentures and other investment. Accordingly the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.



**KIRIT S.SANGHVI**  
B.Com.(Hon)LLB FCA

**H.A.DOSHI**  
B.Com.FCA

**S.B.SHETHIL**  
B.Com.FCA

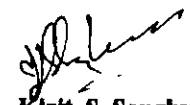
**K.S.SANGHVI & CO.**  
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- (xv) In our opinion and according to the information and explanation given to us the Company has not given any guarantee for loans from bank and financial institutions on behalf of others.
- (xvi) In our opinion and according to the information and explanation given to us the term loans have been applied for the intended purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long – term investment. No long – term funds have been used to finance short-term assets except permanent working capital.
- (xviii) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act 1956.
- (xix) The Company has not raised any funds by the way of debenture issue. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xx) During the period covered by our audit report, the Company has not raised any money by public issues.
- (xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the Company nor have we been informed by the management of any such instance being noticed or reported during the year.

PLACE: MUMBAI  
DATED: 4<sup>th</sup> August, 2011



For K S Sanghvi & Co  
Chartered Accountants,  
Firm Registration Number: 116714W

  
**Kirit S. Sanghvi**  
Partner  
(Membership No.031123)



# SHALIBHADRA FINANCE LIMITED

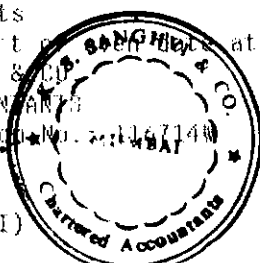
## BALANCE SHEET AS AT 31ST MARCH, 2011

	SCH	31.03.2011 Rs.	31.03.2010 Rs.
<b>I. SOURCES OF FUNDS</b>			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	A	50,031,000	50,031,000
b. Reserves & Surplus	B	40,984,348	50,423,528
2. LOAN FUNDS			
a. Secured Loans	C	56,061,932	22,208,701
b. Unsecured Loans	D	90,373,930	79,187,118
3. Deferred Tax Liability		990,000	1,003,000
<b>TOTAL RS.</b>		<b>238,441,210</b>	<b>182,853,347</b>
<b>II APPLICATION OF FUNDS</b>			
1. FIXED ASSETS			
a. Gross Block		25,040,786	22,930,789
b. Less : Depreciation		14,317,430	12,727,937
		10,723,356	10,202,852
Less : Equalisation Charges		2,381,200	2,381,200
c. Net Block	E	8,342,156	7,821,652
2. CURRENT ASSETS, LOANS AND ADVANCES	F		
a. Stock in Trade		253,558,108	187,978,223
b. Sundry Debtors		0	78,353
c. Cash and Bank Balances		3,941,071	2,733,095
d. Loans and Advances		2,217,598	4,615,835
		259,716,777	195,405,506
Less: Current Liabilities & Provisions	G		
a. Current liabilities		17,220,171	10,012,884
b. Provisions		12,397,556	10,360,927
		29,617,727	20,373,811
<b>Net Current Assets</b>		<b>230,099,050</b>	<b>175,031,695</b>
<b>TOTAL RS.</b>		<b>238,441,210</b>	<b>182,853,347</b>

### Notes to Accounts

As per our Report attached  
FOR K.S.SANGHVI & CO.  
CHARTERED ACCOUNTANTS  
Firm Registration No. 21167140

