



# **21<sup>st</sup> Annual Report 2015-16**

**SHCIL SERVICES LIMITED**

## Directors' Report

### BUSINESS:

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

### FINANCIAL RESULTS:

During the year ended March 31, 2016, your company earned gross income of Rs.3847 lakhs. The profit after tax was Rs. 601 lakhs. The financial results are summarized below:

	(Rs. In lacs)	
Particulars	2015-16	2014-15
Total Income	3847	4727
Profit/ (Loss) Before Tax	895	1357
Profit/ (Loss) After Tax	601	901
Net Worth	4631	4030
Book Value per Equity Share (Rs.)	76.05	66.57
Earning per share (Rs.)	10.33	15.62

### FUTURE OUTLOOK:

GDP Growth is projected to remain strong at around 7.5%. Investment is expected to pick up steadily. Declining inflation and higher public wages will boost private consumption. Government investment and consumption will continue to remain strong. Demand in rural sector is expected to pick up very well due to good and well distributed monsoon. Unified value added tax i.e. GST will transform the economy and help boost GDP further.

All this will augur well for the equity markets and uptrend in the market is expected to continue going forward. Foreign investors will continue to invest in Indian markets. This will increase the retail participation further. Your Company is also expected to grow well in the coming years with increasingly higher profits.

## **NEW INITIATIVES:**

Your Company has invested further in technology to upgrade the on-line and mobile trading platform, to enhance the investors' experience. With stable and robust on-line platform your Company is actively looking to enhance the business by appointing franchisees, sub-brokers and remisiers across the country.

## **DIVIDEND:**

With a view to conserving resources for business expansion, your Directors do not recommend any dividend for financial year 2015-16.

## **TRANSFER TO RESERVES**

The Company proposes to transfer Rs. Nil to the general reserve. An amount of Rs.60, 136,031/- is proposed to be retained in the statement of Profit & Loss.

## **DIRECTORS**

The present Board of Directors comprises of the following:

<u>Name of Director</u>	<u>Category</u>
1. Shri Ramesh N.G.S.	Non Executive Chairman (Nominee of SHCIL)
2. G. Anantharaman	Independent Director
3. Shri P H Kutumbe	Independent 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)

## **Changes During the year:**

### **Appointment:**

At the Annual General Meeting of the Company held on September 1, 2015:

Shri G. Anantharaman was appointed as an Independent Director.

Shri P H Kutumbe who was on the Board of Directors of the Company since June 21, 2007 was appointed as an Independent Director under Companies Act, 2013,

Ms. Kalpana Joshi, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

**Resignation/Retirement: Nil**

## **NUMBER OF MEETINGS OF THE BOARD**

Regular meetings of the Board and its committees are held to discuss and decide on various business policies, strategies, etc.

The Board of Directors of your Company had seven meetings during the year. The details of meetings of the Board and various Committees of the Board are given in the Corporate Governance Report.

## **DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

- (a) In the preparation of the annual accounts for the financial year ended March 31, 2016, the applicable accounting standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;
- (b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2016 and of the profit and loss of the Company for the financial year ended March 31, 2016;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts have been prepared on a 'going concern' basis;
- (e) Proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

## **INTERNAL FINANCIAL CONTROLS**

The Company had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively. The internal audit, in addition to ensuring compliance to policies, regulations, processes etc., also test and report adequacy of internal financial controls with reference to financial reporting/statements.

## **DECLARATION OF INDEPENDENCE**

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of Companies Act, 2013 read with the Schedules and Rules issued thereunder.

## **EVALUATION OF PERFORMANCE OF THE BOARD**

The Board of Directors are the cornerstone of the corporate governance framework of the Company. An effective Board ensures that the long term strategic objectives of the Organisation are being achieved, and are in line with the interests of multiple stake holders.

In line with the above philosophy and pursuant to Section 149 read with Schedule IV of the Companies Act, 2013, the Company has put in place a mechanism to facilitate evaluation of performance of Board as a whole, which includes evaluation of the performance of each of the Directors, including Independent Directors, Chairperson, and Board as a whole.

For the purpose, responses were sought from Directors through questionnaires on various aspects of the Board's functioning in close alignment with the stated objectives of the Company. On the basis the response received from the Directors, evaluation, review was conducted at multiple levels as follows:

The Independent Directors met separately without the attendance of non-independent directors and members of management, where they discussed and reviewed the performance of non-independent directors, and Board as a whole; and also performance of the Chairperson. They further assessed the quality, quantity and timeliness of flow of information between the Company management and the Board. Overall, the Independent Directors expressed their satisfaction on the performance and effectiveness of the Board as well as Chairman of the Board.

