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## Board of Directors (as on August 19, 2014)

**Ramesh N.G.S.** Non - Executive Chairman

**P. H. Kutumbe**

**V. S. Nair**

**Vineet Potnis**

**Kalpana Joshi**

**Nitin Jog** Managing Director & CEO

**Mitul Palankar** Company Secretary

**Statutory Auditors** M/s Kalyaniwalla & Mistry

**Internal Auditors** M/s Shah Gupta & Co.

**Compliance Auditor** M/s Kailashchand Jain & Co.

**Bankers**  
Axis Bank Ltd.  
Corporation Bank  
HDFC Bank Ltd.  
ICICI Bank Ltd.  
IDBI Bank Ltd.

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**Registered Office:** SHCIL House, P-51, T.T.C. Industrial Area,  
MIDC, Mahape, Navi Mumbai 400 710  
Tel: 91 - 22 6177 8600 Fax: 91-22 6177 8609

**Mumbai Office:** 12/14, UTI Building, Bank Street, Cross Lane,  
Near Old Custom House, Fort, Mumbai – 400 023  
Tel: 91 – 22 2262 2713

**Web:** [www.shcilservices.com](http://www.shcilservices.com)

## PERFORMANCE HIGHLIGHTS

(₹ in Lakhs)

PARTICULARS	2013-14	2012-13	2011-12	2010-11	2009-10
<b>EARNINGS:</b>					
Income from Operations	2,610	2,598	2,533	3,278	3,554
Other Income	229	236	159	77	119
<b>Total Income</b>	<b>2,839</b>	<b>2,834</b>	<b>2,692</b>	<b>3,355</b>	<b>3,673</b>
<b>EXPENSES &amp; PROFITABILITY:</b>					
Operating Expenses	2,176	2,164	2,120	2,786	3,272
Interest and Financial Charges	2	7	8	12	2
Profit before Depreciation	661	663	564	557	399
Depreciation	55	109	135	92	117
Profit/(Loss) Before Taxation	606	554	429	465	282
Provision for Taxation	200	215	148	175	160
Deferred Tax	13	(19)	(1)	(8)	(23)
<b>Profit/(Loss) After Taxation</b>	<b>393</b>	<b>358</b>	<b>282</b>	<b>298</b>	<b>145</b>
<b>ASSETS EMPLOYED:</b>					
Net Fixed Assets	65	80	174	289	73
Capital Work-in-Progress	-	-	20	3	3
Investments	140	-	-	2	4
Current / Non-Current Assets, Loans & Advances	11,974	3,769	3,998	3,642	7,388
Deferred Tax Assets	54	67	48	46	38
Current / Non-Current Liabilities & Provisions	(9,102)	(2,177)	(2,859)	(2,883)	(6,705)
<b>Total Assets</b>	<b>3,131</b>	<b>1,739</b>	<b>1,381</b>	<b>1,099</b>	<b>801</b>
<b>FINANCED BY:</b>					
Share Capital	766	539	539	539	539
Reserves and Surplus	2,365	1,200	842	560	262
<b>Total Funds</b>	<b>3,131</b>	<b>1,739</b>	<b>1,381</b>	<b>1,099</b>	<b>801</b>
<b>KEY INDICATORS:</b>					
Networth	3,131	1,739	1,381	1,099	801
Earning Per Share (₹)	10.50	10.24	8.05	8.51	4.13
Book Value Per Equity Share (₹)	51.00	44.31	34.07	26.01	17.50

## DIRECTORS' REPORT

Your Directors are pleased to present their Nineteenth Report on the business and operations of the Company during the year ended March 31, 2014.

### BUSINESS:

The Company is in the business of Stock Broking and is a member of BSE- Cash and Derivatives Segment and NSE-Cash, F & O and Currency derivatives Segments. The Stock Broking services are offered to both retail investors and institutional clients.

### OPERATIONS:

During the year ended March 31, 2014, your Company earned gross income of Rs 2839 lakhs. The profit after tax was Rs.393 lakhs registering a growth of 10%. The financial results are summarized below:

(₹ in lakh)

Particulars	2013-14	2012-13
Total Income	2839	2834
Profit/(Loss) Before Tax	606	554
Profit/(Loss) After Tax	393	358
Net worth	3131	1739
Book value per equity share (₹)	51.00	44.31
Earning per share (₹)	10.50	10.24

### PERFORMANCE REVIEW:

During 2013-14, capital market remained volatile during most part of the year with negligible retail participation. In anticipation of a stable Government at the centre, market witnessed an uptick in the last quarter of the year, led by FII inflow. An amount aggregating Rs.22,195 crore was invested by FII during January – March 2014. Your company added 8502 new retail clients and 1 institutional client during the year. Your company introduced margin trading activities which received encouraging response. However due to subdued market sentiments for most parts of the year the performance remained muted.

### FUTURE OUTLOOK:

With the stable Government at the Centre, and slew of measures initiated by Government to bring the economy on an even keel, the capital market sentiment has improved substantially. Retail participation in the market is, slowly but surely, growing. Barring unforeseen circumstances such as escalation of disturbances in Iraq, the market is poised for growth albeit a range bound correction is inevitable in the short run. On the back of the ongoing positive sentiments, your company is likely to witness decent all round growth in its performance during the year.

### NEW INITIATIVE:

In order to offer complete bouquet of products, your company has launched the mobile trading facility to help clients in the remote area to trade without any hassles. This facility will also help garner tech-savvy young clients. Mobile trading is a flexible, dynamic and interactive facility which enables clients to trade in the market while on the move.

Your company has also started derivatives trading on the BSE. Company has already received the regulatory approvals from NSE to start trading on its currency derivatives segment which is likely to be launched shortly.

With this, your company would be an active player in all the three segments of the capital market viz cash, equity derivatives and currency derivatives.

### DIVIDEND:

With a view to conserving resources for business expansion, your Directors do not recommend any dividend for financial year 2013-14.

### DIRECTORS:

Ms. Kalpana Joshi has been appointed as an Additional Director of the Company with effect from March 20, 2014.

Shri Ashok Motwani demitted his office of Director and Non Executive Chairman with effect from July 28, 2014.

Shri Ramesh N.G.S. has been appointed as an Additional Director and Non Executive Chairman of the Company with effect from August 19, 2014.

