



SHALIBHADRA

FINANCE LIMITED

ANNUAL ACCOUNTS

2005 - 2006

Shalibhadra

FINANCE LIMITED

BOARD OF DIRECTORS

SHRI MAYUR A. VORA
SHRI MINESH M. DOSHI
SHRI MUKUND H. DOSHI

Chairman
Managing Director
Director

REGISTERED OFFICE

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

BRANCHES

Vapi
Bharuch
Valsad
Navsari
Boisar
Anand
Bardoli

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BANKERS

Dena Bank

AUDITORS

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

ADVOCATES & SOLICITORS

Kanga & Co.,
Mumbai.

SHARE TRANSFER SERVICE

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

15th Annual General Meeting on Friday,
29th September, 2006 at 3.30 p.m. at 3, Kamat
Industrial Estate, 396, Veer Savarkar Marg,
Opp. Siddhivinayak Temple, Prabhadevi, Mumbai - 25.

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

SHALIBHADRA

FINANCE LIMITED

NOTICE

NOTICE is hereby given that the 15th ANNUAL GENERAL MEETING of the members of SHALIBHADRA FINANCE LIMITED will be held on Friday 29th September, 2006 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, 2006 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 appoint the Auditors and fix their remuneration.

Registered Office:

3, Kamat Industrial Estate,
396, V. S. Marg, Opp. Siddivinayak Temple,
Prabhadevi. Mumbai - 400 025.

Tel.: 2432 2993 / 2432 2994

Place : MUMBAI.

Date : 7TH SEPTEMBER 2006.

For and on behalf of Board of Directors

DIRECTORS

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 25.09.2006 to 28.09.2006.
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 there 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 dematerialised 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 : 6th 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: 7TH SEPTEMBER 2006.

DIRECTORS

Shalibhadra

FINANCE LIMITED

DIRECTORS REPORT

Your directors present here with the 15th Annual Report of the company with the Audited Statements of the Accounts for the year ended March 31, 2006.

FINANCIAL RESULTS :

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

Particulars	Current Year 2005 – 2006 (Rs.in '000)	Previous Year 2004 – 2005 (Rs.in '000)
Business Income	31,391.00	19,670.00
Profit before Interest, Depreciation, Lease Equilisation Charges & Tax	21,415.00	10,278.00
Less:		
a. Interest	6,139.00	4,391.00
b. Depreciation	1,492.00	1,266.00
Profit before tax	13,784.00	4,621.00
Provision for Income Tax	2,500.00	2,050.00
Provision for FBT	200.00	-
Profit after tax	11,084.00	2,569.00
Proposed Dividend	3,002.00	2,501.00
Distribution Tax	445.00	327.00
Transfer to General Reserve	2,500.00	0.00
Transfer to Special Reserve	2,500.00	550.00
Balance brought forward from Previous Year	10.00	819.00
Balance carried to Balance Sheet	2,647.00	10.00

DIVIDEND :

The Directors recommended dividend of 6% i.e. Rs. 0.60 per share.

PERFORMANCE REVIEW :

The company has done reasonably well on vehicle finance front due to decent growth in two and three wheeler industry. The Company is concentrating on old vehicle financing to generate additional business. Company has earned decent amount of Capital gain on investment in shares due to run up in stock market.

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FINANCE LIMITED

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:

The Company expect the growth in new vehicle finance. The company also expect growth in old vehicle finance. Company expects to earn capital gain in current year due to run up in Stock Market. You directors are sincerely putting efforts to improve profitability and financial strength of the Company and increase shareholders value in future.

B. Clause 32 : Cash flow statement pursuant to clause 32 listing agreement is provided alongwith 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.

PRUDENTIAL NORMS:

The company is consistently complying with all the guidelines issued by the Reserve Bank of India for NBFC'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, 2006 is much higher than the minimum norms stipulated by the RBI for NBFC.

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, 2006, the applicable accounting standards have been followed;
- 2) That the Directors have selected such accounting policies and applied them consistently and made judgements 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, 2006 and of the profit of the Company for that period.

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- 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, 2006 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. Sangavi & 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.

The remarks given by auditors are suitably answered in the notes to the accounts which is self explanatory.

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

For And On Behalf Of the Board of Directors.

DATED : 7TH SEPTEMBER 2006

MAYUR. A. VORA
Chairman.