The Nomination & Remuneration Committee undertook an evaluation of each Director's performance.

There has been no material adverse observation or conclusion consequent to such evaluation and review. However a keener, active participation was expected from Directors in Committee/ Board meeting.

## **KEY MANAGERIAL PERSONNEL**

Shri. Nitin Jog, Managing Director and CEO; Shri. Manoj Kabra, Chief Financial Officer; and Shri Mitul Palankar, Company Secretary are the Key Managerial Personnel of the Company.

### **Changes during the year:**

The term of Shri Nitin Jog as the Managing Director and CEO had expired on November 30, 2014. He was re-appointed as the Managing Director and CEO of the Company for the period commencing from December 1, 2014 till March 31, 2015.

He was again re-appointed as the Managing Director and CEO of the Company for the period of three year commencing from April 1, 2015.

## **PARTICULARS OF EMPLOYEES**

Since none of the employees of your Company earned income in excess of the amount specified under the provisions of Section 197 of the Companies Act, 2013 read with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, the relevant provisions are not applicable.

## **NOMINATION AND REMUNERATION POLICY**

In terms of the requirements under the Companies Act, 2013, the Company has put in place a Policy on remuneration of Directors, Key Managerial Personnel and other employees.

The said Policy is guided by the set of principles and objectives as particularly envisaged under Section 178 of the Companies Act, 2013. The Policy outlines attributes and criteria to be taken into account while appointing a Director, which includes academic and professional qualifications, experience, skill sets, etc. Appointment of Directors are considered and recommended by the Nomination & Remuneration Committee in the first instance, and thereafter approved by the Board and Shareholders, as necessary or required.

The Remuneration of Non-Executive Directors comprise sitting fees for attending the meetings of Board/ Committees of the Board. None of the Directors are not entitled to Stock Options.

The Managing Director is entitled to fixed pay as well as variable pay linked to performance. The payment of remuneration to the Managing Director is subject to approval by Nomination & Remuneration Committee, Board and Shareholders.

The NRC Policy of the Company is attached as **Annexure A**

## **STATUTORY AUDITORS OF THE COMPANY**

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India. M/s. Chokshi & Chokshi, LLP were the Statutory Auditors of the Company for financial year 2015-16.

## **COMPTROLLER AND AUDITOR GENERAL'S COMMENTS**

### **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF SHCIL SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2016**

The preparation of financial statements of SHCIL Services Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 April 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under section 143(6)(a) of the Act of the financial statements of SHCIL Services Limited for the year ended 31 March 2016. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise any comment upon or supplement to Statutory Auditor's Report.

## **RELATED PARTY TRANSACTIONS**

All the Related Party Transactions that were entered into during the financial year were on arms' length and were in compliance with the applicable provisions of the

Companies Act, 2013 as well as the Policy on Related Party Transaction adopted by the Company.

All the Related Party Transactions have been approved by the Audit Committee of the Board on the strength of Management representation that they are in the ordinary course of business at arm's length price.

The Form AOC-2 pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies Act, (Accounts) Rules, 2014 is mentioned in **Annexure B** to this Report.

## **RISK MANAGEMENT**

The Company recognises that risk is an integral part of business and is committed to managing the risk in a proactive and efficient manner. The Company periodically assesses risk in the internal and external environment

There is a Risk Management Department with various levels of accountability. The Company has in place Risk Management Policy.

## **SUBSIDIARIES, JOINT VENTURES, ASSOCIATE COMPANIES**

Your Company does not have any subsidiary, joint venture company or associate company.

## **PARTICULARS OF LOANS, GUARANTEE AND INVESTMENTS**

The details of loans, guarantees and investment under Section 186 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rule, 2014 are as follows:

- A. Details of Investment made by the Company as on March 31, 2016 (including investment made in previous year): Nil
- B. Details of Guarantee given by the Company as on March 31, 2016 : Nil
- C. Details of Loan given by the Company as on March 31, 2016 : Nil

## **FIXED DEPOSITS**

The Company has not accepted any Fixed Deposits from the public during the financial year 2015-16.



## **CONVERSION OF PREFERENCE SHARES**

During the financial year 2015-16 your Company has converted 18,86,250 7% non cumulative convertible preference shares of Rs.10 each divided into 3,19,703 Equity Shares of Rs.10 each at a premium of Rs.49.