Shri V S Nair, Director, retires by rotation at the ensuing Annual General Meeting and does not offer himself for re-appointment.

The present Board of Directors comprises of the following:

Name of Director	Category
1. Shri Ramesh N.G.S.	Non Executive Chairman (Nominee of SHCIL)
2. Shri P H Kutumbe	Director
3. Shri V S Nair	Director
4. Shri Vineet Potnis	Nominee of SHCIL
5. Ms. Kalpana Joshi	Nominee of SHCIL
6. Shri Nitin Jog	Managing Director & CEO (Nominee of SHCIL)



## REPORT ON CORPORATE GOVERNANCE

(forming part of Directors' Report for financial year ended March 31, 2014)

### The Company's philosophy on code of Governance

The Company is not a listed entity. Nevertheless, it endeavours to comply with Corporate Governance norms as specified under clause 49. The Company's philosophy on corporate governance recognizes the accountability of the Board & Officers and the importance of decisions to all constituents, including customers, employees, investors, business associates, regulatory authorities and the Community at large. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value over a period of time.

### Board of Directors

The Board consists of six members. The day-to-day management of the Company vests in the hands of the Managing Director and CEO.

### Details of the Board Meeting and Attendance

The Board of Directors meet at least once in every three months. Five meetings were held during the financial year 2013-14. Details of Board Meetings held are as follows:

Sr.No	Date of the Board Meeting	Board Strength	No. of Directors present
1	April 26, 2013	5	5
2	May 30, 2013	5	4
3	September 25, 2013	5	5
4	October 18, 2013	5	4
5	March 20, 2014	6	5

Attendance of Directors during 2013-14 at each of above meetings is as follows:

Sr.No	Name of the Director	No. of meetings held	No. of meetings attended	Date of appointment	Date of resignation
1	Shri Ashok Motwani	5	5(5)	08.07.2011	28.07.2014
2	*Shri Nitin Jog	5	5(5)	24.11.06/1.12.09	NA
3	Shri Vineet Potnis	5	5(5)	19.11.09	NA
4	Shri P.H.Kutumbe	5	5(5)	21.06.07	NA
5	Shri V.S.Nair	5	2(5)	09.01.08	NA
6	Smt.Kalpna Joshi	5	1(1)	20.03.14	NA
7	Shri Ramesh N.G.S	NA	NA	19.08.14	NA

(The figure in the bracket indicates the meetings held during the tenure of the Director)

\*Shri Nitin Jog was appointed as the Managing Director and CEO w.e.f. December 1, 2009.

The details of Directorships held by the Directors in other companies are as follows:

Shri Ramesh N.G.S.

Sr. No.	Name of Company/Institution	Nature of interest
1	Stock Holding Corporation of India Limited	Managing Director & CEO
2	SHCIL Projects Limited	Non Executive Chairman

Shri Nitin Jog

Sr. No.	Name of Company/Institution	Nature of interest
–	–	–

Shri V.S.Nair

Sr. No.	Name of Company /Institution	Nature of interest
–	–	–

Shri P.H.Kutumbe

Sr. No.	Name of Company/Institution	Nature of interest
1	Stock Holding Corporation of India Limited	Nominee Director

Shri Vineet Potnis

Sr. No.	Name of Company/Institution	Nature of interest
–	–	–

Smt. Kalpana Joshi

Sr. No.	Name of Company/Institution	Nature of interest
–	–	–

#### Details of Audit Committee and Attendance

The Audit Committee met 5 times during the year. The details of attendance of the Directors at the Audit Committee meeting are as follows:

Sr. No.	Name of the Director	No. of meetings held	No. of meetings attended
1	Shri Vineet Potnis	5	5 (5)
2	Shri P.H.Kutumbe	5	5 (5)
3	Shri.V.S.Nair	5	0 (5)

(The figure in the bracket indicates the meetings held during the tenure of the Director)

#### Details of Risk Committee

The Risk Committee comprises of Shri P H Kutumbe, Shri Vineet Potnis and Ms. Kalpana Joshi.

### General Meetings

Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) of the Company were held at Navi Mumbai and the details for the past three years are as under:

General Meeting	16th AGM	17th AGM	18th AGM	12th EGM
Year	2010-11	2011-2012	2012-13	2013-14
Venue	SHCIL House, P-51, T.T.C Industrial Area, MIDC Mahape, Navi Mumbai-400710	SHCIL House, P-51, T.T.C Industrial Area, MIDC Mahape, Navi Mumbai-400710	SHCIL House, P-51, T.T.C Industrial Area, MIDC Mahape, Navi Mumbai-400710	SHCIL House, P-51, T.T.C Industrial Area, MIDC Mahape, Navi Mumbai-400710
Date of Meeting	August 17, 2011	August 24, 2012	August 23, 2013	October 25, 2013

The special resolutions passed during the last four General Meetings, were as under:

Meeting No.	Resolution No.	Particulars of Resolution
16th AGM	3	1) Appointment of M/s Kalyaniwalla & Mistry as Statutory Auditors of the Company
	4	2) Appointment and terms of appointment of Shri Nitin Jog as Managing Director and CEO
	6	3) Preferential Issue of Shares to SHCIL under section 81(A) and other applicable provisions, if any, of the Companies Act 1956.
17th AGM	3	1) Appointment of M/s Kalyaniwalla & Mistry as Statutory Auditors of the Company
18th AGM	3	1) Appointment of M/s Kalyaniwalla & Mistry as Statutory Auditors of the Company
12th EGM	1	1) Preferential Issue of Shares to SHCIL under section 81(A) and other applicable provisions, if any, of the Companies Act 1956.

### Disclosures

There were no transactions of the Company of material nature with its Directors or relatives etc. that may have potential conflict of the interest with the Company at large.



