

SHALIBHADRA

FINANCE LIMITED

ANNUAL ACCOUNTS

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1998-99

SHALIBHADRA

FINANCE LIMITED

BOARD OF DIRECTORS

SHRI MAYUR A. VORA	<i>Chairman</i>
SHRI MINESH M. DOSHI	<i>Managing Director</i>
SHRI MUKUND H. DOSHI	<i>Director</i>
SHRI SHASHIKANT A. VORA	<i>Director</i>

REGISTERED OFFICE

103, Rewa Chambers,
31, New Marine Lines,
Mumbai - 400 020. India.

ADMINISTRATIVE OFFICE

3, Kamat Industrial Estate,
Opp. Siddhivinayak Temple,
Prabhadevi Mumbai – 400 025.

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BRANCHES

Vapi
Bharuch

BANKERS

Dena Bank

AUDITORS

M/s. Keswani & Keswani
Chartered Accountants

8th Annual General Meeting on Monday, 29th November 1999 at 3.30 p.m. at 3, Kamat Industrial Estate, 396, Veer Savarkar Marg, Opp. Siddhivinayak Temple, Prabhadevi, Mumbai – 400 025.

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

ADVOCATES & SOLICITORS

Kanga & Co.,
Mumbai.

SHARE TRANSFER SERVICE

103, Rewa Chambers,
31, New Marine Lines,
Mumbai - 400 020. India.

NOTICE

NOTICE is hereby given that the 8th ANNUAL GENERAL MEETING of the members of SALIBHADRA FINANCE LIMITED will be held on Monday, 29th November, 1999 at 3.30 p.m., at administrative office at 3, Kamat Industrial Estate, Ground Floor, Opp. Siddhivinayak 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, 1999 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 Shashikant A. Vora, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the Auditors and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
 "RESOLVED THAT in accordance with the provision of Sections 198, 269, 309, and 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Shri Minesh M. Doshi, as the Managing Director of the Company, for a period of 5 (five) years with effect from 13th October, 1999 on the terms and conditions including remuneration as are set out in the agreement to be entered between the Company and Shri Minesh M. Doshi, a draft whereof is placed before this meeting which to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement so as not to exceed the limits specified in statutory modification or reenactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in the behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Minesh M. Doshi.
 RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."
5. RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered in the following manner:

Insert the following Heading and Articles alongwith the marginal notes:

DEMATERIALIZATION OF SECURITIES

Definitions

- (1) For the purpose of this Article:

"Beneficial Owner" means a person whose name is recorded as such with a Depository.

"SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

"Depositories Act" means the Depositories Act, 1996, including any statutory modifications or reenactment thereof for the time being in force.

"Bye-Laws" means bye-laws made by a Depository under Section 26 of the Depositories Act.

"Depository" means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration under subsection (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

"Member" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a Beneficial owner in the records of the Depository.

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"Debentureholder" means the duly registered holders from time to time of the debentures of the Company.

"Participant" means a person to registered as such under Section 12 (1A) of the Securities and exchange Board of India Act, 1992.

"Record" includes the records maintained in the form of books or stored in computer or in such other form as may be determined by regulations made by SEBI in relation to the Depositories Act.

"Regulations" means the regulations made by the SEBI.

"Security" means such security as may be specified by the SEBI.

Words imparting the singular number only include the plural number and vice versa.

Words imparting persons include corporations.

Words and expressions used and not defined in the Act but defined in the Depositories Act shall have the same meanings respectively assigned to them in that Act.

Company to recognise interest in dematerialized securities under Depositories Act	(2)	Either the company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or reenactment thereof.
Dematerialisation of Securities	(3)	Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the depositories and/or offer its fresh securities in a dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any.
Option to receive security certificates or hold securities with Depository.	(4)	Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the security.
Securities in Depositories to be in fungible form.	(5)	All securities held by a Depositor shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.
Rights of Depositories and Beneficial Owners	(6)	(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owners. (b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other right in respect of the security held by it. (c) Every person holding securities of the company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.
Beneficial Owner deemed as absolute owner	(7)	Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an

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absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Depository to furnish information	(8)	Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
Cancellation of certificates upon surrender by a person	(9)	Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.
Option to opt out in respect of any security	(10)	If a Beneficial owner seeks to opt out of a Depository in respect of any security the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
Service of Documents	(11)	Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or delivery of floppies or discs.
Provisions of Articles to apply to shares held in Depository	(12)	Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act.
Allotment of Securities dealt with in a Depository	(13)	Notwithstanding anything in the Act or these Articles, where securities are dealt with by Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
Distinctive number of Securities held in a Depository	(14)	The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form. Except in the manner herein before mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.
Register and Index of Beneficial Owners	(15)	The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debentureholder in accordance with Sections 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held in material and dematerialized forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Debentureholders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.
Register of Transfers	(16)	The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.
Overriding effect of this Article	(17)	Provisions of this Article will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other Article of these presents."

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6. "RESOLVED THAT pursuant to the provisions of Section 309(4) of the Companies Act, 1956 and the Articles of Association of the Company, the Company do pay a commission of 1% of the net profits of the Company for every financial year, if available and computed in accordance with the terms and provisions of the Companies Act, 1956 to the non-executive Directors for a period of five years commencing from 1st April 1999 subject to a maximum limit of Rs. 1.5 lacs per financial year, to be shared equally by all of them or in such manner as may be decided by them from time to time."
7. RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered in the following manner:

Insert the following Article alongwith the marginal notes:

Power of Company to purchase its own securities.	Notwithstanding anything contained in these Articles, but subject to provisions of Sections 77A and 77B of the Act, the Company may purchase its own shares or other specified securities (herein after referred to "buy-back") out of-
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- (a) Its free reserves; or
- (b) the securities premium account; or
- (c) Returning Surplus Cash to shareholders which is currently deployed in marketable and liquid financial instruments or other specified securities.