## **COMMITTEE ON PREVENTION OF SEXUAL HARASSMENT**

Your Company has constituted an Anti Sexual Harassment Committee as required under “Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.” The Committee includes an external Independent Member viz., Ms. Sneha Khandekar.

The Company has not received any complaint of sexual harassment during the financial year 2015-16.

## **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT.9 is annexed at **Annexure C**.

## **CORPORATE GOVERNANCE**

Your Company is not a listed entity. Nevertheless, it endeavours to comply with Corporate Governance norms as specified under SEBI Listing and Disclosure Regulation 2015. A report thereof is as per details at **Annexure D**.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

### *Conservation of energy & technology absorption*

Your Company does not carry any manufacturing activities. However, it has taken steps towards conservation of energy and continues to use latest technologies for improving the productivity and quality of its services.

### *Foreign exchange earnings and outgo*

Foreign exchange earnings and outgo during the year under review:

Foreign Exchange earnings - Nil

Foreign Exchange outgo – Nil

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL:**

### **Company Law Board:**

SSL had filed the compounding applications with Company Law Board for compounding of violations of the provisions of the Companies Act, 1956 which took place prior to financial year 2008-09. The Company Law Board vide Order dated April 25, 2016 read with the Corrigendum Order dated May 20, 2016 had imposed compounding fees of Rs.13,00,000/- on SSL. SSL has deposited the said compounding fees with National Company Law Tribunal on June 17, 2016. The details of the Compounding fees are mentioned in Form MGT-9.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Board of Directors has constituted a Corporate Social Responsibility Committee headed by Shri. Vineet Potnis as Chairman, with Shri P. H. Kutumbe and Smt. Kalpana Joshi as Members.

The Board of Directors has approved the Corporate Social Responsibility (CSR) Policy for your Company pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, on the recommendations of the CSR Committee.

Pursuant to CSR policy and recommendation of CSR Committee, the Company has contributed Rs.18 lacs towards CSR contribution to SHCIL Foundation, a Trust established by Stock Holding Corporation of India Limited i.e. Holding Company of your Company.

The Annual Report on CSR activities in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, is set out herewith as **Annexure E** to this Report.

**ACKNOWLEDGEMENTS:**

The Board places on record its deep appreciation for the valuable support, patronage and co-operation extended by Securities and Exchange Board of India, BSE Ltd., National Stock Exchange of India Ltd., Clients, Banks, IFCI Ltd., and Stock Holding Corporation of India Ltd. The Board also wishes to express its sincere gratitude for the valuable contribution made by staff and officers of the Company.

**For and on behalf of the  
Board of Directors**

Place: Mumbai  
Date: August 12, 2016

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

**ANNEXURE A**

**Nomination and Remuneration Policy**

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**SHCIL SERVICES LIMITED**

Version no.	2.0
Recommended by	NRC
Approved by	Board of Directors

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## Part A

### a. Introduction

In pursuance of the Company's policy to attract, motivate and retain manpower in the Competitive market, and in terms of the provisions of the Section 178 of the Companies Act, 2013 and clause 49 of the Listing Agreement, this policy on nomination, remuneration and evaluation of Directors, Key Managerial Personnel and other employees has been formulated and put in place.

### b. Objective

#### The Objectives of the Policy are:

- Guide to the Board the on setup and composition of the Board. This shall include *“Formulation of the criteria for determining qualifications, positive attributes and independence of a director”*. The committee will consider periodically reviewing the composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- Recommend to the Board the appointment or reappointment & removal of directors.
- Devise a policy on Board diversity.
- Recommend to the Board appointment and removal of Key Managerial Personnel (“KMP” as defined by the Act) and executive team members of the company (as defined by this committee).
- Support the Board and IDs in evaluation of the performance of the Board, its committees and individual directors. This shall include *“Formulation of criteria for evaluation of Independent Directors and the Board”*. Additionally, the committee may also oversee the performance review process of the KMP and the executive team of the company.
- Recommend to the Board the remuneration policy for directors, executive team/KMP as well as the rest of the employees.
- On an annual basis, recommend to the Board the remuneration payable to directors and executive team/KMP of the company.
- Oversee familiarization programmes for directors.
- Oversee the HR philosophy, HR and People strategy and HR practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for Board, KMP and executive team) and regularly review the plan.