## Shareholder Information

- a) Annual General Meeting  
Date, time & Venue of the Annual General Meeting  
September 15, 2014 at 3.30 p.m  
SHCIL House, P-51,  
T.T.C. Industrial Area,  
MIDC, Mahape,  
Navi Mumbai - 400 710
- b) Date of Book closure/record date –
- c) Dividend payment date NA
- d) Listing on Stock Exchange  
The Company is a closely held Public Limited Company and its shares are not listed in any stock exchange.
- e) Distribution of shareholdings as on March 31, 2014  
The Company is wholly owned subsidiary of Stock Holding Corporation of India Limited (SHCIL). However, seven individuals are holding one share each in SSL as a nominee of SHCIL.
- f) Address of correspondence  
The Company Secretary  
SHCIL Services Limited  
P-51, T.T.C, Industrial Area  
MIDC, Mahape  
Navi Mumbai 400 710

## INDEPENDENT AUDITOR'S REPORT

### To the Members of SHCIL SERVICES LIMITED

#### Report on Financial Statements

We have audited the attached financial statements of **SHCIL Services Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with general circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation, maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order 2004, issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by

the Company so far as appears from our examination of those books;

- c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with general circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013, to the extent applicable;
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, we report that none of the directors

are disqualified as on March 31, 2014, from being appointed as a director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of

**KALYANIWALLA & MISTRY**

Chartered Accountants  
Firm Registration No. 104607W

**Roshni R. Marfatia**

Partner  
Membership No. 106548

Place : Navi Mumbai  
Dated : April 11, 2014

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The fixed assets have been physically verified by the Company during the year. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were reported on such verification.  
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets have not been disposed of by the Company during the year which could affect the going concern assumption.
2. The Company is in a service industry and does not have any inventory, hence, Clause ii(a), ii(b) and ii(c) of paragraph 4 of the Order are not applicable.
3. (a) The Company has not granted any loans, secured or unsecured to a company listed in the register maintained under section 301 of the Companies Act, 1956.  
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, the internal control procedures are commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and sale of services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of all the contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.  
(b) In our opinion and according to the information and explanation given to us, the transactions recorded in register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder.
7. The Company has an internal audit system, which in our opinion, is commensurate with the size of the Company and the nature of its business.
8. In our opinion and according to the information and explanations given to us, the Central Government has not prescribed for maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of the activities carried on by the Company.
9. (a) According to the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities.  
(b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax or Cess outstanding on account of any dispute, other than those stated hereunder:

Name of Statute	Nature of dues	Amount*	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	85,585,097	A.Y. 2010-11	CIT(A)
Income Tax Act, 1961	Income Tax	70,828,310	A.Y. 2011-12	CIT(A)

\*The above amounts are net-off amounts paid under protest ₹ 3,60,67,133/- and ₹ 2,75,00,000/- for A.Y 2010-11 and A.Y. 2011-12 respectively.

10. The Company does not have accumulated losses, as at the end of the financial year, and it has not incurred any cash losses in the current and immediately preceding financial years.
11. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. In our opinion and according to the information and explanations given to us, the Company has maintained adequate documents and records in cases where the Company has granted loans and advances on the basis of security by way of pledge of shares and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
14. In our opinion, the Company has maintained proper records of the transactions and contracts in respect of investments purchased and sold during the year and timely entries have been made therein. The investments made by the Company are held in its own name.
15. According to the information and explanations given to us and the records examined by us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. As per the records examined by us, no term loans were obtained by the Company from banks or financial institutions.
17. On the basis of an overall examination of the balance sheet and cash flows of the Company and the information and explanations given to us, we report that the Company has not utilized the funds raised on short-term basis for long-term investment.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company did not issue any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based on the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of

**KALYANIWALLA & MISTRY**

Chartered Accountants

Firm Registration No. 104607W

**Roshni R. Marfatia**

Partner

Membership No. 106548

Place : Navi Mumbai;

Dated : April 11, 2014

**BALANCE SHEET AS AT MARCH 31, 2014**

	Note	March 31, 2014 (₹)	March 31, 2013 (₹)
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' funds</b>			
Share Capital	2	76,562,500	53,862,500
Reserves and Surplus	3	236,546,153	120,074,172
		<b>313,108,653</b>	<b>173,936,672</b>
<b>Non-current Liabilities</b>			
Long-Term Liabilities	4	20,000,000	20,000,000
Long-Term Provisions	5	598,499	6,935,024
		<b>20,598,499</b>	<b>26,935,024</b>
<b>Current Liabilities</b>			
Trade Payables	6	874,293,510	176,637,645
Other Current Liabilities	7	14,056,774	12,967,949
Short-Term Provisions	8	1,296,076	1,131,936
		<b>889,646,360</b>	<b>190,737,530</b>
		<b>1,223,353,512</b>	<b>391,609,226</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
<b>Fixed Assets</b>			
Tangible assets	9A	4,256,880	2,805,470
Intangible assets	9B	2,236,940	5,175,770
Capital Work-in-Progress		-	-
		<b>6,493,820</b>	<b>7,981,240</b>
Deferred Tax Assets (Net)	10	5,404,153	6,729,537
Long-Term Loans and Advances	11	73,838,825	26,439,703
		<b>85,736,798</b>	<b>41,150,480</b>
<b>Current Assets</b>			
Current Investments	12	14,048,762	-
Trade Receivables	13	595,540,904	56,599,700
Cash and Bank Balances	14	517,850,811	281,982,664
Short-Term Loans and Advances	15	7,389,470	3,447,725
Other Current Assets	16	2,786,767	8,428,657
		<b>1,137,616,714</b>	<b>350,458,746</b>
		<b>1,223,353,512</b>	<b>391,609,226</b>

The accompanying notes are an integral part of these financial statements.

As per our Report attached  
For and on behalf of  
**KALYANIWALLA & MISTRY**  
Chartered Accountants

For and on behalf of Board of Directors  
**Ashok Motwani**  
Non-Executive Chairman

**Roshni Marfatia**  
Partner  
Membership No. 106548

**Mitul Palankar**  
Company Secretary

**Nitin Jog**  
Managing Director & CEO

**Vineet Potnis**  
Director

Place: Navi Mumbai  
Date: April 11, 2014

**Maya Sawant**  
Head - Finance

**P. H. Kutumbe**  
Director

**Kalpna Joshi**  
Director

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Note	March 31, 2014 (₹)	March 31, 2013 (₹)
<b>REVENUE</b>			
Revenue from operations	17	<b>260,969,573</b>	259,821,664
Other Income	18	<b>22,898,487</b>	23,620,578
<b>TOTAL</b>		<b>283,868,060</b>	283,442,242
<b>EXPENSES</b>			
Employee Benefits Expense	19	<b>25,396,469</b>	25,741,660
Sub-Brokerage Expenses		<b>156,837,988</b>	155,622,796
Depreciation and Amortisation	9	<b>5,470,473</b>	10,918,170
Other Expenses	20	<b>35,545,765</b>	35,772,101
<b>TOTAL</b>		<b>223,250,695</b>	228,054,727
<b>PROFIT BEFORE TAX</b>		<b>60,617,365</b>	55,387,515
Tax expense			
Current tax		<b>20,000,000</b>	21,500,000
Deferred tax		<b>1,325,384</b>	(1,958,219)
<b>PROFIT FOR THE YEAR</b>		<b>39,291,981</b>	35,845,734
Earnings per equity share (in ₹) (Basic and Diluted)	23	<b>10.50</b>	10.24

The accompanying notes are an integral part of these financial statements.

