



SHALIBHADRA

FINANCE LIMITED

AUDITED ANNUAL ACCOUNTS

2009 - 2010

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

Ahmedabad	Mehsana
Anand	Navsari
Bardoli	Surat
Bharuch	Valsad
Boisar	Vapi
Dabhoi	Rajpipla
Himmatnagar	

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BANKERS

Indian Overseas Bank

AUDITORS

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

ADVOCATES & SOLICITORS

Kanga & Co.,
Mumbai.

SHARE TRANSFER SERVICE

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

19th Annual General Meeting on Thursday,
30th September, 2010 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.

NOTICE

NOTICE is hereby given that the 19th ANNUAL GENERAL MEETING of the members of SHALIBHADRA FINANCE LIMITED will be held on Thursday 30th September, 2010 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 31st March, 2010 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: 8th September 2010

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 21.09.2010 to 24.09.2010
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.

1. 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.
2. 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.
3. 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 th 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: 8th September 2010.

DIRECTORS

DIRECTORS REPORT

Your directors present here with the 19th Annual Report of the company with the Audited Statements of the Accounts for the year ended March 31, 2010.

FINANCIAL RESULTS :

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

Particulars	Previous Year 2009 - 2010 (Rs.in '000)	Previous Year 2008-2009 (Rs.in '000)
Business Income	46,264	37,102
Profit before Interest, Depreciation, Lease Equalization Charges & Tax	31,099	25,398
Less:		
a. Interest	13,181	12,962
b. Depreciation	460	436
Profit before tax	17,458	12,000
Provision for Income Tax	4,563	4,300
Provision for FBT / Deffered Tax	1003	110
Profit After Tax	11,892	7,590
Proposed Dividend	4,002	3,502
Distribution Tax	680	595
Transfer to/(from)General Reserve	1,000	500
Transfer to Special Reserve	3,000	1,700
Balance brought forward from Previous Year	1,309	16
Balance carried to Balance Sheet	4,518	1,309

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 crores 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 31st March, 2010 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 31st March, 2010, 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 31st March, 2010 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 31st March, 2010 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: 8th September 2010.

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/- p.a.
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. 11th 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.

Shalibhadra **FINANCE LIMITED**

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-cooperation 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, extraordinary 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 regular business is generated.

The company is looking for avenues of cheap finance from bank & other sources.

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 13 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 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**.

Shalibhadra

FINANCE LIMITED

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

The company has also recently taken plunge in stock broking business on pilot basis & results are not encouraging. The company plan to close this business in near future.

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.

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 50,000 customers, 24 braches and a vehicle finance portfolio of Rs300 million by March 2011.

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.462.64Lacs (Previous year Rs. 371.02 Lacs) and a profit after tax of Rs. 118.92 Lacs (Previous Year Rs75.90Lacs).

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.

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 31,2010 Twelve Board Meetings were held on 30th April 2009, 28th May 2009, 25th June 2009, 30th July 2009, 27th August 2009, 24th September 2009, 29th October 2009, 26th November 2009, 31st December 2009, 28th January 2010, 25th February 2010, 25th March 2010.

Name of the Director	No. of Board Meetings attended	Attendance at last AGM held on 30th September 2010.
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 30.04.2009, 25.06.2009, 30.07.2009, 29.10.2009 and 28.01.2010 to consider the periodical financial statements and discussion on internal control system of the Company.

Composition and the name of the members as on 31st March 2010:

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

Terms of reference

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

- 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;
- To review compliance with internal control systems;
- To review the quarterly, half yearly and annual financial results of the Company before submission to the Board;
- To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report;
- 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 31st March 2010:

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, 2009 during financial year ended March 31,2010.

Shalibhadra FINANCE LIMITED

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 30.04.2009, 31.07.2009, 28.08.2009, 30.10.2009 and 29.01.2010. 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 31st March 2010. There is no outstanding request for Share Transfer and dematerialization as on 31st March 2010.