**c. Definitions:**

1. **'Act'** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
2. **'Board'** means Board of Directors of the Company.
3. **'Director'** means Directors of the Company.
4. **'Committee'** means Nomination and Remuneration Committee of the Board of the Company as constituted or reconstituted by the Board.
5. **'Company'** means SHCIL Services Limited (SSL).
6. **'Independent Director'** means a director referred to in Section 149 (6) of the Companies Act, 2013.
7. **'Key Managerial Personnel'** (KMP) means-
  - (i) Chief Executive Officer or Managing Director or Manager;
  - (ii) Whole-Time Director;
  - (ii) Company Secretary;
  - (iii) Chief Financial Officer;
  - (iv) Such other officer as may be prescribed under the applicable statutory provisions / regulations.
8. **'Senior Management Personnel'** mean personnel of the Company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time, shall have the meaning respectively assigned to them therein.

**d. Applicability:**

The Policy is applicable to

1. Directors (Executive and Non Executive)
2. Key Managerial Personnel
3. Senior Management Personnel and other employees

**e. Effective Date:**

This policy shall be effective from the date of approval by the Board.

## **f. Nomination & Remuneration Committee-Board (NRC-B):**

The Committee shall comprise of three or more nonexecutive directors out of which not less than one-half shall be independent directors. The Chairman of the Company can be a member of the Committee but cannot chair the Committee. The Board has the power to reconstitute the Committee consistent with the applicable statutory requirement. The policy shall be disclosed in the Directors' Report.

### **1. Membership**

- i. The Committee shall consist of a minimum 3 non-executive directors, not less than 50% of them being independent.
- ii. Minimum two (2) members shall constitute a quorum for the Committee meeting.
- iii. Membership of the Committee will be reported in the Annual Report.
- iv. Term of the Committee shall be continued unless terminated by the Board of Directors.

### **2. Chairman**

- i. Chairman of the Committee shall be an Independent Director.
- ii. Chairperson of the Company may be appointed as a member of the Committee but shall not be Chairman of the Committee.
- iii. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- iv. Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

### **3. Frequency of Meetings**

- i. The meeting of the Committee shall be held at such regular intervals as may be required.

### **4. Committee Members' Interests**

- i. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- ii. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

### **5. Secretary**

- i. The Company Secretary of the Company shall act as Secretary of the Committee.



## **6. Voting**

- i. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- ii. In the case of equality of votes, the Chairman of the meeting will have a casting.

## **g. Nomination Duties**

The duties of the Committee in relation to nomination matters include:

1. Ensuring that there is an appropriate induction & training programme in place for new Directors and members of Senior Management and reviewing its effectiveness;
2. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;
3. It is the responsibility of the Committee to make recommendation to the Board in relation to appointment of new Directors and setting a formal and transparent procedure for selecting new Directors for appointment to the Board and also recommending Directors who are to be put forward for retirement by rotation;
4. It is the responsibility of the Committee to devise the competitive requirement of the Board based on industry and strategy of the Company and determining the appropriate size, diversity and composition of the Board.
5. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
6. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
7. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
8. The Committee will ensure the effective familiarisation programme for the new Directors.
9. The Chairman of the Committee would convene an annual meeting of Independent Directors to review the performance of Non Independent Directors and Chairperson and Board as whole of the Company taking into account the views of the Executive and Non Executive Directors.
10. Delegating any of its powers to one or more of its members or the Secretary of the Committee;
11. Recommend any necessary changes to the Board.
12. Considering any other matters as may be requested by the Board

## **Part B**

### **h. Key Principles of Compensation:**

Key principles of compensation

- a) **Attract and Retain:** Remuneration packages shall be designed to attract high-caliber executives in a competitive global market and remunerate executives fairly and responsibly having regard to the Company's financial health, growth plans as well as the dynamics of market conditions. The remuneration shall be competitive and based on the individual responsibilities and performance.
- b) **Motivate and Reward:** Remuneration shall be designed to motivate delivery of the Company's key business strategies, create a strong performance –orientated environment and reward achievement of meaningful targets over the short-and long –term.
- c) **Non-Monetary Benefits:** The Executives, depending upon the grade, will be entitled to non-monetary benefits such as company medi-claim, Terms Insurance, news paper, mobile, telephone expenses reimbursement etc. as per approved policy.

### **i. Composition of Board**

The Committee shall ensure a transparent Board composition and nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board. It ensures that the Board is of right size and has a knowledge, experience and skill that are necessary for achieving the vision of the Company.