(KIRIT S. SANGHVI)  
PARTNER



FOR AND ON BEHALF OF THE BOARD

MUKUND H. DOSHI

MINESH M. DOSHI

MH DOSHI  
Chairman  
Managing Director

# SHALIBHADRA FINANCE LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCH	31.03.2011 Rs.	31.03.2010 Rs.
<b>INCOME</b>			
Gross Receipts / Sales	H	61,629,429	46,264,123
		61,629,429	46,264,123
<b>EXPENDITURE</b>			
Operating & other expenses	I	10,531,436	8,523,008
Financing Charges	J	17,054,041	13,181,610
Personnel Expenses	K	3,407,901	2,745,609
Business Origination Expenses	L	787,195	819,360
Legal & other charges	M	1,339,857	713,216
Depreciation		501,055	460,420
Provisioning & other charges	N	2,363,984	2,362,523
		35,985,469	28,805,746
Profit before Exceptional Item		25,643,960	17,458,377
Exceptional Item:			0
1.Contingent Provision for Standard Assets	650,000		
(Refer note no.IV of schedule 0)			
2.Depreciation for previous years	1,088,438	1,738,438	0
NET PROFIT BEFORE TAX		23,905,522	17,458,377
Provision for Income Tax-Current		9,325,000	4,563,251
Provision for Income Tax-Deferred(credit)		13,000	1,003,000
Profit after Taxes		14,593,522	11,892,126
Balance brought forward from previous year		4,518,528	1,309,104
Amount available for appropriation		19,112,050	13,201,230
<b>Less : APPROPRIATION</b>			
Equity Dividend(Proposed)		4,002,480	4,002,480
Distribution Tax thereon		680,222	680,222
Transfer to General Reserve		1,500,000	1,000,000
Transfer to Special reserve		3,300,000	3,000,000
Balance carried to Balance Sheet		9,629,348	4,518,528
		19,112,050	13,201,230
Earning per share(Basic & Diluted) Annualised		2.92	2.38
(Refer to Schedule 'D', Item E).			

Notes to Accounts 0  
AS per our Report of 2011 attached  
FOR K.S.SANGHVI & CO.  
CHARTERED ACCOUNTANTS  
Firm Registration No. : 116714W

(KIRIT S. SANGHVI)  
PARTNER  
Membership No. 31123

FOR AND ON BEHALF OF THE BOARD

MUKUND H. DOSHI

MINESH M. DOSHI

Chairman

Managing Director

PLACE : MUMBAI

SHALIBHADRA FINANCE LIMITED  
\*\*\*\*\*  
SCHEDULES TO BALANCE SHEET  
\*\*\*\*\*

As on 31.03.2011 Rs.	As on 31.03.2010 Rs.
----------------------------	----------------------------

SCHEDULE 'A'

SHARE CAPITAL

AUTHORISED

68,00,000 (Previous year 68,00,000)  
Equity Shares of Rs.10/- each fully paid

68,000,000	68,000,000
------------	------------

2,00,000 10% Pref. Shares of Rs.10/- each  
Redeemable after two years from date of issue  
at the option of the company by giving  
a notice of not less than 48 hours)

2,000,000	2,000,000
-----------	-----------

TOTAL

70,000,000	70,000,000
------------	------------

ISSUED, SUBSCRIBED & PAID-UP

5003100 Equity shares of Rs 10/- each  
fully paid up

50,031,000	50,031,000
------------	------------

TOTAL

50,031,000	50,031,000
------------	------------

SCHEDULE 'B'

RESERVES & SURPLUS

A) General Reserve  
Balance as per last year 12,900,000  
Less : Transferred from P & L A/c 1,500,000

14,400,000	12,900,000
------------	------------

B) Special Reserve  
(As per RBI (Amendment)  
Act, 1997))  
Balance as per last year 13,005,000  
Add : Transfer from P & L A/c 3,300,000

16,305,000	13,005,000
------------	------------

C) Contingent Provision against standard Assets(As per RBI Circular No. DBBS.  
PD.CC.No. 207/03.02.002/2010-11  
17 January 2011) 650,000

650,000	0
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D) Profit & Loss Account

9,629,348	4,518,528
-----------	-----------

TOTAL

40,284,348	30,423,528
------------	------------

SHALIBHADRA FINANCE LIMITED  
 =====  
 SCHEDULES TO BALANCE SHEET  
 =====

As on 31.03.2011 Rs.	As on 31.03.2010 Rs.
----------------------------	----------------------------

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SCHEDULE 'C'

SECURED LOANS

Loan from Bank (Term loan Repayable in 12 months) (Repayable within one year Rs.10000000 P.Y.Rs.9999984)	10,000,000	10,000,000
Cash Credit from Bank  (Secured by first charge on loan stock & equitable mortgage of immoveable properties & personal guarantee of two directors) (Total limit 6 crore(P.Y.3 Crore))	46,061,932	12,208,701