7. GENERAL BODY MEETINGS :

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

Financial Year	Date	Time	Venue
2006 - 2007	28th September 2007	3.30 p.m.	Registered Office
2007 - 2008	30th September 2008	3.30 p.m.	Registered Office
2008 - 2009	30 th September 2009	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 31st 2010 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: 30th September 2010, 3.30 p.m
Venue: Registered office of the Company.
- b. Date of Book Closure : 21st September 2010 to 24th September 2010.
- 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 2009 & 2010.
- d. Financial Calendar :

Financial Reporting for the Year ended March 31,2010	By End of April 2009 (Un audited)
Quarter ending June 30,2009	By End of July 2009
Quarter ending September 30,2009	By End of October 2009
Quarter ending December 31,2009	By End of January 2010
Annual General Meeting for the year Ended March 31,2010	September 30, 2010

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

Shalibhadra FINANCE LIMITED

- 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	1805181	36.08
2.	Persons acting in concern	646010	12.91
3.	Private Corporate Bodies	1096867	21.92
4.	Indian Public	1455042	29.09
	GRAND TOTAL....	5003100	100

- j) **Dematerialization of shares :**

46.20% of the Company's paid up equity share capital has been Dematerialized up to March 31, 2010. 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	815	2146100	42.90
CDSL	571	165600	3.31
TOTAL	1386	2311700	46.21

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 31.03.2010.

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

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

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 31st March 2010 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

(Hitendra Doshi)
Partner
(Membership No.:40201)

Place: Mumbai
Dated: 8th September, 2010.

Auditors' Report

To,
The Members Of
Shalibhadra Finance Limited.

1. We have audited the attached Balance Sheet of Shalibhadra Finance Limited as at 31st March, 2010 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 certain 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.
 - 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 Mar 2010 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 (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 31st March, 2010 and taken on record by the Board of Directors. We report that none of the Directors are disqualified as on 31st March, 2010 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), 4(b) 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:
 - i. In the case of the Balance Sheet of the State of Affairs of the Company as at March 31st, 2010.
 - ii. In the case of the Profit & Loss account, of the profit of the Company for the year ended on that date.
 - iii. In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place: Mumbai
Dated: 8th September 2010

(Hitendra Doshi)
Partner
(Membership No.40201)

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, 2010 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.
- e. 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.
- f. 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.
- g. 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.

- (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.

Shalibhadra

FINANCE LIMITED

- (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.

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

PLACE: MUMBAI

DATED: 8th SEPTEMBER 2010

(Hitendra Doshi)
Partner
(Membership No.40201)

Shalibhadra FINANCE LIMITED

SHALIBHADRA FINANCE LIMITED BALANCE SHEET AS AT 31ST MARCH, 2010

		As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
I. SOURCES OF FUNDS	SCH		
1. SHAREHOLDERS' FUNDS			
a. Share Capital	A	50,031,000	50,031,000
b. Reserves & Surplus	B	30,423,528	23,214,104
2. LOAN FUNDS			
a. Secured Loans	C	22,208,701	17,155,706
b. Unsecured Loans	D	79,187,118	72,819,948
TOTAL RS.		181,850,347	163,220,758
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
a. Gross Block		22,930,789	22,392,359
b. Less : Depreciation		12,727,937	12,267,522
		10,202,852	10,124,837
Less : Equalisation Charges		2,381,200	2,381,200
c. Net Block	E	7,821,652	7,743,637
2. CURRENT ASSETS, LOANS AND ADVANCES	F		
a. Stock in Trade		187,978,223	163,346,569
b. Sundry Debtors		78,353	85,643
c. Cash and Bank Balances		2,733,095	2,928,280
d. Loans and Advances		4,615,835	8,137,306
		195,405,506	174,497,798
Less: Current Liabilities & Provisions	G		
a. Current liabilities		10,012,884	10,432,901
b. Provisions		11,363,927	8,587,776
		21,376,811	19,020,677
Net Current Assets		174,028,695	155,477,121
TOTAL RS.		181,850,347	163,220,758
	O		