### **j. Criteria to be considered while recommending appointment of Directors, KMPs and Senior Management Personnel**

The Nomination and Remuneration Committee shall consider, inter alia, following factors in determining the qualification, positive attributes, integrity, etc. while recommending the appointment of Directors, KMPs and Senior Management Personnel:

1. The overall experience of the Directors, KMP and Senior Management Personnel in the relevant field of their expertise including experience in relevant field/industry;

2. Academic records/background, educational qualifications, including specialized qualification in relevant areas like business /corporate Management, finance, marketing, risk, compliance, legal, etc;
3. Background, experience and the field of his/her work/specialization;
4. Any other relevant professional qualification and experience.
5. Fit and Proper person without any disqualification under any extant applicable Laws/Regulations.
6. A Director shall not attract any disqualification as prescribed under Section 164 of the Companies Act, 2013 or any other statutory provision as applicable.

### **Independent Directors**

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,—

- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- (b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;  
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- (c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (e) who, neither himself nor any of his relatives—
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
    - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
  - (iii) holds together with his relatives two per cent. or more of the total voting power of the company; or
  - (iv) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or
- (f) who possesses such other qualifications as may be prescribed.

## Part C

### **k. Remuneration – Executive Directors, Key Managerial Person, Senior Management Personnel and Other Employees**

Compensation /Remuneration for Executives (including the Managing Director & Chief Executive Officer, Executive Director, Key Managerial Personnel (KMP) and other Executives and Employees) of the Company is determined as per the Salary Structure in force and as amended from time to time. Such Salary Structure, and as updated /amended from time to time, shall be deemed to be part of and incorporated into this Policy. The Executive Remuneration is evaluated annually against performance and a bench mark of companies in the same industry. The remuneration structure *inter-alia* hinges on the following:

1. The remuneration payable to Key Managerial Personnel, Senior Management Personnel and other employees shall be as per industry standards and as per the salary structure in force and as amended from time to time.
2. The Committee may consult the Human Wealth Department (HWD) of the Company while recommending the remuneration payable to the Key Managerial Personnel, Senior Management Personnel and other employees.
3. The Committee shall recommend to the Board the remuneration payable to the Managing Director & CEO / Executive Directors, Key Managerial Personnel (KMP) and Senior Management Personnel.
4. Every Whole Time KMP (i.e. MD & CEO, Company Secretary & Chief Financial Officer) shall be appointed by means of a resolution of the Board specifying the terms and conditions of the appointment including the remuneration based on expertise, experience, qualification and other personal attributes.
5. The remuneration payable to Directors is subject to the approval of the Board, shareholders of the Company and Central Government, wherever required as per the provisions of the Companies Act, 2013, and the rules made thereunder.
6. The remuneration payable to Managing Director & CEO /Executive Director shall be in accordance with the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
7. Where any insurance is taken by the Company on behalf of its Managing Director & CEO/ Executive Director, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

8. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/ Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
9. If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, holds it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.
10. Variable Pay for Performance - Over and above the fixed compensation individuals may be rewarded with annual /periodic bonus linked to performance.

The Committee may also recommend the performance linked incentive to the executives of Sales and Business Development Department at percentage higher than the other executives.

11. Learning & Development – The Company may invest in providing the best of learning and development opportunities for each individual to enable them to enhance their skills and knowledge.
12. The remuneration and other terms of the Key Managerial Personnel /other employees shall also be subject to terms and conditions as specified in their respective letter of appointment or as may be decided by the Board from time to time.
13. The components of the total remuneration of other employees other than KMPs would be grade specific and would be governed by HR policy of the Company.
14. KMPs will be entitled to all benefits, pecuniary and non-pecuniary facilities and other perquisites as may be applicable from time to time in SSL to officials in the respective Grade.
15. Car facilities to the employee of SSL in the grade of AVP and above as follows for official use :

AVP- Hyundai Grand i10 or any other equivalent car in the same price range.

Vice President – Hyundai Excent or any other equivalent car in the same price range.

Sr. VP & above – Hyundai Elantra or any other equivalent car in the same price range.

Repairs and maintenance expenses of the cars shall be borne by the Company.

## **Part D**

### **1. Remuneration to Non- Executive / Independent Director**

#### **Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof as approved by the Board.

Provided that the amount of such fees shall not exceed Rupees One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.