TOTAL

56,061,932	22,208,701
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SCHEDULE 'D'

UNSECURED LOANS

Loans from Bodies Corporates	43,172,861	35,022,227
Loans from Directors & Relatives	47,201,069	44,164,891

TOTAL

90,373,930	79,187,118
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SHALBHADRA FINANCE LIMITED

SCHEDULE 'F'

FIXED ASSETS

	GROSS BLOCK (AT COST)			DEPRECIATION			LEASE EQUALISATION CHARGES			NET BLOCK	
	As At 31.03.2010	Additions During the year Rs.	Deductions During the year Rs.	As At 31.3.2011	Upto 31.03.2010	Provided during the year Rs.	Upto 31.3.2011	Deduction During the year Rs.	Upto 31.3.2011	As at 31.3.2011	As at 31.3.2010
Particulars	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
PLANT AND MACHINERIES											
1. Plant and Machineries	14,266,365	0	0	14,266,365	10,796,727	1,088,438	0	0	2,381,200	0	1,088,438
Total (A)	14,266,365	0	0	14,266,365	10,796,727	1,088,438	0	0	2,381,200	0	1,088,438
LEASED ASSETS											
1. Premises	5,948,545	1,904,997	0	7,852,842	388,894	107,104	0	0	0	7,356,844	5,559,651
2. Computers	1,848,214	205,700	0	2,053,914	1,107,937	311,522	0	0	0	634,455	740,277
3. Vehicles	867,665	0	0	867,665	474,384	89,429	0	0	0	350,852	433,281
Total (B)	8,664,424	2,110,697	0	10,775,121	1,971,215	508,055	0	0	0	8,342,151	6,733,209
Total, Rs. (A+B)	22,930,789	2,110,697	0	25,040,786	12,767,942	1,596,493	0	0	2,381,200	8,342,156	7,821,647
Previous Year	19,070,780	0	0	22,930,789	11,505,333	0	0	0	2,381,200	4,688,593	4,688,593

SHALIBHADRA FINANCE LIMITED  
 \*\*\*\*\*  
 SCHEDULES TO BALANCE SHEET  
 \*\*\*\*\*

SCHEDULE 'F'

CURRENT ASSETS, LOANS & ADVANCES

	As on 31.03.2011 Rs.	As on 31.03.2010 Rs.
a. Stock in Trade		
Loan Stocks	253,558,108	187,978,223
TOTAL	253,558,108	187,978,223
b. Sundry Debtors		
(Unsecured & considered good)		
i) Debts outstanding for a period of more than six months	0	78,353
	0	78,353
c. Cash & Bank Balances		
Cash on hand	17,136	207,883
Bank balances :		
- Current A/c with Scheduled Banks	0	649,443
- Fixed Deposits with Scheduled Bank	3,923,935	1,875,769
TOTAL	3,941,071	2,733,095
d. Loans & Advances		
(Unsecured, Considered Good)		
Loans to employee	1,209,150	319,430
Advances recoverable in cash or kind or for value to be received	1,008,448	4,296,405
TOTAL	2,217,598	4,615,835

# SCHEDULE 'G'

## CURRENT LIABILITIES & PROVISIONS

### a. Current Liabilities

Sundry Creditors for expenses  
Security Deposit  
(Against Leased/HP /Loan Assets)  
Bank Balance( Due to cheques overdrawn)  
Other Liabilities

As on 31.03.2011 Rs.  
As on 31.03.2010 Rs.