Notes to Accounts

As per our Report of even date attached

FOR K.S.SANGHVI & CO.
CHARTERED ACCOUNTANTS
Firm Registration No. 116714W
(HITENDRA A.DOSHI)
PARTNER
Membership No. 40201

MUKUND H. DOSHI
MINESH M. DOSHI

FOR AND ON BEHALF OF THE BOARD

Chairman
Managing Director

PLACE : MUMBAI
DATED : 8TH SEPTEMBER 2010

PLACE : MUMBAI
DATED : 8TH SEPTEMBER 2010

Shalibhadra FINANCE LIMITED

SHALIBHADRA FINANCE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
INCOME	SCH		
Gross Receipts / Sales	H	46,264,123	37,102,669
		<u>46,264,123</u>	<u>37,102,669</u>
EXPENDITURE			
Operating & other expenses	I	8,597,928	7,353,113
Financing Charges	J	13,181,610	12,962,468
Personnel Expenses	K	2,745,609	2,331,153
Business Origination Expenses	L	819,360	778,573
Legal & other charges	M	638,296	501,796
Depreciation		460,420	436,659
Provisioning & other charges	N	<u>2,362,523</u>	<u>738,520</u>
		28,805,746	25,102,282
NET PROFIT BEFORE TAX		17,458,377	12,000,387
Provision for Fringe Benefit Tax		0	110,000
Provision for Income Tax-Current		4,563,251	4,300,000
Provision for Income Tax-Deferred		<u>1,003,000</u>	<u>0</u>
		11,892,126	7,590,387
Profit after Taxes		11,892,126	7,590,387
Balance brought forward from previous year		<u>1,309,104</u>	<u>16,082</u>
Amount available for appropriation		<u>13,201,230</u>	<u>7,606,469</u>
Less : APPROPRIATION			
Equity Dividend(Proposed)		4,002,480	3,502,170
Distribution Tax thereon		680,222	595,194
Transfer to General Reserve		1,000,000	500,000
Transfer to Special reserve		3,000,000	1,700,000
Balance carried to Balance Sheet		<u>4,518,528</u>	<u>1,309,104</u>
		<u>13,201,230</u>	<u>7,606,468</u>
Earning per share(Basic & Diluted) Annualised (Refer to Schedule'Q',Item E).		2.38	1.64

Notes to Accounts

As per our Report of even date attached

FOR K.S.SANGHVI & CO.

CHARTERED ACCOUNTANTS
Firm Registration No. 116714W
(HITENDRA A.DOSHI)

PARTNER

Membership No. 40201

PLACE : MUMBAI

DATED : 8TH SEPTEMBER 2010

MUKUND H. DOSHI

MINESH M. DOSHI

O

FOR AND ON BEHALF OF THE BOARD

Chairman

Managing Director

PLACE : MUMBAI

DATED : 8TH SEPTEMBER 2010

Shalibhadra FINANCE LIMITED

SHALIBHADRA FINANCE LIMITED SCHEDULES TO BALANCE SHEET

		As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<u>SCHEDULE 'A'</u>			
<u>SHARE CAPITAL</u>			
<u>AUTHORISED</u>			
68,00,000 (Previous year 68,00,000)		68,000,000	68,000,000
Equity Shares of Rs.10/- each fully paid			
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
<u>ISSUED, SUBSCRIBED & PAID-UP</u>			
5003100 Equity shares of Rs 10/- each		50,031,000	50,031,000
fully paid up			
	TOTAL	50,031,000	50,031,000
<u>SCHEDULE 'B'</u>			
<u>RESERVES & SURPLUS</u>			
A) General Reserve			
Balance as per last year	11,900,000		
Less : Transferred from P & L A/c	1,000,000	12,900,000	11,900,000
B) Special Reserve			
(As per RBI (Amendment) Act, 1997)			
Balance as per last year	10,005,000		
Add : Transfer from P & L A/c	3,000,000	13,005,000	10,005,000
C) Profit & Loss Account			
TOTAL		4,518,528	1,309,104
		30,423,528	23,214,104