## **Part E**

### **m. Evaluation of the performance of the Board**

1. It is the responsibility of the Committee to organise the evaluation process and formulate the criteria for evaluation of Independent Directors and the Board
2. The Chairman of the Committee would convene an annual meeting of Independent Directors to review the performance of the Board as a whole. In the same meeting Independent Directors will also review the performance of Non Independent Directors and Chairperson. After the annual meeting of Independent Directors, the feedback of the meeting on the performance of the Board as a whole will be discussed by the Chairman of the Committee with the Chairman of the Board.
3. The performance evaluation of the Independent Directors shall be done by the Board of Directors excluding the Director being evaluated.
4. The committee may also oversee the performance review process of the KMP and the executive team of the Company.

### **Amendments and Review**

This Policy is subject to review by the Nomination and Remuneration Committee once in two years or earlier, if necessary or required.

.....

## ANNEXURE {B} to Board's Report

### FORM AOC -2

(Pursuant to clause (h) of sub-section (3) of Section 134 (3) (h) of the Act, and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188 (1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

(a)	Name(s) of the related party and nature of relationship	NA
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts / arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	date(s) of approval by the Board	
(g)	Amount paid as advances, if any:	
(h)	Date on which the special resolution was passed	
(i)	Amount paid as advances, if any	
(j)	Date on which special resolution was passed in general meeting as required under first proviso to Section 188 of the Companies Act,2013	
		NA

2 Details of material contracts or arrangement or transactions at arm's length basis:

(a)	Names(s) of the related party and nature of relationship	NA
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts/arrangements/transactions	
(d)	Salient terms of the contracts or arrangements of transactions including the value, if any	
(e)	Date(s) of approval by the Board ,if any	
(f)	Amount paid as advances, if any	

**For and on behalf of the  
Board of Directors**

Place: Mumbai  
Date: August 12, 2016

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

**Annexure C**

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on March 31, 2016**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN:- U65990MH1995GOI085602
- ii) Registration Date: February 14, 1995
- iii) Name of the Company: SHCIL Services Limited
- iv) Category / Sub-Category of the Company: Government Company
- v) Address of the Registered office and contact details: SHCIL House, Plot No.P-51, TTC Industrial Area, MIDC, Mahape, Navi Mumbai-400710
- vi) Whether listed company Yes / No : No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Share Broking	9971520	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. N O	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1	Stock Holding Corporation of India Limited	U67190MH1986GOI040506	Holding	100	Section 2(45) read with the Section 2(87)
2.	IFCI Limited	L74899DL1993GOI053677	Holding	----	Section 2(45) read with the Section 2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	% of Total Shares
<b>A. Promoters</b>									
(1) <b>Indian</b>									
g) Individual/HUF									
h) Central Govt									
i) State Govt (s)									
j) Bodies Corp.									
k) Banks / FI									
l) Any Other....									
<b>Sub-total (A) (1):-</b>									
(2) <b>Foreign</b>									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
<b>Sub-total (A) (2):-</b>									
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>									
	--	5,770,000*	5,770,000*	100	---	6,089,703*	6,089,703*	100	Nil
		5,770,000	5,770,000	100		6,089,703	6,089,703	100	Nil

\* of the above 7 equity shares are held by seven nominees (one share each) of Stock Holding Corporation of India Limited

<b>B. Public Shareholding</b>	--	---	---	--	--	----	----	---	--
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>									
<b>2. Non-Institutions</b>	--	--	--	--	--	---	---	---	--
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
<b>Sub-total (B)(2):-</b>									
Total Public Shareholding (B)=(B)(1)+(B)(2)	--	---	--	----	--	--	---	--	--
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	---
<b>Grand Total (A+B+C)</b>		5,770,000	5,770,000	100	--	6,089,703	6,089,703	100	

**(ii) Shareholding of Promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
1.	Stock Holding Corporation of India Limited (Equity Shares)		5,770,000	5,770,000	100	--	6,089,703	6,089,703	100	Nil

**(iii) Change in Promoters' Shareholding (There is no change in Promoters' Shareholding)**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the Year				

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (All the shares of the Company are held by its Holding Company SHCIL)**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>For Each of the top 10 Shareholders</b>				
	At the beginning of the year	----	----	----	----
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	---	----	----	----
	At the End of the Year	---	----	----	----