As per our Report attached  
For and on behalf of  
**KALYANIWALLA & MISTRY**  
Chartered Accountants

**Roshni Marfatia**  
Partner  
Membership No. 106548

Place: Navi Mumbai  
Date: April 11, 2014

**Mitul Palankar**  
Company Secretary

**Maya Sawant**  
Head - Finance

For and on behalf of Board of Directors  
**Ashok Motwani**  
Non-Executive Chairman

**Nitin Jog**  
Managing Director & CEO

**P. H. Kutumbe**  
Director

**Vineet Potnis**  
Director

**Kalpna Joshi**  
Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014 (₹)	March 31, 2013 (₹)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	60,617,365	55,387,515
<b>Adjustments for:</b>		
Depreciation	5,470,473	10,918,170
Dividend from Mutual Funds	(1,027,440)	-
Deposits written off	1,000,000	-
Interest Income	(15,597,770)	(18,745,697)
(Profit)/Loss on sale of Fixed Assets	(44,100)	(80,764)
Provision for Doubtful Debts	(4,113,642)	251,369
Operating profit before working capital changes	<u>46,304,886</u>	<u>47,730,593</u>
<b>Adjustments for:</b>		
(Increase)/Decrease in Trade Receivables	(534,830,624)	34,033,240
(Increase)/Decrease in Short-Term and Long-Term Loans and Advances	6,197,712	3,104,322
(Increase)/Decrease in Other Current Assets	369	2,439
Increase/(Decrease) in Trade payables and Other Current Liabilities	698,744,690	(70,226,434)
Increase/(Decrease) in Short-Term and Long-Term Provisions	(2,460)	263,089
Cash generated from operations	<u>216,414,573</u>	<u>14,907,249</u>
Direct Taxes paid	(84,708,505)	(17,555,385)
<b>Net cash (used in)/from operating activities</b>	<u><u>131,706,068</u></u>	<u><u>(2,648,136)</u></u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3,983,054)	(2,020,181)
Sale of Fixed Assets	44,100	125,000
Purchase of Investments	(14,048,762)	-
Dividends from Mutual Funds	1,027,440	-
Interest Earned	21,242,355	15,323,717
<b>Net cash from investing activities</b>	<u><u>4,282,079</u></u>	<u><u>13,428,536</u></u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Shares	99,880,000	-
<b>Net cash from financing activities</b>	<u><u>99,880,000</u></u>	<u><u>-</u></u>
<b>NET (DECREASE)/INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<u><u>235,868,147</u></u>	<u><u>10,780,400</u></u>
Cash and Cash equivalents at the beginning of the year	281,982,664	271,202,264
Cash and Cash equivalents at the end of the year	517,850,811	281,982,664



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014 (₹)	March 31, 2013 (₹)
<b>D. COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	25,140	7,349
Balances with banks:		
- In Current Accounts	273,478,104	106,025,311
- In Fixed Deposits	170,847,564	-
- Other Bank Balances	73,500,003	175,950,004
	-	-
	<b>517,850,811</b>	<b>281,982,664</b>

### Notes

1. Figures in brackets indicate cash outflow.

As per our Report attached  
For and on behalf of  
**KALYANIWALLA & MISTRY**  
Chartered Accountants

For and on behalf of Board of Directors  
**Ashok Motwani**  
Non-Executive Chairman

**Roshni Marfatia**  
Partner  
Membership No. 106548

**Mitul Palankar**  
Company Secretary

**Nitin Jog**  
Managing Director & CEO

**Vineet Potnis**  
Director

Place: Navi Mumbai  
Date: April 11, 2014

**Maya Sawant**  
Head - Finance

**P. H. Kutumbe**  
Director

**Kalpna Joshi**  
Director

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 1. Corporate Information

SHCIL Services Limited (formerly National Depository Corporation of India Ltd.) was incorporated on February 14, 1995. It is engaged in the business of broking and advisory services from March 14, 2006. The Company's registered office is at Mahape, Navi Mumbai.

With effect from March 28, 2014 Stock Holding Corporation of India Ltd. (the Parent Company) has become a subsidiary of IFCI Ltd. & hence IFCI Ltd. is the Ultimate Holding Company for SHCIL Services Ltd. from the said date.

#### Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles (GAAP) in India under the historical cost convention on accrual basis. (However till March 31, 2013 the amount receivable/payable from/ to clients/ exchanges on account of broking transactions were accounted in the books on the date of settlement instead of on the date of transaction). These financial statements have been prepared to comply with all material aspects of the accounting standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13.09.2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of services offered, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

#### Significant Accounting Policies

##### (a) Use of Estimates

The presentation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

##### (b) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

- i) All transactions/ income/ expenses are accounted in the books on accrual basis except commission income on Initial Public Offer (IPO) and Follow on Public Offer (FPO) which are being booked on receipt basis.
- ii) Dividend is recognized when the Company's right to receive dividend is established by the reporting date.
- iii) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Other Income" in the statement of profit and loss.
- iv) Charges collected on cheques dishonored/bounced are recognized on actual basis.

##### (c) Fixed Assets

Fixed assets are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure related to an item of fixed asset are added to its book value only if they

increase the future benefits from the existing asset beyond its previously assessed standard of performance. Losses arising from retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognized in the statement of profit and loss.

**(d) Depreciation:**

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used the following rates to provide depreciation on its fixed assets.

Particulars	Rate
Furniture and Fixtures	6.33%
Office Equipment	4.75%
Plant and Machinery	4.75%
Motor Car	33.33%
Computer Hardware	33.33%
Computer Software	33.33%

Leasehold improvements are amortized on straight-line basis over the period of lease, i.e. 3 years.