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FINANCE LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

The company has focus in the field of vehicle finance specially two wheeler segment, which is very encouraging due to growth of two wheeler industry.

OPPORTUNITIES AND THREATS

Opportunities

The Company has well located 8 branches with good dealer network and experienced staff. Two and Three wheeler industry continue to look growing at good rate. Company is also engaged in financing of old vehicle which is showing good growth.

Threats

Recovery is causing a major problem. There is also fast diminution in the value of vehicles. There is lot of competition from other players leading to reduction in rate of interest. The trade risk is unavoidable which one has to bear to avail the opportunities available.

SEGMENT WISE PERFORMANCE

The Company has mainly one reportable business segment namely 'Financial Services', hence no further disclosure is required under Accounting Standard (AS) 17 on segment reporting.

OUTLOOK

The Company expects the growth in vehicle finance. You directors are sincerely putting efforts to improve profitability and financial strength of the Company and increase shareholders value in future. Barring unforeseen circumstances, the management is confident that financial position of the Company would improve further in the near future.

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate system of Internal Check and control, costing and budgeting.

FINANCIAL PERFORMANCE

During the year the operations have been satisfactory and profitable insofar as the Company has generated revenue of Rs.313.92 Lacs (Previous year Rs.196.70 Lacs) and a profit after tax of Rs. 110.84 Lacs (Previous Year Rs.25.69 Lacs).

MATERIAL DEVELOPMENT IN HUMAN RESOURCES FRONT

The Company has a good team of young persons looking after business.

ENHANCING SHAREHOLDER VALUE

The creation of shareholders value is one of the prime objectives of the management.

The Company is making all efforts to improve the shareholders value.

DISCLAIMER

Statements in this Management Discussion and Analysis describing the Company's objectives, projections and expectations may be "forward looking" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied. Important factors that might materially affect the future performance of the company include the state of the Indian economy, changes in government regulation, tax laws and the state of the financial markets and others factors such as litigation.

MATERIAL CHANGES AFTER THE DATE OF BALANCESHEET

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

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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 Directors.
- 3 Non-Executive Director.

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

During the financial year ended March 31, 2006, Twelve Board Meetings were held on 27th April 2005, 25th May 2005, 30th June 2005, 28th July 2005, 25th August 2005, 29th September 2005, 27th October 2005, 24th November 2005, 29th December 2005, 26th January 2006, 23th February 2006, 30th March 2006.

Name of the Director	No. of Board Meetings attended	Attendance at last AGM held on 29 th December 2005.
Shri Minesh M. Doshi	12	Present
Shri Mayur A. Vora	10	Present
Shri Mukund H. Doshi	12	Present
Shri Govind L. Keswani	11	Present
Shri Narotan mal Rampuria	11	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. Three meetings were held during the year on 27th October 2005, 26th January 2006 and 30th March 2006 to consider the financial statement and discussion on Internal control system of the Company.

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Five Meetings were held during the year on 27.04.2005, 30.06.2005, 28.07.2005, 27.10.2005 and 26.01.2006 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 2006 :

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

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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 2006:

Name of the Directors	Meetings attended
Shri Mayur A. Vora	1
Shri Mukund H. Doshi	1
Shri Minesh M. Doshi	1

The Committee has met on July 28, 2005 during financial year ended March 31, 2006.

6. SHAREHOLDERS 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.

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Five Meetings were held during the year on 27.04.2005, 28.07.2005, 25.08.2005, 27.10.2005 and 26.01.2006.

Members of the Committee are:

Name of the Directors	Meetings attended
Shri Mayur A.Vora	3
Shri Mukund H.Doshi	5
Shri Govind L.Keswani	5

Company has attended the Investors Grievances / Correspondence promptly. There is no pending complaint as on 31st March 2006. There is no outstanding request for Share Transfer and dematerialisation as on 31st March 2006.

7. GENERAL BODY MEETINGS :

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

Financial Year	Date	Time	Venue
2002-2003	29 th September 2003	3.30 p.m.	Administrative Office
2003-2004	29 th September 2004	3.30 p.m.	Administrative Office
2004-2005	29 th December 2005	3.30 p.m.	Administrative Office

During the period under report the Company has not an 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 2006 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 :

1. Annual General Meeting : Date and Time : 29th September 2006, 3.30 p.m.
Venue : Registered office of the Company.
2. Date of Book Closure : 25th September 2006 to 28th September 2006.