Shalibhadra FINANCE LIMITED

SCHEDULE 'C' SECURED LOANS

Loan from Bank

(Term loan Repayable in 12 months)

(Repayable within one year Rs. 10000000 P.Y. Rs.9999984)

As at
31.03.2010
Rs.

As at
31.03.2009
Rs.

10,000,000

9,999,984

Cash Credit from Bank

(Secured by first charge on loan stock & equitable

mortgage of immoveable properties & personal guarantee

of two directors)

12,208,701

7,155,722

TOTAL

22,208,701

17,155,706

SCHEDULE 'D' UNSECURED LOANS

Loans from Bodies Corporates

(Repayable within one year Rs 3,50,22,227 PY. Rs.2,96,86,667)

Loans from Directors & Relatives

(Repayable within one year Rs.4,41,64,891/-PY.4,31,33,281)

35,022,227

29,686,667

44,164,891

43,133,281

TOTAL

79,187,118

72,819,948

SHALIBHADRA FINANCE LIMITED

SCHEDULE 'E'

FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				LEASE EQUALISATION CHARGES				NET BLOCK	
	As At 01.04.2009 Rs.	Additions During the year Rs.	Deductions During the year Rs.	As At 31.3.2010 Rs.	Upto 01.04.2009 Rs.	Provided during the year Rs.	Deductions During the year Rs.	Upto 31.3.2010 Rs.	Upto 31.3.2009 Rs.	Provided during the year Rs.	Deductions During the year Rs.	Upto 31.3.2010 Rs.	As at 31.3.2010 Rs.	As at 31.3.2009 Rs.
(A) ASSETS GIVEN ON LEASE														
Plant & Machinery	14,266,365	0	0	14,266,365	10,796,727	0	0	10,796,727	2,381,200	0	0	2,381,200	1,088,438	1,088,438
Total (A)	14,266,365	0	0	14,266,365	10,796,727	0	0	10,796,727	2,381,200	0	0	2,381,200	1,088,438	1,088,438
(B) OWNED ASSETS														
1. Premises	55,94,415	429,130	0	5,948,545	294,262	94,632	0	388,894	0	0	0	0	5,559,651	5,225,153
2. Computers	1,738,914	109,300	0	1,848,214	824,581	283,356	0	1,107,937	0	0	0	0	740,277	914,333
3. Vehicles	867,665	0	0	867,665	351,952	82,432	0	434,384	0	0	0	0	433,281	515,713
Total (B)	8,125,994	538,430	0	8,664,424	1,470,795	460,420	0	1,931,215	0	0	0	0	6,733,209	6,655,199
Total Rs (A+B)	22,392,359	538,430	0	22,930,789	12,267,522	460,420	0	12,727,942	2,381,200	0	0	2,381,200	7,821,647	7,743,637
Previous Year	22,392,359	335,830	0	22,728,189	11,505,333	325,529	0	11,830,862	2,381,200	0	0	2,381,200	4,688,593	5,352,450

Shalibhadra FINANCE LIMITED

SCHEDULE 'F'