Depreciation on assets acquired/disposed during the year is provided on pro rata basis from/up to the date of acquisition/disposal.

Depreciation rate on Motor Car has been changed from 9.50% to 33.33% from 01.04.2013.

**(e) Asset Impairment**

The Company reviews the carrying value of the tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized when carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value based on appropriate discount rate.

**(f) Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**(g) Stock-in-trade**

Securities held for trade and those devolved on the Company in the process of settlement of transactions are held as stock-in-trade. Securities are valued at lower of cost and net realizable value.

**(h) Taxation**

Provision for current income tax is made on the basis of the assessable income under the Income Tax Act, 1961. Deferred income tax on account of timing difference between taxable income and accounting income for the year is accounted for by applying the tax rates and laws enacted or substantially enacted

on the balance sheet date. Deferred tax assets, subject to the consideration of prudence, are recognised and carried forward only to the extent that there is reasonable certainty that sufficient taxable profits will be available in future against which the deferred tax assets can be realised. In the event of unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available to realise such assets.

**(i) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**(i) Contingent Liabilities**

A contingent liability is a possible obligation that arises from the past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

**(k) Securities on Deposit**

Securities on deposit and in the process of transfer to/from client/exchange are not recorded in the accompanying financial statements.

**(l) Retirement and other Employee Benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

The Company operates a defined benefit plan for its employees, viz. gratuity. The costs of providing benefits under the plan is determined on the basis of actuarial valuation using the projected unit credit method at each year end. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Actuarial gains/ losses are immediately taken to the statement of profit and loss and are not deferred.

**(m) Earning per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(n) Cash and cash equivalents**

Cash and cash equivalents includes balance with banks, deposit accounts with less than three months maturity, cash and cheques in hand, short-term highly liquid investments and money lent on collateralised lending and borrowing obligation transactions.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014		March 31, 2013	
	Number	(₹)	Number	(₹)
<b>2. SHARE CAPITAL</b>				
<b>(A) Authorised, Issued, Subscribed and Paid-up</b>				
<b><u>Authorised</u></b>				
Equity Shares of ₹ 10 each fully paid	18,000,000	180,000,000	18,000,000	180,000,000
7% Non-Cumulative Convertible Preference Shares of ₹ 10 each fully paid	2,000,000	20,000,000	2,000,000	20,000,000
	<b>20,000,000</b>	<b>200,000,000</b>	<b>20,000,000</b>	<b>200,000,000</b>
<b><u>Issued, Subscribed and Paid-up</u></b>				
Equity Shares of ₹ 10 each fully paid	5,770,000	57,700,000	3,500,000	35,000,000
7% Non-Cumulative Convertible Preference Shares of ₹ 10 each fully paid	1,886,250	18,862,500	1,886,250	18,862,500
<b>Total</b>	<b>7,656,250</b>	<b>76,562,500</b>	<b>5,386,250</b>	<b>53,862,500</b>
<b>(B) Reconciliation of shares outstanding at the beginning and end of the year</b>				
<b>Equity Shares</b>				
Shares outstanding at the beginning of the year	3,500,000	35,000,000	3,500,000	35,000,000
Add: Shares issued during the period	2,270,000	22,700,000	-	-
Shares outstanding at the end of the year	<b>5,770,000</b>	<b>57,700,000</b>	<b>3,500,000</b>	<b>35,000,000</b>
<b>Preference Shares</b>				
Shares outstanding at the beginning of the year	1,886,250	18,862,500	1,886,250	18,862,500
Add: Shares issued during the period	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>1,886,250</b>	<b>18,862,500</b>	<b>1,886,250</b>	<b>18,862,500</b>

### (C) Terms/rights attached to shares

#### Terms/rights attached to equity shares

The company has only one class of equity shares having the par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share except in the case of voting by show of hands.

The company has not declared any dividend for the year ended March 2014.

#### Terms of conversion of preference shares

The conversion of 1,886,250 7% Non-Cumulative Convertible Preference Shares of ₹ 10 each fully paid up held by SHCIL, the Holding Company, into Equity Shares which were due for conversion on February 1, 2011 has been deferred for the further period of five years commencing from February 1, 2011. The terms of conversion will be decided by the Board at the time of conversion.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### (D) Details of shares held by holding company & shareholders holding more than 5% shares in the Company

Name of Shareholder	March 31, 2014		March 31, 2013	
	Number	%	Number	%
<b>Equity Shares</b>				
Stock Holding Corporation of India Limited	5,769,993	99.99	3,499,993	99.99
<b>Preference Shares</b>				
Stock Holding Corporation of India Limited	1,886,250	100	1,886,250	100

### (E) Information regarding issue of shares in the last five years

The Company has not issued any shares without payment being received in cash.

The Company has not issued any bonus shares.

The Company has not undertaken any buyback of shares.

	March 31, 2014 (₹)	March 31, 2013 (₹)
<b>3. RESERVES AND SURPLUS</b>		
<b><u>Securities Premium Account</u></b>		
Opening balance	-	-
Add : Premium on issue of shares on Preferential basis	77,180,000	-
Closing Balance	77,180,000	-
<b><u>Surplus in Statement of Profit and Loss</u></b>		
Opening balance	120,074,172	84,228,438
Add : Net Profit/(Loss) for the year	39,291,981	35,845,734
Closing Balance	159,366,153	120,074,172
<b>Total</b>	<b>236,546,153</b>	<b>120,074,172</b>
<b>4. LONG-TERM LIABILITIES</b>		
Margin Deposits from holding company as sub-broker	20,000,000	20,000,000
<b>Total</b>	<b>20,000,000</b>	<b>20,000,000</b>
<b>5. LONG-TERM PROVISIONS</b>		
Provision for Employee Benefits		
- Provision for compensated absences	598,499	765,099
Provision for Income Taxes (Net of Advance Tax ₹ 162,733,580, P.Y. ₹ 78,025,075)	-	6,169,925
<b>Total</b>	<b>598,499</b>	<b>6,935,024</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014 (₹)	March 31, 2013 (₹)
<b>6. TRADE PAYABLES</b>		
Due to Micro, Small and Medium Scale Enterprises (Refer Note 22)	-	-
Dues to holding company - Sub-brokerage	<b>14,246,744</b>	7,882,345
Dues to other Sub-Brokers	<b>470,143</b>	1,774,424
Client Dues (Includes amount due on settlement to Clients ₹ 497,371,890 and to Professional Clearing Member ₹ 8,655,939 - Refer Note 29)	<b>859,576,623</b>	166,980,876
<b>Total</b>	<b>874,293,510</b>	<b>176,637,645</b>
<b>7. OTHER CURRENT LIABILITIES</b>		
Dues to holding company - Others	<b>2,115,968</b>	1,293,876
Statutory Dues including PF and TDS (Includes amount due on settlement ₹ 1,772,100 - Refer Note 29)	<b>3,052,468</b>	319,065
Employee Benefits payable	<b>4,086,312</b>	4,133,848
Retention Money	<b>165,416</b>	730,284
Other Liabilities		
- Provision for expenses	<b>1,225,930</b>	1,485,125
- Others	<b>3,410,680</b>	5,005,751
<b>Total</b>	<b>14,056,774</b>	<b>12,967,949</b>
<b>8. SHORT-TERM PROVISIONS</b>		
Provision for employee benefits		
- Provision for Employee Benefits for deputed employees	<b>1,065,975</b>	785,594
- Provision for gratuity	<b>140,164</b>	247,844
- Provision for compensated absences	<b>89,937</b>	98,498
<b>Total</b>	<b>1,296,076</b>	<b>1,131,936</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