**(v) Shareholding of Directors and Key Managerial Personnel**

Sl. No.	For Each of Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>Directors</b>						
1	Shri Ramesh N.G.S.	--	--	--	--	--	--
2.	Shri G. Anantharaman	--	--	--	--	--	--
3	Shri P H Kutumbe	--	--	--	--	--	--
4	Shri Vineet Potnis (Nominee of SHCIL )	1	--	1	--	1	--
5	Ms. Kalpana Joshi	---	--	--	--	--	--
	<b>KMPs</b>						
1	Shri Nitin Jog-MD &CEO (Nominee of SHCIL )	1	--	1	--	1	--
2	Shri Manoj Kabra-CFO	--	---	--	--	--	--
3	Shri Mitul Palankar-CS	--	--	--	--	--	---

#### V. INDEBTEDNESS-NIL

##### Indebtedness of the Company including interest outstanding /accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b> i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>				
<b>Change in Indebtedness during the financial year</b> • Addition • Reduction				
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b> i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>				

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No	Particulars of Remuneration	Name of the Managing Director
		Shri Nitin Jog
1	Gross Salary (excluding Commission) a) Salary as per provisions contained in Section 17 (1) of the Income tax Act,1961  (b) Value of perquisites u/s 17 (2) Income tax Act,1961  (c) Profits in lieu of salary under section 173(3) Income-tax Act,1961	Rs.2918639  Rs.87196  ---
2	Stock Option	----
3	Sweat Equity	----
4	Commission - as% of profit	----
5	Others –Employer contribution to provident and other funds Total Ceiling as per the Act*	Rs.107208  Rs.3113043 Rs.8400000

\*Remuneration paid to the Managing Director is within the ceiling provided under Section 196 of the Companies Act, 2013

B. Remuneration to other directors:

B. Sl. no	Particulars of Remuneration	Name of Directors				Total Amount
		Shri G. Anantharaman	Shri P H Kutumbe#	--	--	
	Independent Directors					
	• Fee for attending board / committee meetings • Commission • Others, please specify	Rs. 2,50,000 -- --	Rs.2,60,000 -- --			Rs.5,10,000/- -- --
	Total (1)	Rs. 2,50,000	Rs.2,60,000			Rs. 5,10,000/-



	Other Non-Executive Directors	Shri Ramesh N.G.S. ##	Shri Vineet Potnis ##	Ms. Kalpana Joshi ##	
	<ul style="list-style-type: none"> <li>Fee for attending board / committee meetings</li> <li>Commission</li> <li>Others, please specify</li> </ul>	Rs.1,40,000/- -	Rs.2,00,000/ -	Rs. 1,70,000/- -	Rs.5,10,000/- -
	Total (2)	Rs.1,40,000/ -	Rs.2,00,000/ -	Rs. 1,70,000/- -	Rs.5,10,00/- -
	Rs.5,10,000/-				
	Not Applicable				

#Fees for attending the meetings paid to LIC of India.

## Fees for attending the meetings paid to Stock Holding Corporation of India Limited.

C. Remuneration to Key Managerial personnel other than MD/Manager/WTD

(Amount in Rs)

Sr. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO *	Company Secretary	CFO	Total
1	Gross Salary (excluding Commission) b) Salary as per provisions contained in Section 17 (1) of the Income tax Act,1961  (b) Value of perquisites u/s 17 (2) Income tax Act,1961  (c) Profits in lieu of salary under section 173(3) Income-tax Act,1961		Rs. 1394873	Rs. 1603513	Rs.2998386
2	Stock Option		---	---	--
3	Sweat Equity		---	---	--
4	Commission - as% of profit		---	---	--
5	Others –Employer contribution to provident and other funds Total		Rs. 46861 Rs. 1441734	Rs. 43752 Rs. 1647265	Rs. 90613 Rs.3088999

\*Shri Nitin Jog is a Managing Director and CEO of the Company. Hence, details of his remuneration are mentioned in the Table A above under the heading Remuneration to Managing Director, Whole-time Directors and/or Manager

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Compounding Fees**

	Section of the Companies Act 1956	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed (Rs.)	Authority [RD / NCLT / COURT/ CLB]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
	269	Compounding of Appointment of Chief Executive Officer & Director without the approval of the Central Govt.	4,00,000	CLB	--
	95	Compounding of non filing of form 5 with Registrar of Companies (RoC) w.r.t. reclassification of shares	2,00,000	CLB	--
	198 & 309	Compounding of Payment of remuneration to Chief Executive Officer & Director exceeding limit prescribed by the Act.	2,00,000	CLB	--
	3(4)	Compounding of none increase paid up capital of the company as prescribed by Companies Act, 1956	4,00,000	CLB	--
	187C	Compounding of non filing of declaration under section 187C of the Companies Act, 1956	1,00,000	CLB	--
<b>B. DIRECTOR*</b>					
Shri Nitin Jog	269	Compounding of Appointment of Chief Executive Officer & Director without the approval of the Central Govt.	2,00,000	CLB	--
Shri Nitin Jog	95	Compounding of non filing of form 5 with Registrar of Companies (RoC) w.r.t. reclassification of shares	2,00,000	CLB	--
Shri Nitin Jog	198 & 309	Compounding of Payment of remuneration to Chief Executive Officer & Director exceeding limit prescribed by Companies Act, 1956	2,00,000	CLB	--