1,672,019 1,635,960  
6,287,089 6,395,134  
7,611,762 0  
1,649,301 1,981,790  
17,220,171 10,012,884

### b. Provisions

Proposed Dividend  
Distribution tax on Proposed dividend  
Provision for taxes

4,002,480 4,002,480  
680,222 680,222  
7,714,854 5,678,225  
12,397,556 10,360,927  
29,617,727 20,373,811

# SCHEDULE 'H'

## GROSS RECEIPTS

Income from assets financing

61,390,482 45,744,041

(A)

61,390,482 45,744,041

Interest

Interest on Fixed Deposit with bank  
R/FS Previous year No 50133

124,753 50,133

(B)

124,753 50,133

Others

Brokerage

Others

112,911 359,693

1,283 110,256

(C)

114,194 469,949

( A+B+C )

61,629,429 46,264,123

# SCHEDULE 'I'

## OPERATING & OTHER EXPENSES

Listing fees	10,000	10,000
Rates & Taxes	134,540	10,070
Service Tax	316,922	220,972
Filing Fees	4,000	4,500
Vehicle Expenses	1,102,671	902,512
Books & Periodicals	324,160	292,550
Membership & Subscription	65,810	39,800
Postage & Telegraph	1,362,867	1,199,217
Travelling expenses	1,166,913	975,038
Telephone Charges,Fax & Internet	555,656	518,749
Repairs & Maintainance	560,214	434,890
Printing & Stationary	570,297	463,742
Xerox & Copy Charges	551,619	441,613
Conveyance	965,306	816,419
Bank Charges	589,386	546,611
Service charges & Other Fees	336,000	216,000
Auditors Remuneration		
- Audit Fees	30,000	
- Tax Audit Fees	2,500	
- Other Matters	2,500	
	35,000	30,000
Donation	28,500	66,001
Office Expenses	1,286,036	908,460
Miscellaneous Expenses	558,539	425,865

10,531,436 8,523,008

# SCHEDULE 'J'

## FINANCE EXPENSES

Interest paid to Bank	4,622,030	1,848,085
Interest on other Loans	12,432,011	11,333,525
TOTAL	17,054,041	13,181,610

\*\*\*\*\*



SCHEDULE 'K'

PERSONNEL EXPENSES

Salaries, Bonus and Staff Welfare

Rs.	Rs.
3,407,901	2,745,609
3,407,901	2,745,609

SCHEDULE 'L'

BUSINESS ORIGINATION EXPENSES

Advertisement & Brokerage Expenses  
Contractual Repairs & Maintenance

787,195	578,560
0	240,800
787,195	819,360

SCHEDULE 'M'

LEGAL & OTHER CHARGES

Professional & other legal charges

1,339,857	713,216
1,339,857	713,216

SCHEDULE 'N'

PROVISIONING & OTHER CHARGES

Bad Debts W/Off(Net)

2,363,984	2,362,523
2,363,984	2,362,523

SCHEDULE 'O'

**NOTES FORMING PART OF ACCOUNTS**

**(I) ACCOUNTING POLICIES**

**a. Interest / Hire Purchase on Vehicle Loans**

Income / Interest from Hire Purchase transactions / vehicle loan is accounted for on an accrual basis and is recognized so as to produce a constant periodic return on the amount financed.

**b. Lease Finance**

- (i) Lease rentals have been considered as per the terms of the Agreement entered into with the lessees.
- (ii) Lease processing charges or Management fees and/or other services charges have been considered as income in the year in which the agreements have been signed.

**d. Other Income**

In respect of other heads of income the Company follows the practice of accounting for such income on accrual basis except for interest income on delayed payment charges which are accounted on the basis of the certainty of collection and /or receipt basis.

**e. Method of Depreciation**

- (i) The company provides depreciation on Straight Line Method at the rates and in the manner specified in the Schedule XIV of the Companies, Act 1956. In case of leased assets purchased after 01.04.1996, the Company is providing Lease Equalization charges as per guidance note on Accounting for leases (revised) as recommended by institute of Chartered Accountants of India.
- (ii) Management has, out of abundant caution, during the current financial year provided more depreciation on certain fixed assets given on lease after considering the life and net realizable value of such assets.

**f. Expenses**

Expenditure is accounted for an accrual basis.

**f. Fixed Assets**

All fixed assets including assets given on lease have been capitalized at cost inclusive of expenses. The fixed assets have been valued at cost less Depreciation.

**g. Investments**

All investments are valued AT COST (which includes brokerage).

**h. Closing Stock**

(1) Hire purchase stock and loan stock of vehicles are valued at cost less installment accrued and due.

