

# **ShaliBhadra**

## **FINANCE LIMITED**

### **BOARD OF DIRECTORS**

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

### **REGISTERED OFFICE**

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

### **BRANCHES**

Anand	Mehsana	Surat
Ahmedabad	Nadiad	Vadodara
Bardoli	Nandurbar	Valsad
Bharuch	Nashik	Vapi
Boisar	Navsari	
Dabhoi	Rajpipla	
Himmatnagar		

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### **BANKERS**

Bank of Maharashtra  
Indian Overseas Bank

### **AUDITORS**

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

**22<sup>nd</sup> Annual General Meeting on Thursday,  
26<sup>th</sup> September, 2013 at 3.30 p.m. at 3, Kamat  
Industrial Estate, 396, Veer Savarkar Marg,  
Opp. Siddhi Vinayak Temple, Prabhadevi,  
Mumbai: 400 025.**

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

### **SHARE TRANSFER SERVICE**

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

# **ShaliBhadra**

## **FINANCE LIMITED**

### **NOTICE**

NOTICE is hereby given that the 22<sup>nd</sup> ANNUAL GENERAL MEETING of the members of SHALIBHADRA FINANCE LIMITED will be held on Thursday 26<sup>th</sup> September, 2013 at 3.30 p.m., at Registered Office at 3, Kamat Industrial Estate, Ground Floor, Opp. Siddhi Vinayak Temple, Prabhadevi, Mumbai – 400 025 to transact the following business.

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2013 and the Statement of Profit or Loss 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: 30<sup>th</sup> May, 2013.

**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 21st September 2013 to 24th September 2013 (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.
  - (iv) Convert their shares in Demat form for easy liquidity or sale through Stock Exchange and safety.
4. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all working days, Saturdays and Holidays, between 11.00 a.m. and 1.00 p.m. upto date of the Annual General Meeting.
5. In all correspondence with the Company, the members are requested to quote their members folio numbers and in case their shares are held in dematerialized form, quote their client ID Number and their DPID Number.
6. Information required to be furnished under the Listing Agreement.  
As required under the Listing Agreement with the Stock Exchanges, the particulars of Directors who are proposed to be appointed/ re-appointed are given below:-

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

For and on behalf of Board of Directors

# **ShaliBhadra**

## **FINANCE LIMITED**

### **SHALIBHADRA FINANCE LIMITED**

#### **DIRECTORS REPORT**

Your directors present here with the 22<sup>nd</sup> Annual Report of the company with the Audited Statements of the Accounts for the year ended March 31, 2013.

#### **FINANCIAL RESULTS:**

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

<u>Particulars</u>	<u>Current Year 2012- 2013 (Rs.in '000)</u>	<u>Previous Year 2011 - 2012 (Rs.in</u>
Business Income	100507	82270
Profit before Interest, Depreciation & Tax	74606	59786
Less:	27828	24976
a. Interest	594	558
b. Depreciation	1400	150
Profit before tax	44784	34102
Provision for Income Tax	16500	12500
Provision for Deferred Tax	28	46
Profit after tax	28256	21556
Proposed Dividend	4503	4002
Distribution Tax	792	649
Transfer to/(from) General Reserve	3000	2500
Transfer to Special Reserve	6000	5000
Balance brought forward from Previous Year	19033	9629
Balance carried to Balance Sheet	32994	19033

#### **DIVIDEND:**

The Directors recommend dividend of 9% i.e. Rs 0.90 per equity share.

#### **FINANCE:**

The company has been recently sanctioned of Rs. 1 corers of additional cash credit facility which will further help in expanding branch network.

## **CORPORATE GOVERNANCE & COMPLIANCE CERTIFICATE**

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

## **OUTLOOK AND PROSPECTS:**

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

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

## **PUBLIC FIXED DEPOSITS:**

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

## **RBI GUIDELINES:**

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

The capital adequacy of the Company as on 31<sup>st</sup> March, 2013 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.

# **ShaliBhadra**

## **FINANCE LIMITED**

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- 1) That in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2013, the applicable accounting standards have been followed;
- 2) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2013 and the profit of the Company for that period.
- 3) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) That the annual accounts for the financial year ended 31<sup>st</sup> March, 2013 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, retire 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 wish 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: 30<sup>th</sup> May, 2013.

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 conceptualized simple & speedy, small cap, asset financing products

**Why Simple & Speedy:**

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

**Why Small Cap:**

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

**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.

**Why asset finance – especially vehicles:**

1. There is & will be 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 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 growing business due to withdrawal of NBFC's / Bank from this sector.

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

### **OPERATIONS & CONTROL SYSTEMS:**

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

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

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

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

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

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

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

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

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.



## **ShaliBhadra** **FINANCE LIMITED**

Initial reports are positive & this will open new avenues of growth. There is practically no finance available for white goods in rural areas.

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 launched a scheme called "SARAL" to service this sector which has received good response.

The company is consciously moving towards small loans. It has impaled out of old 3/4 wheeler loans. It has slowly increased share of Saral (old two wheeler loan) where yields are better. This will improve overall yield on total portfolio. The company has also started financing white goods in rural areas in trial basis.

The company has taken up white goods financing on pilot basis in rural areas. The first response is positive.

During the year company could not increase the number of branches due to two main reasons of non-availability of funds & absence of comprehensive software which can handle large number of branches & large amount of portfolio.

But now company is in the process of implementing new comprehensive software from outside agency. Company has started operating this software. This will increase the efficiency of the company to handle large number of branches with very large portfolio.

Banks are reluctant to fund NBFC/AFC as RBI has withdrawn state of priority sector lending on finance to NBFC/AFC. Company is in the process of getting rated from a credit rating agency. Good rating will open new avenues of funding & will take company to new growth trajectory.

### **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 1,00,000 customers, 50 branches and a vehicle finance portfolio of Rs 1000 million by March 2016.

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. 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.

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.1005.07 Lacs (Previous year Rs. 822.70 Lacs) and a profit after tax of Rs. 282.55 Lacs (Previous Year Rs 215.56 Lacs).

# **ShaliBhadra**

## **FINANCE LIMITED**

### **CORPORATE GOVERNANCE REPORT**

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

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

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

#### **2. BOARD OF DIRECTORS:**

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

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

### **COMPOSITION AND CATEGORY**

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

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

### **ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST**

#### **ANNUAL GENERAL MEETING**

During the financial year ended March 31, 2013 Twelve Board Meetings were held on 26<sup>th</sup> April 2012, 31<sup>st</sup> May 2012, 28<sup>th</sup> June 2012, 26<sup>th</sup> July 2012, 30<sup>th</sup> August 2012, 27<sup>th</sup> September 2012, 25<sup>th</sup> October 2012, 29<sup>th</sup> November 2012, 27<sup>th</sup> December 2012, 31<sup>st</sup> January 2013, 28<sup>th</sup> February 2013, 28<sup>th</sup> March 2013.

Name of the Director	No. of Board Meetings attended	Attendance at last AGM held on 27 <sup>th</sup> September 2012.
Shri Minesh M.Doshi	12	Present
Shri Mukund H.Doshi	12	Present
Shri Govind L.Keswani	11	Present
Shri Narotan mal Rampuria	11	Present