CURRENT ASSETS, LOANS & ADVANCES

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
a. Stock in Trade		
Loan Stocks	187,978,223	163,346,569
	<u>187,978,223</u>	<u>163,346,569</u>
b. Sundry Debtors		
(Unsecured & considered good)		
i) Debts outstanding for a period	78,353	85,638
of more than six months	<u>78,353</u>	<u>85,638</u>
c. Cash & Bank Balances		
Cash on hand	207,883	189,059
Bank balances :		
- Current A/c with Scheduled Banks	649,443	714,448
- Fixed Deposits with Scheduled Bank	<u>1,875,769</u>	<u>2,024,773</u>
	<u>2,733,095</u>	<u>2,928,280</u>
d. Loans & Advances		
(Unsecured, Considered Good)		
Loans	319,430	1,368,300
Advances recoverable in cash or		
kind or for value to be received	4,296,405	6,769,006
(Maximum balances of Directors &		
their relatives during the year		
Rs.Nil ; P.Y. Rs.Nil)		
TOTAL	<u>4,615,835</u>	<u>8,137,306</u>

SCHEDULE 'G'

CURRENT LIABILITIES & PROVISIONS

a. Current Liabilities		
Sundry Creditors for expenses	1,635,960	1,605,210
Security Deposit	6,395,134	6,913,771
(Against Leased/HP /Loan Assets)		
Bank Balance(Due to cheques overdrawn)		0
Other Liabilities	<u>1,981,790</u>	<u>1,913,920</u>
	<u>10,012,884</u>	<u>10,432,901</u>
b. Provisions		
Proposed Dividend	4,002,480	3,502,170
Distribution tax on Proposed dividend	680,222	595,194
Provision for taxes	<u>6,681,225</u>	<u>4,490,412</u>
	<u>11,363,927</u>	<u>8,587,776</u>
	<u>21,376,811</u>	<u>19,020,677</u>

Shalibhadra FINANCE LIMITED

SCHEDULE 'H'

GROSS RECEIPTS

		As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Income from assets financing		45,744,041	36,663,303
Interest	(A)	45,744,041	36,663,303
Interest on Fixed Deposit with bank		50,133	79,723
Interest on Income Tax Refund		92,225	0
	(B)	142,358	79,723
Brokerage		359,693	102,607
Others		18,031	257,036
	(C)	377,724	359,643
	(A+B+C)	46,264,123	37,102,669

SCHEDULE 'I'

OPERATING & OTHER EXPENSES

Listing fees		10,000	10,000
Rates & Taxes		10,070	19,569
Service Tax		220,972	387,777
Filing Fees		4,500	8,500
Vehicle Expenses		902,512	748,627
Books & Periodicals		292,550	221,252
Membership & Subscription		39,800	29,800
Postage & Telegraph		1,199,217	1,062,388
Travelling expenses		975,038	812,513
Telephone Charges, Fax & Internet		518,749	471,005
Repairs & Maintenance		434,890	373,908
Printing & Stationary		463,742	365,380
Software Expenses		74,920	11,580
Xerox & Copy Charges		441,613	328,938
Conveyance		816,419	734,867
Bank Charges		546,611	354,451
Service charges & Other Fees		216,000	216,000
Auditors Remuneration			
- Audit Fees	25,000		
- Tax Audit Fees	2,500		
- Other Matters	2,500		
		30,000	25,000
Donation		66,001	30,000
Office Expenses		908,460	794,795
Miscellaneous Expenses		425,865	346,764
		8,597,928	7,353,113

Shalibhadra FINANCE LIMITED

SCHEDULE 'J'

FINANCE EXPENSES

Interest paid to Bank	1,848,085	2,898,731
Interest on other Loans	<u>11,333,525</u>	<u>10,063,737</u>
TOTAL	<u>13,181,610</u>	<u>12,962,468</u>

SCHEDULE 'K'

PERSONNEL EXPENSES

Salaries, Bonus and Staff Welfare	<u>2,745,609</u>	<u>2,331,153</u>
	<u>2,745,609</u>	<u>2,331,153</u>

SCHEDULE 'L'

BUSINESS ORIGATION & EXPENSES

Advertisement & Brokerage Expenses	578,560	471,241
Contractual repairs & maintenance	<u>240,800</u>	<u>307,332</u>
	<u>819,360</u>	<u>778,573</u>

SCHEDULE 'M'

LEGAL & OTHER CHARGES

Professional & other legal charges	<u>638,296</u>	<u>501,796</u>
	<u>638,296</u>	<u>501,796</u>

SCHEDULE 'N'

PROVISIONING & OTHER CHARGES

Bad Debts W/Off(Net)	<u>2,362,523</u>	<u>738,520</u>
	<u>2,362,523</u>	<u>738,520</u>

SCHEDULE 'Q'

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.

c. 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.

b. 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.

c. 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

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.