**(II) PRUDENTIAL NORMS**

In terms of guidelines issued by Reserve Bank of India to Non Banking Financial Companies on prudential norms for income recognition, assets classification, provisioning for Bad Debts etc., the following additional information is given:

- a. No new provision for non-performing assets are required in current year.
- b. As certified by the management, all investments are intended to be held for more than one year from the date on which such investments are long term investments and not current investment and have been valued at cost.

(III) Exceptional item represents Contingent Provision against standard Assets at 0.25% of standard assets made as per RBI Circular No. DNBS. PD. CC. No. 207/03.02.002/2010-11 dated 17 January, 2011

(IV) The company has not prepared bank reconciliation statement for certain bank accounts for the period under review.  
The company is finding it very difficult to reconcile certain bank accounts in time due to similar installment cheques, non-computerization by bank etc. However, the company has taken suitable remedial measures and bank reconciliation statements for the balance accounts will be completed shortly.

(V) In the opinion of the Board of Directors the current assets, loans and advances have a value of realization in the ordinary course of business at least equal to the amount of which these are stated in the Balance Sheet.

(VI) Managerial Remuneration u/s 198 of Companies Act 1956 is NIL (P.Y: NIL).

(VII) Other information required by Part II Schedule VI of the Companies Act, 1956, relating to exports, imports and earning in foreign currency, remittance in foreign currency transaction are not applicable.

**(VIII)**

The company considers its financing business as single segment hence Accounting Standard 17 on segment reporting issued by The Institute of Chartered Accountants of India is not applicable to the company.

(IX) Previous year's figures have been regrouped, recasted and rearranged wherever necessary.

(X) **RELATED PARTIES DISCLOSURES UNDER ACCOUNTING STANDARD 18 OF ICAI:**

(A) **Particulars of Party where control exists/Relative of parties where control exists:**

Name of the Related Party	Nature of Relationship
(i) M/s Shalibhadra Capital Market Ltd.	Party where control exists
(ii) M/s FINANCIAL ANALYSTS AND INVESTMENT RATINGS LIMITED	Party where control exists
(iii) Mr. Amit M. Doshi	Relative Party where control exist
(iv) Mr. Amit M. Doshi HUF	Relative Party where control exist
(v) Mrs. Heena A. Doshi	Relative Party where control exist
(vi) Mrs. Kala M. Doshi	Relative Party where control exist
(vii) Mr. Minesh M. Doshi HUF	Relative Party where control exist
(ix) Mr. Minesh M. Doshi	Relative Party where control exist
(x) Mr. Mukund H. Doshi	Relative Party where control exist
(xi) Mr. Mukund H. Doshi HUF	Relative Party where control exist
(xii) Mrs. Sheetal M. Doshi	Relative Party where control exist
(xiii) Mr. Gunvati V. Shah	Relative Party where control exist
(iv) Mr. K. A. Keswani	Relative Party where control exist
(v) Mr. Vinaychandra H. Doshi HUF	Relative Party where control exist

(B) **Key Management Personnel:**

Name of the Related Party	Nature of Relationship
(i) Mr. Minesh M. Doshi	Managing Director

(C) Transactions with Party where control exists/Relative of parties where control exists:

		31.03.2011	31.03.2010
	Particulars	Relative of Party where control Exists Rs.	Relative of Party where control Exists Rs.
(i)	Loans taken during the year		
	Balance at year end	4,31,72,861	3,50,22,227
(ii)	Interest	46,90,680	44,91,939
		Party where control Exists Rs.	Party where control Exists Rs.
(i)	Due to Related parties		
	Balance at year end	4,72,01,069	4,41,64,891
(ii)	Interest	77,41,331	68,41,586

(D) Details of Transaction relating to persons referred to in item (B) above:

Particulars	31.03.2011 Value of Transaction Rs.	31.03.2010 Value of Transaction Rs.
(i) Remuneration to Directors	NIL	NIL

(E) EARNING PER SHARE UNER ACCOUNTING STANDARD 20 OF ICAI:

	Rs. (in '000)
Net Profit as per Profit and Loss Account after tax and extra ordinary item, available for Equity Shareholders	15,775
Number of Equity Shares (Nominal Value Rs. 10/- each)	5,00,31,00
Earning Per Share(Basic & Diluted)	3.15

(F)

Income Tax is computed in accordance with Accounting standard 22- n Accounting for taxes on Income, notified by companies ( Accounting Standards) Rules, 2006. Tax expenses are accounted in the same period to which the revenue and expenses relate.