## 9. FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION				NET BLOCK		
	As at 01.04.13 (₹)	Additions (₹)	Deletions (₹)	As at 31.03.14 (₹)	Upto 31.03.13 (₹)	For the Period (₹)	On Deletions (₹)	Upto 31.03.14 (₹)	As at 31.03.14 (₹)	As at 31.03.13 (₹)
<b>A. Tangible Assets</b>										
Leasehold Improvements	20,273,432	-	-	20,273,432	20,273,412	-	-	20,273,412	20	20
Furniture and Fixtures	603,710	-	-	603,710	206,769	37,082	-	243,851	359,859	396,942
Office Equipments	639,601	87,179	-	726,780	238,248	62,322	-	300,570	426,210	401,352
Motor Car	887,546	1,846,628	106,546	2,627,628	475,352	953,478	106,546	1,322,284	1,305,344	412,194
Computer Hardware	32,805,455	1,315,233	-	34,120,688	31,210,493	744,748	-	31,955,241	2,165,447	1,594,962
<b>Total Tangible Assets</b>	<b>55,209,744</b>	<b>3,249,040</b>	<b>106,546</b>	<b>58,352,238</b>	<b>52,404,274</b>	<b>1,797,630</b>	<b>106,546</b>	<b>54,095,358</b>	<b>4,256,880</b>	<b>2,805,470</b>
<b>B. Intangible Assets</b>										
Computer Software	30,662,339	734,014	-	31,396,353	25,486,570	3,672,843	-	29,159,413	2,236,940	5,175,770
<b>Total Intangible Assets</b>	<b>30,662,339</b>	<b>734,014</b>	<b>-</b>	<b>31,396,353</b>	<b>25,486,570</b>	<b>3,672,843</b>	<b>-</b>	<b>29,159,413</b>	<b>2,236,940</b>	<b>5,175,770</b>
<b>Grand Total</b>	<b>85,872,083</b>	<b>3,983,054</b>	<b>106,546</b>	<b>89,748,591</b>	<b>77,890,844</b>	<b>5,470,473</b>	<b>106,546</b>	<b>83,254,771</b>	<b>6,493,820</b>	<b>7,981,240</b>
As at March 31, 2013	85,675,948	4,017,241	3,821,105	85,872,084	68,263,602	10,918,170	1,290,927	77,890,846	7,981,240	-