Shalibhadra FINANCE LIMITED

- (III) 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.
- (IV) 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.
- (V) Managerial Remuneration u/s 198 of Companies Act 1956 is NIL (P.Y: NIL).
- (VI) 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.
- (VII) 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.
- (VIII) Previous year's figures have been regrouped, recasted and rearranged wherever necessary.
- (IX) 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 Properties Pvt. Ltd.	Party where control exists
(ii) M/s Shalibhadra Capital Market Ltd.	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. 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:

		31.03.2010	31.03.2009
	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	3,50,22,227	2,70,08,452
(ii)	Interest	44, 91,939	40,86,027
		Party where control Exists Rs.	Party where control Exists Rs.
(i)	Due to Related parties Balance at year end	4,41,64,891	4,31,33,281
(ii)	Interest	68,41,586	59,77,710

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

Particulars	31.03.2010 Value of Transaction Rs.	31.03.2009 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	11,892
Number of Equity Shares (Nominal Value Rs.10/- each)	5,00,31,00
Earning Per Share(Basic & Diluted)	2.38

PLACE: MUMBAI

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

Dated: 8th September, 2010.

MINESH M.DOSHI
MUKUND H.DOSHI

Managing Director
Chairman

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 2010		March 2009	
	Amount Outstanding	Amount Overdue (unclaimed)	Amount Outstanding	Amount Overdue (unclaimed)
LIABILITIES SIDE				
(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	22,209	0	17,156	0
(d) Inter-corporate loans and borrowing	0	0	0	0
(e) Commercial Paper/other loans	79,187	0	72,820	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 (I)(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
ASSET SIDE	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	46.16		81.37	

Shalibhadra

FINANCE LIMITED

	March 2010	March 2009
(4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities.		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease	0	0
(b) Operating lease	0	0
(ii) Stock on hire including hire changes Under sundry debtors:		
(a) Assets on hire	0	0
(b) Repossessed Assets	0	0
(iii) Hypothecation loans counting towards EL/HP activities		
(a) Loans where assets have been repossessed	1,87,978	1,63,346
(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

Shalibhadra FINANCE LIMITED

(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans & advances:
Rs. in Thousand

Category	March 2010 Amount net of provisions			March 2009 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	1,87,978	4616	1,92,594	1,63,346	8137	1,71,483
TOTAL	1,87,978	4616	1,92,594	1,63,346	8137	1,71,483
	1,92,594			1,71,483		

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):
Rs. in Lacs

Category	March 2010		March 2009	
	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	0	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 Lacs

Particular	March 2010	March 2009
	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

SHALIBHADRA FINANCE LIMITED.