Deferred Tax, other than unabsorbed depreciation and brought forward lossess, is recognised only if there is reasonable certainty that will be realised in future and are reviewed for their appropriateness

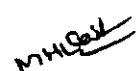
**Deferred Tax Liability**


Deferred Tax liability on Depreciation :	4184044
Deferred Tax assets on brought forward losses	1174495
Net Deferred Tax Liability	3009549
Tax Rate	33%
Deferred Tax liability as at 31 Mar 2011	990000
Deferred Tax liability as at 31 Mar 2010	1003000
Reversed during the year	13000

PLACE: MUMBAI

Dated: 4<sup>th</sup> August, 2011.

Signature to Schedules 'A' to 'L'  
FOR AND ON BEHALF OF THE BOARD

  
MUKUND H.DOSHI  
MINESH M.DOSHI

  
Chairman  
Managing Director

**SCHEDULE XIX**

Schedule to the Balance Sheet of a Non-Banking Financial Company (as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998)

Rs. in Thousand

	March 2011		March 2010	
	Amount Outstanding	Amount Overdue (unclaimed)	Amount Outstanding	Amount Overdue (unclaimed)
<b>LIABILITIES SIDE</b>				
(1) Loans and advance availed by the NBFC's inclusive of interest accrued thereon but not paid:				
(a) Debenture : Secured				
Unsecured	0	0	0	0
(other than falling within the meaning of public deposits)	0	0	0	0
(b) Deferred Credits	0	0	0	0
(c) Term Loan	56,062	0	22,209	0
(d) Inter-corporate loans and borrowing	0	0	0	0
(e) Commercial Paper/other loans	90,374	0	79,187	0
(f) Public Deposits ****	0	0	0	0
(g) FCNR Loan	0	0	0	0
(h) Subordinated debt	0	0	0	0
(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	0	0
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security.	0	0	0	0
(c) Other public deposits***	0	0	0	0
<b>ASSET SIDE</b>	Amount Outstanding		Amount Outstanding	
(3) Break-up of Loans and Advance including bills receivables [other than those included in (4) below]				
(a) Secured	0		0	
(b) Unsecured	2218		4616	

	March 2011	March 2010
(4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities.	0	0
(i) Lease assets including lease rentals under sundry debtors:	0	0
(a) Financial lease	0	0
(b) Operating lease	0	0
(ii) Stock on hire including hire changes Under sundry debtors:		
(a) Assets on hire	0	0
(b) Repossessed Assets		
(iii) Hypothecation loans counting towards EL/HP activities	2,53,558	1,87,978
(a) Loans where assets have been repossessed		
(b) Loans other than (a) above		
(5) Break-up of Investments:		
Current Investments:		
1. Quoted:		
(a) Shares: (i) Equity	0	0
(ii) Preference	0	0
(b) Debentures and Bonds	0	
(c) Units of mutual funds		0
(d) Government Securities	0	0
2. Unquoted:	0	
(a) Shares: (i) Equity		
(ii) Preference		
(b) Debentures and Bonds		0
(c) Units of mutual funds	0	0
(d) Government Securities	0	0
Long Term Investments:	0	0
1. Quoted:	0	
(a) Shares: (i) Equity		0
(ii) Preference	0	0
(b) Debentures and Bonds	0	0
(c) Units of mutual funds	0	0
(d) Government Securities	0	0
2. Unquoted:	0	0
(a) Shares: (i) Equity	0	0
(ii) Preference	0	0
(b) Debentures and Bonds	0	0
(c) Units of mutual funds	0	0
(d) Government Securities	0	0