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014 (₹)	March 31, 2013 (₹)
<b>10. DEFERRED TAX (NET)</b>		
<b><u>Deferred Tax Liability</u></b>	-	-
<b><u>Deferred Tax Asset</u></b>		
Difference in net block	4,709,774	4,906,652
Provision for Gratuity	-	-
Provision for Retirement Benefits - Deputed Employees	345,856	-
Provision for Compensated Absenses	223,363	293,537
Provision for Doubtful Debts	125,160	1,529,348
	<u>5,404,153</u>	<u>6,729,537</u>
<b>Total</b>	<u>5,404,153</u>	<u>6,729,537</u>
<b>11. LONG-TERM LOANS AND ADVANCES</b>		
Unsecured, considered good unless otherwise stated		
<b><u>Security and Other Deposits</u></b>		
Base capital deposit - BSE	2,000,000	12,000,000
Base capital deposit - NSE Cash and F&O	12,700,000	12,700,000
Base capital deposit - MCX Stock Exchange Ltd.	-	1,000,000
Security deposit - Others	600,245	739,703
Advance Tax (Net of Provision for Taxes ₹ 104,195,000, P.Y. ₹ 84,195,000)	58,538,580	-
	<u>73,838,825</u>	<u>26,439,703</u>
<b>Total</b>	<u>73,838,825</u>	<u>26,439,703</u>
<b>12. CURRENT INVESTMENTS</b>		
<b><u>Mutual Fund</u></b>		
Unquoted		
14,034 Units at ₹ 1001 of IDBI Liquid Fund - Daily Dividend Plan	14,048,762	-
<b>Total</b>	<u>14,048,762</u>	<u>-</u>
<b>13. TRADE RECEIVABLES (UNSECURED)</b>		
<b><u>Outstanding for a period exceeding six months</u></b>		
Considered Good	4,070,548	-
Considered Doubtful	-	3,656,903
	<u>4,070,548</u>	<u>3,656,903</u>
<b><u>Other Debts</u></b>		
Considered Good - Client Dues (Includes amount due on Settlement from clients ₹ 245,179,083 and from exchanges ₹ 267,509,068 - Refer Note 29)	591,470,356	56,599,700
Considered Doubtful	-	453,677
	<u>591,470,356</u>	<u>57,053,377</u>
Less: Provision for doubtful debts	-	4,110,580
<b>Total</b>	<u>595,540,904</u>	<u>56,599,700</u>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014 (₹)	March 31, 2013 (₹)
<b>14. CASH AND BANK BALANCES</b>		
<b><u>Cash and Cash Equivalents</u></b>		
Cash in hand	25,140	7,349
Balances with banks		
- In Current Accounts	273,478,104	106,025,311
- In Fixed Deposits with original maturity less than 3 months	170,847,564	-
<b><u>Other Bank Balances</u></b>		
In Fixed Deposits (more than 3 months but less than 12 months maturity)	73,500,003	175,950,004
Other Bank Balances include fixed deposits aggregating to ₹ 63,500,003 (As at March 2013 ₹ 54,300,004) kept as margin deposits with the stock exchanges & ₹ NIL (As at March 2013 ₹ 10,150,000) kept as collateral with bank against O/D facility		
<b>Total</b>	<b>517,850,811</b>	<b>281,982,664</b>
<b>15. SHORT-TERM LOANS AND ADVANCES</b>		
<b><u>Secured, considered good</u></b>		
Advances for Margin Trading	3,186,438	-
<b><u>Unsecured, considered good unless otherwise stated</u></b>		
Prepayments	3,076,352	2,808,911
Margin Deposit F&O - SHCIL	1,001,830	-
Other Advances (Net of provision for doubtful advance ₹ 233,000, As at March 2013 ₹ 233,000)	124,850	638,814
<b>Total</b>	<b>7,389,470</b>	<b>3,447,725</b>
<b>16. OTHER CURRENT ASSETS</b>		
Accrued interest on fixed deposits	2,782,580	8,427,165
<b><u>Other Assets</u></b>		
Considered Good	4,187	1,492
Considered Doubtful	385,762	388,825
	389,949	390,317
Less: Provision for doubtful debts	385,762	388,825
	4,187	1,492
<b>Total</b>	<b>2,786,767</b>	<b>8,428,657</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014 (₹)	March 31, 2013 (₹)
<b>17. REVENUE FROM OPERATIONS</b>		
Brokerage	260,564,000	258,830,263
Other operating income	405,573	991,401
<b>Total</b>	<b>260,969,573</b>	<b>259,821,664</b>
<b>18. OTHER INCOME</b>		
Dividend on Mutual Funds and Others	1,027,440	-
Interest on fixed deposits	15,597,770	18,745,697
Interest on Margin Trading	214,208	-
Profit on sale of assets	44,100	80,764
Provisions written back	4,113,642	4,579,739
Miscellaneous income	1,901,327	214,378
<b>Total</b>	<b>22,898,487</b>	<b>23,620,578</b>
<b>19. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, allowances and bonus	23,215,439	23,501,892
Contribution to provident fund and other funds	979,013	1,037,418
Staff welfare expenses	1,202,017	1,202,350
<b>Total</b>	<b>25,396,469</b>	<b>25,741,660</b>
<b>20. OTHER EXPENSES</b>		
BSE expenses	130,890	202,336
NSE expenses	33,690	65,174
Bank Charges	258,430	720,164
Connectivity charges	252,045	519,752
Depository charges	124,692	108,165
Electricity charges	1,956,260	1,876,259
Office expenses	2,270,865	1,318,094
Outsourcing expenses	6,540,711	5,689,029
Postage and courier	1,660,623	1,749,601
Printing and stationery	2,717,737	2,591,601
Rent and taxes	2,328,000	2,328,000
Repairs and maintenance	10,034,345	9,456,405
Telephone and communication	432,887	446,193
Travelling and conveyance	738,331	891,125
Advertisement	93,758	62,422
Business promotion expenses	-	6,947
Directors sitting fees	125,000	110,000
Insurance	1,599,142	1,446,088
Legal fees	223,000	226,500
Deposit written off	1,000,000	-
Professional fees	2,155,582	1,789,252
Miscellaneous expenses	748,699	389,346
Loss on sale of shares	69,301	3,508,161
Loss on trading activity	51,777	20,118
Provision for doubtful debts	-	251,369
<b>Total</b>	<b>35,545,765</b>	<b>35,772,101</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 21. CONTINGENT LIABILITIES

Income tax authorities have raised a demand for payment of tax of ₹ 121,652,230 for the Financial Year 2009-10 out of which ₹ 36,067,133 have been paid under protest till March 31, 2014.

Income tax authorities have raised a demand for payment of tax of ₹ 98,329,310 for the Financial Year 2010-11 out of which ₹ 27,500,000 have been paid under protest till March 31, 2014.

### 22. DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

Based on the information with the Company, the amount overdue to the suppliers as defined under the 'Micro, Small and Medium Enterprises Development Act, 2006' as on March 31, 2014 on account of principal amount together with interest is NIL.

### 23 EARNINGS PER SHARE

Particulars	March 31, 2014 (₹)	March 31, 2013 (₹)
i) Net Profit as per Statement of Profit and Loss available for Equity Shareholders	<b>39,291,981</b>	35,845,734
ii) No. of Equity Shares :		
No. of shares as at April 1, 2013	<b>3,500,000</b>	3,500,000
Add: Shares Allotted during the year	<b>2,270,000</b>	-
No. of shares as at March 31, 2014	<b>5,770,000</b>	3,500,000
Weighted average no. of shares	<b>3,742,548</b>	3,500,000
iii) Basic and Diluted Earning Per Share	<b>10.50</b>	10.24

### 24. LEASES

The Company has entered into Operating Lease Agreement with SHCIL for Office Premises in -

- Mahape, Navi Mumbai, whereby SHCIL has granted to the Company, the liberty to use and occupy the Demised Premises as a office space for a period of two years & two months, w.e.f. April 1, 2013 purely as a License-cum-Allottee of office space, without having any right, title or interest upon the demised premises.
- UTI Building, Fort, Mumbai, whereby SHCIL had granted to the Company, the liberty to use and occupy the Demised Premises as a office space for a period of three years, w.e.f. March 1, 2011 purely as a License-cum-Allottee of office space, without having any right, title or interest upon the demised premises. The period of the agreement has expired on February 28, 2014 & the Company is in the process of renewing the said agreement.