In accordance with the provisions of Sections 77A and 77B and Rules prescribed by The Central Government and / or by Securities Exchange Board of India in this behalf.

Registered Office :

103, Rewa Chambers,
31, New Marine Lines,
Mumbai - 400 020.

Tel: 200 4142 / 200 5934.

For and on behalf of the Board of Directors

DIRECTOR

Date: Septemebr 16, 1999.



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 not less than 48 hours before the time for holding meeting.
2. The share Transfer Book and the Register of Members of the Company will remain closed from 01.09.1999 to 03.09.1999 (both days inclusive).
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.
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, except Saturdays and Holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

Explanatory Statement under Section 173(2) of the Companies Act, 1956:

The Explanatory Statement for Item No.4 of the accompanying Notice set out herein above is as under:

Item No . 4

The present terms of office of Shri Minesh M.Doshi expired on 12th October 1999. The Board of Directors has re-appointed the Director for a further period of five years from the expiry of his respective terms. The broad particulars of remuneration payable to and terms of reappointment of Shri Minesh M. Doshi is as under :

Name & Designation	Salary (Rs. Per month)	Perquisites & Allowances (Rs. Per month)
Shri Minesh M. Doshi Managing Director	Rs. 25,000/-	Rs. 25,000/-

The Managing Director shall be entitled to the salary and perquisites and allowances like Housing, Medical Reimbursement, Leave Travel Concession, Club Fees, Personal Accident Insurance subject to overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or reenactment thereof, for the time being in force).

This agreement may be terminated by either party by giving six months notice in writing.

If, at any time, Shri Minesh M . Doshi ceases to be a Director of the company for any cause whatsoever, he shall cease to be the Managing Director, and the agreement shall forthwith be terminated.

The above may also be treated as an abstract of the terms of contract/agreement between the Company and Shri Minesh M. Doshi pursuant to Section 302 of the Companies Act, 1956.

MINIMUM REMUNERATION :

The minimum remuneration by way of salary, perquisites and other allowances not exceeding the sum of Rs. 3,00,000/- per annum or Rs. 25,000/- per month, may also be paid to Shri Minesh M. Doshi in the event of loss or inadequacy of profits in any financial year during the period of his appointment, in addition to the perquisites not exceeding the limits specified under Para 2 of Section II, Part II of Schedule XIII to the Companies Act, 1956.

MEMORANDUM OF INTEREST :

No Director except Shri Minesh M. Doshi is deemed to be interested or concerned in his appointment and remuneration payable to him as a Managing Director. Save and except the above, none of the other Directors of the Company is, in any way, concerned or interested in the resolutions.

Shalibhadra FINANCE LIMITED

DIRECTORS REPORT

To,
The Members of
Shalibhadra Finance Limited.

Your Directors have pleasure in presenting the 8th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

Your Company's performance during 1998-99 is summarised below :

	CURRENT YEAR Rs. (in '000)	PREVIOUS YEAR Rs. (in '000)
GROSS RECEIPT	10,007	15,374
Net Profit Before Provision for Non Performing Assets & Tax	608	282
Less : Provision for Non Performing Assets as per RBI norms	—	324
Less : Additional charges for Lease Equalisation charges	433	2,677
Profit / (Loss) before Tax	175	(2,719)
Less : Provision for Taxation	25	20
Profit / (Loss) after Tax	150	(2,739)
Adjustment in respect of earlier years	—	(1,476)
Balance brought forward from previous year	70	1,485
Transfer from General Reserve	—	2,800
Amount Available for Appropriation	220	70
APPROPRIATIONS		
Proposed Dividend	—	—
Provision for Corporate Tax on Dividend	—	—
Transfer to General Reserve	—	—
Transfer to Special Reserve	32	—
Balance carried to Balance Sheet	188	70
	220	70

DIVIDEND

Due to the meagre profit in the Current Year, the Board regrets their inability to recommend any dividend for the year.

OPERATION & PROGRESS

The financial year 1998-99 witnessed a slowing down in the overall rates of growth of financial sector in India. Mainly political uncertainty, delay in financial reforms, sluggishness of market demands and competition in product value to sustain in the economic field. The bourses have also not witnessed much progress. New credit to NBFC's has virtually stopped.

In spite of above, your company has achieved good performance. We are hopeful of having substantial generation of income for increase in shareholders value in the current year.

Your company has two branches in South Gujarat and administrative office at Prabhadevi to achieve the business goal more effectively. The non performing assets ratio to total assets is much below the prescribed limit of RBI.

The challenge facing NBFC today is prudent, and profitable deployment of resources through effective risk management.

The directors are confident that the current years working shall be encouraging and may put back the company in the merit list of dividend.

PROSPECTS

Your company will continue to place emphasis on its core strengths in our finance and efficient risk managements, investments and non fund service activity. We aspire to become a good NBFC with a nucleus committed to enhancing shareholders value. The company follows prudent policies of financing with wide spread customers at good yield and lowest possible risk of capital. Barring unforeseen circumstances the directors are hopeful to achieve good profit in the year to follow.

DISCLOSURE UNDER THE LISTING AGREEMENT

A. CLAUSE 43 : Report with regard to projected utility and profitability, pursuant to Clauses 43 of the Listing Agreement with the Stock Exchange(s) is as under:

a. Utilisation of Funds

The Company had mobilised Rs.3,75,31,000/- from the public by issue of 37,53,100 equity shares of the Company at par in February, 1995. The proceeds of the public issue has been fully utilised for the purposes disclosed in the prospectus.