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(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans & advances: Rs. in Thousand						
Category	March 2011 Amount net of provisions			March 2010 Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	0	0	0	0	0	0
(b) Companies in the same group	0	0	0	0	0	0
(c) Other related parties	0	0	0	0	0	0
2. Other than related parties	2,53,558	2218	2,55,776	1,87,978	4616	1,92,594
TOTAL	2,53,558	2218	2,55,776	1,87,978	4616	1,92,594

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Rs. in Laos				
Category	March 2011		March 2010	
	Market Value/ Break up or fair value or NAV	Book Value (Net of Provision )	Market Value/ Break up or fair value or NAV	Book Value (Net of Provision )
1. Related Parties				
(a) Subsidiaries	0	0	00	0
(b) Companies in the same group	0	0	0	0
(c) Other related parties	0	0	0	0
2. Other than related parties	0	0	0	0
TOTAL	0	0	0	0

(8) Other Information Rs. in Laos		
Particular	March 2011	March 2010
	Amount	Amount
1. Gross Non-Performing Assets		
(a) Related parties	NIL	NIL
(b) Other than related parties	NIL	NIL
2. Net Non-Performing Assets		
(a) Related parties		
(b) Other than related parties	NIL	NIL
3. Assets acquired in satisfaction of debt.	NIL	NIL
	NIL	NIL

\*\*\*\* Represent unclaimed deposit & interest thereof in respect of which the company is yet to receive instruction for repayment/ renewal from the depositors.

**SHALIBHADRA FINANCE LIMITED.**

**CASH FLOW STATEMENT AS PER CLAUSE 32 OF THE LISTING AGREEMENT**

<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2010-2011</b>	<b>2009-2010</b>
Net Profit before tax and extraordinary items	24555522	17458377
Adjustment for:		
Depreciation	501055	460420
Extra Ordinary items	1088438	0
Interest paid	17054041	13181610
Dividend received	0	0
	18643534	13642030
Operating Profit before Working Capital Change	43199056	31100407
Adjustment for:		
Trade and other receivables	78353	7290
Inventories	-65579885	-24631654
Trade Payables	4548214	-2326568
CASH GENERATED FROM OPERATION	0	0
Interest paid	-17054041	-13181610
Direct Tax paid	-9312000	-5566251
Cash flow before extraordinary items	-87319359	-45698793
Extra-ordinary items	0	0
NET CASH FROM OPERATING ACTIVITIES	-44120303	-14598386
<b>(B) CASH FLOW FROM INVESTED ACTIVITIES</b>		
Purchase of fixed assets	-2110001	-538430
Sale of fixed assets (net of Depreciation)	0	0
Purchase of Investments	0	0
Sale of Investments	0	0
Movement in advances	2398237	3521471
Dividend received	0	0
NET CASH USED IN INVESTING ACTIVITIES	288236	2983041
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term borrowings	33853231	-5052995
Proceeds from short term borrowings	11186512	6367170
NET CASH USED IN FINANCING ACTIVITIES	45040043	11420165
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	1207976	195185

**CASH AND CASH EQUIVALENTS :**

Opening Balance at the beginning of the year	2733095	2928280
Closing Balance at the end of the year	3941071	2733095
NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS	1207976	195185

**Notes:**

1. The Cash flow statement has been prepared under the "Indicate method" as the set out in Accounting Standard - 3 "Cash Flow Statement" issued by The Institute of Chartered Accounts of India.
2. Cash & Cash Equivalents includes Cash & Bank Balance.
3. Figures of Previous years have been regrouped and rearranged wherever necessary to confirm with Current Years classification.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE : MUMBAI.  
DATED : 4<sup>th</sup> August, 2011.

  
DIRECTORS

**KIRIT S.SANGHVI**  
B.Com.(Hon.)LLB FCA

**H.A.DOSHI**  
B.Com.FCA

**S.B.SHETTHIA**  
B.Com.FCA

**K.S.SANGHVI & CO.**  
**CHARTERED ACCOUNTANTS**  
A-218/219, Kanara Business Centre  
Laxmi Nagar, Ghatkopar Andheri  
Link Road, Behind Everest Garden,  
Ghatkopar (E), Mumbai 400 075  
Tel.No.2500 4144\* 2500 4334  
Fax: 2500 6024  
e-mail:kscco@vsnl.com

To,

The Board of Directors,

**SHALIBHADRA FINANCE LIMITED.**

We have examined the above Cash Flow Statement of Shalibhadra Finance Limited for the year ended 31<sup>st</sup> March, 2011. The statement has been prepared by the company in accordance with the requirements of listing agreement (clause 32) with Bombay Stock Exchange and is based on and is in agreement with the corresponding Profit & Loss account and Balance Sheet of the company covered by our report dated 4<sup>th</sup> August, 2011. to the members of the Company.