Particulars	March 31, 2014 (₹)	March 31, 2013 (₹)
	<b>Minimum payments</b>	Minimum payments
Within one year	<b>1,968,000</b>	330,000
After one year but not more than five years	<b>328,000</b>	-
More than five years	-	-
Total minimum lease payments	<b>2,296,000</b>	330,000
Lease payments recognised in the Statement of Profit and Loss	<b>2,328,000</b>	2,328,000

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 25. AUDITOR'S REMUNERATION (Excluding Service Tax)

Particulars	March 31, 2014 (₹)	March 31, 2013 (₹)
<b>As auditor</b>		
Audit Fees	400,000	400,000
Tax Audit Fees	100,000	100,000
<b>In other capacity</b>		
Taxation matters	336,500	132,080
Out of pocket expenses	5,265	-
<b>Total</b>	<b>841,765</b>	<b>632,080</b>

### 26. RELATED PARTY DISCLOSURES

#### A. Names of the Related Parties and Description of Relationship:

##### Parties where Control exists

##### (a) Ultimate Holding Company

IFCI Ltd. (w.e.f. March 28, 2014)

##### (b) Holding Company

Stock Holding Corporation of India Ltd.

##### (c) Fellow Subsidiary

SHCIL Projects Ltd.

##### (d) Key Managerial Personnel

Nitin Jog – Managing Director & CEO

#### B. Particulars of Transaction with Related Parties

Year ended March 31, 2014 (₹)

Previous Year ended March 31, 2013 (₹)

Nature of Transaction	Holding Company	Key Managerial Personnel and their Relatives	Fellow Subsidiary
Service charges received	1,794,550	-	-
Previous Year	2,292,608	-	-
Brokerage Income	141,052	-	-
Previous Year	99,520	-	-
Outsourcing Expenses	-	-	3,339,105
Previous Year	-	-	2,749,492
Sub-Brokerage Expenses	154,679,641	-	-
Previous Year	155,227,208	-	-
Reimbursement of Expenses (Net)	8,932,821	22,473	784,169
Previous Year	8,939,036	12,149	784,169
Advances given	1,001,830	-	-
Previous Year	-	-	-

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Nature of Transaction	Holding Company	Key Managerial Personnel and their Relatives	Fellow Subsidiary
Deputation Cost of Employees	6,732,669	-	-
Previous Year	6,230,873	-	-
<b>Outstanding balances:</b>			
Trade and other payable	16,362,712	-	323,390
Previous Year	9,176,221	-	889,332
Trade and other receivable	-	-	-
Previous Year	-	-	-
Deposits payable	20,000,000	-	-
Previous Year	20,000,000	-	-

## 27. MANAGERIAL REMUNERATION

Particulars	March 31, 2014 (₹)	March 31, 2013 (₹)
Salary, Allowances and Incentives (Including Service tax : CY ₹ 378,468, PY ₹ 237,252)	2,989,979	2,400,002
Contribution to Provident Fund	91,918	85,105
Contribution to Retirement Benefits	142,974	127,354
<b>Total</b>	<b>3,224,871</b>	<b>2,612,461</b>

## 28. EMPLOYEE BENEFITS

## A. Defined Contribution Plan

The Company has recognized the following amounts in the statement of Profit & Loss for the year :

Particulars	March 31, 2014 (₹)	March 31, 2013 (₹)
Contribution to Employees' Provident Fund	602,494	615,562
Contribution to Employees' Pension Scheme	201,816	258,091
Contribution to Employees' Superannuation Fund	66,648	67,397

B. Defined Benefit Plans and other Long-Term Employee Benefit valuations in respect of Gratuity have been carried out by an independent actuary as at the Balance sheet date based on the following assumptions:

Actuarial Assumption	March 31, 2014 (%)	March 31, 2013 (%)
Discount Rate	9.31	8.25
Rate of Return on plan Assets	8.70	8.70
Salary Escalation	5.00	5.00

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### i) Change in Benefit Obligation

Particulars	March 31, 2014 (₹)	March 31, 2013 (₹)
Liability at the beginning of the year	851,349	792,766
Interest Cost	70,236	67,385
Current Service Cost	166,403	199,786
Benefit paid from the Fund	(329,458)	(264,403)
Actuarial (gain)/loss on obligations	10,558	55,815
Liability at the end of the year	769,088	851,349

### ii) Fair value of Plan Assets

Particulars	March 31, 2014 (₹)	March 31, 2013 (₹)
Fair Value of Plan Assets at the beginning of the year	722,441	911,702
Expected Return on Plan Assets	62,852	72,936
Contributions	170,546	-
Benefit Paid in the Normal Course	(329,458)	(264,403)
Actuarial Gain/(Loss) on Plan Assets	2,543	2,206
Fair Value of Plan Assets at the end of the year*	628,924	722,441
Total Actuarial Gain/(Loss) to be recognised	2,543	2,206

\* As of date of signing the financial statements, the fund balance is awaited from LIC and the same is taken on an estimated basis by the Company and is subject to change.

### iii) Actual Return on Plan Assets

Particulars	March 31, 2014 (₹)	March 31, 2013 (₹)
Expected Return on Plan Assets	62,852	72,936
Actuarial Gain/(Loss) on Plan Assets	2,543	2,206
Actual Return on Plan Assets	65,395	75,142

### iv) Amount recognized in the Balance Sheet

Particulars	March 31, 2014 (₹)	March 31, 2013 (₹)
Fair Value of Plan Assets at the end of the year	628,924	722,441
Liability at the end of the year	(769,088)	(851,349)
Funded Status	(140,164)	(128,908)
Unrecognised Past Service Cost	-	-
Unrecognised Transition Liability	-	-
Amount Recognised in the Balance Sheet	(140,164)	(128,908)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### v) Expenses recognized in the Income Statement

Particulars	March 31, 2014	March 31, 2013
	(₹)	(₹)
Current Service Cost	166,403	199,786
Interest Cost	70,236	67,385
Expected Return on Plan Assets	(62,852)	(72,936)
Actuarial Gain or Loss	8,015	53,609
Expense Recognised in Profit and Loss	181,802	247,844

### 29. AMOUNTS DUE ON SETTLEMENT

Particulars	March 31, 2014	
	Due To (₹)	Due From (₹)
<b>Amounts due to/from</b>		
Exchange/Professional Clearing Member	23,698,435	282,551,564
Government - Taxes	1,772,100	-
Clients	497,371,890	245,179,083

### 30. CAPITAL COMMITMENTS

Estimated amount of contracts to be executed on capital account, not provided for - ₹ 6,088,290 (previous year - ₹ NIL).

31. The Company operates only in one segment i.e. stock broking and hence there are no reportable segments as defined in Accounting Standard (AS -17) on 'Segment Reporting'.
32. Figures for the corresponding previous year have been regrouped, recast and rearranged to conform to those of current year.