CASH FLOW STATEMENT AS PER CLAUSE 32 OF THE LISTING AGREEMENT

(A) CASH FLOW FROM OPERATING ACTIVITIES	2009-2010	2008-2009
Net Profit before tax and extraordinary items	17458377	12000387
Adjustment for:		
Depreciation	460420	436659
Lease Equalisation Charges	0	0
Interest paid	13181610	12962468
Dividend received	0	0
	<u>13642030</u>	<u>13399127</u>
Operating Profit before Working Capital Change	31100407	25399514
Adjustment for:		
Trade and other receivables	0	0
Inventories	-34624364	-10227610
Trade Payables	-2786988	-3899665
CASH GENERATED FROM OPERATION	-27411352	-14127275
Interest paid	-13181610	-12962468
Direct Tax paid	-5366251	-4410000
Cash flow before extraordinary items	-46159213	-31499743
Extra-ordinary items	0	0
	<u>-15058806</u>	<u>-6100229</u>
NET CASH FROM OPERATING ACTIVITIES		
(B) CASH FLOW FROM INVESTED ACTIVITIES		
Purchase of fixed assets	-78015	-335830
Sale of fixed assets (net of Depreciation)	0	0
Purchase of Investments	0	0
Sale of Investments	0	571659
Movement in advances	3521471	1138238
Dividend received	0	0
NET CASH USED IN INVESTING ACTIVITIES	<u>3443456</u>	<u>1374067</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	-5052995	-8314811
Proceeds from short term borrowings	6367170	14495644
NET CASH USED IN FINANCING ACTIVITIES	<u>11420165</u>	<u>6180833</u>
NET INCREASE/(DECREASE)IN CASH & CASH EQUIVALENTS	<u>195185</u>	<u>1454671</u>

Shalibhadra FINANCE LIMITED

CASH AND CASH EQUIVALENTS :

Opening Balance at the beginning of the year	2928280	1473609
Closing Balance at the end of the year	2733095	2926260
NET INCREASE/(DECREASE)IN CASH & CASH EQUIVALENTS	195185	1454571

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 : 8th September, 2010.

DIRECTORS

To,

The Board of Directors,
SHALIBHADRA FINANCE LIMITED.

We have examined the above Cash Flow Statement of Shalibhadra Finance Limited for the year ended 31st March, 2010. 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 8th September, 2010. to the members of the Company.

FOR K. S. SANGHVI & CO.
Chartered Accountants
Firm Registration No. 116714W

(HITENDRA A DOSHI)
Partner

PLACE: MUMBAI

DATED: 8th September, 2010.

Shalibhadra FINANCE LIMITED

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.	Registration Details:	
	Registration No.	64886
	State Code	11
	Balance Sheet Date	31.03.2010
II.	Capital Raised during the Year	NIL
	Public Issue	NIL
	Right Issue	NIL
	Bonus Issue	NIL
	Private Placement	0
III.	Position of Mobilization and Development of Funds	1,81,850
	Total Liabilities	1,81,850
	Total Assets	1,81,850
	Sources of Funds:	50,031
	Paid-up Capital	30,423
	Reserves & Surplus	22,208
	Secured Loans	79,187
	Unsecured Loans	
		1,81,850
	Application of Funds:	
	Net Fixed Assets	7821
	Investments	0
	Net Current Assets	1,74,028
	Misc. Expenditure	NIL
	Accumulated Losses	NIL
		1,81,850
IV.	Performance of Company	
	Turnover (Gross Revenue)	46,264
	Total Expenditure	28,805
	Profit Before Tax	17,458
	Profit After Tax	11,892
	Earning Per Share (Rs.)	2.38
	Dividend Rate	8 %
V.	Generic Names of Three Principal products/ service of Company.	N.A.

Shalibhadra FINANCE LIMITED

SHALIBHADRA FINANCE LIMITED

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

PROXY FORM

I/We _____ of
_____ in
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 30th September, 2010
at 3, Kamat Industrial Estate, 396, Veer Savarkar Marg, Opp. Siddhi Vinayak Temple, Prabhadevi, Mumbai:
400 025 and at any adjustment thereof.

Signed this _____ day of _____ 2010.

Signature of Share holder

Folio No.:

Note: This form 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 complete 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 30th September, 2010 at 3.30 p.m.

Folio No.: _____

Full name of the Shareholder /Proxy _____

(IN BLOCK LETTERS)

Signature

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING



Shalibhadra
FINANCE LIMITED



If undelivered please return to:

SHALIBHADRA FINANCE LIMITED,

3, Kamat Industrial Estate,

Prabhadevi, Mumbai - 400 025, INDIA