**K. S. SANGHVI & CO.**  
Chartered Accountants

*(Signature)*  
**(KIRIT S. SANGHVI)**  
Partner

PLACE: MUMBAI  
DATED: 4<sup>th</sup> August, 2011.

# SHALIBHADRA FINANCE LIMITED.

Additional information as required under Part IV of Schedule VI to the 1956.

Balance Sheet Abstract and Company's General Business  
Profile:

(Amount in Rs.  
Thousands)

I.	<b>Registration Details:</b>	
	Registration No.	64886
	State Code	11
	Balance Sheet Date	31.03.2011
II.	<b>Capital Raised during the Year</b>	
	Public Issue	NIL
	Right Issue	NIL
	Bonus Issue	NIL
	Private Placement	0
III.	<b>Position of Mobilization and Development of Funds</b>	
	Total Liabilities	2,38,441
	Total Assets	2,38,441
	<b>Sources of Funds:</b>	
	Paid-up Capital	50,031
	Reserves & Surplus	40,984
	Secured Loans	56,061
	Unsecured Loans	90,374
		2,38,441
	<b>Application of Funds:</b>	
	Net Fixed Assets	8342
	Investments	0
	Net Current Assets	2,30,099
	Misc. Expenditure	NIL
	Accumulated Losses	NIL
		2,38,441
IV.	<b>Performance of Company</b>	
	Turnover (Gross Revenue)	61,629
	Total Expenditure	35,985
	Profit Before Tax	25,643
	Profit After Tax	14,593
	Earning Per Share (Rs.)	2.92
	Dividend Rate	8 %
V.	<b>Generic Names of Three Principal products/ service of Company.</b>	N.A.

M. H. Gaur  


**SHALIBHADRA FINANCE LIMITED.**

Regd. Office: 3, Kamat Industrial Estate, 396, Veer Savarkar Marg., Prabhadevi, Mumbai: 400 025 INDIA.

**PROXY FORM**

I/We.....  
of .....  
being a member / member of Shalibhadra Finance Limited hereby appoint .....  
in the district of .....  
or failing him .....  
of ..... in the district of .....  
As my / our behalf at the Sixteenth Annual General Meeting of the Company to be held on 30<sup>th</sup> September,  
2011 at 3, Kamat Industrial Estate, 396, Veer Savarkar Marg, Opp. Siddhi Vinayak Temple, Prabhadevi,  
Mumbai: 400 025 and at any adjusment thereof.  
Signed this ..... day of ..... 2010.

Signature of Share holder

Folio No.:

Note: This from duly completed should be deposited at the Registered Office of the Company before 48 hours of the meeting. A Proxy need not be a Member.

**SHALIBHADRA FINANCE LIMITED**

Regd. Office: 3, Kamat Industrial Estate, 396, Veer Savarkar Marg, Prabhadevi, Mumbai: 400 025 INDIA.

**ATTENDANCE SLIP**

(Shareholders attending the Meeting in person or by Proxy are requested to completed the attendance slip and hand over at the entrance of the Meeting Hall)  
I hereby record my presence at the Sixteenth Annual General Meeting of the Company at, 3 Kamat Industrial Estate, 396, Veer Savarkar Marg, Opp. Siddhi Vinayak Temple, Prabhadevi, Mumbai: 400 025. on 30<sup>th</sup> September, 2011 at 3.30 p.m.

Folio No.:

Full name of the Shareholder /Proxy.....

**(IN BLOCK LETTERS)**

Signature

PLEASE BRING THIS ATTENDENCE SLIP TO THE MEETING