Shri Arvind Sharma (former Director)	217 (3)	Compounding of failure of Board to give the fullest information and explanation in respect of reservation / adverse remarks or qualification contained in the Auditors' Report	60,000	CLB	--
Shri Arvind Sharma (former Director)	3(4)	Compounding of none increase paid up capital of the company as prescribed by Companies Act, 1956	2,00,000	CLB	--
Shri L Viswanathan (former Director)	95	Compounding of non filing of form 5 with Registrar of Companies (RoC) w.r.t. reclassification of shares	2,00,000	CLB	--
<b>C. OTHER OFFICER IN DEFAULT</b>					
--	---	---	--	---	---
<b>D. Ostensible Shareholders*</b>					
Shri L Viswanathan	187C	Compounding of non filing of declaration under section 187C of the Companies Act, 1956	2,00,000	CLB	
Shri R H Mewawala (Former Ostensible Shareholder)	187C	--do--	2,00,000	CLB	
Shri Manoj Borkar (Former Ostensible Shareholder)	187C	--do--	2,00,000	CLB	
Shri Ajit Pradhan (Former Ostensible Shareholder)	187C	--do--	2,00,000	CLB	
Shri R Chandrashekar (Former Ostensible Shareholder)	187C	--do--	2,00,000	CLB	
<b>Penalty</b>					
<b>Punishment</b>					
Compounding: Present and former Directors and present and former Ostensible Shareholders have paid the compounding fees from their personal funds.					

**For and on behalf of the  
Board of Directors**

Place: Mumbai  
Date: August 12, 2016

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

## ANNEXURE D

### REPORT ON CORPORATE GOVERNANCE

(forming part of Directors' Report for financial year ended March 31, 2016)

#### **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 SEBI Listing and Disclosure Regulation 2015. 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 6 members, of which 2 are independent directors. 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. Seven meetings were held during the financial year 2015-16. Details of Board Meetings held are as follows:

Sr.No	Date of the Board Meeting	Board Strength	No. of Directors present
1	April 21, 2015	6	6
2	July 24, 2015	6	6
3	August 6, 2015	6	6
4	October 19, 2015	6	5
5	January 19, 2016	6	6
6	January 27, 2016	6	4
7	March 23, 2016	6	6

Attendance of Directors during 2015-16 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 Ramesh N.G.S	7	7(7)	19.08.14	NA
2	*Shri Nitin Jog	7	7(7)	24.11.06	NA
3	Shri Vineet Potnis	7	5(7)	19.11.09	NA
4	Shri P.H.Kutumbe	7	7(7)	21.06.07	NA
5	Smt.Kalpana Joshi	7	6(7)	20.03.14	NA
6	Shri.G Anantharaman	7	7(7)	02.01.15	NA

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

\*Shri Nitin Jog was re-appointed as the Managing Director and CEO w.e.f. April 1, 2015.

The details of Directorships held by some of 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	Stockholding Document Management Services Limited (Formally SHCIL Projects Limited)	Non Executive Chairman

Shri G Annatharaman

Sr.No	Name of company/Institution	Nature of interest
1	Shriram General Insurance Company Limited	Independent Director
2	Tata Value Homes Limited	Independent Director
3	Piem Hotels Limited	Independent Director
4	Multi Commodity Exchange of India Limited	Independent Director
5	Central Insurance Repository Limited	Independent Director

Shri P.H.Kutumbe

Sr.No	Name of company /Institution	Nature of interest
1	Stock Holding Corporation of India Limited	Nominee Director
2	Tata Power Limited	Independent Director

Shri Nitin Jog

Sr.No	Name of company/Institution	Nature of interest
--	--	--

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 6 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	Mr. G. Anantharaman	6	6 (6)
2	Shri P.H.Kutumbe	6	6 (6)
3	Mr. Vineet Potnis	6	5(6)

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

***Details of Risk Committee and Attendance***

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

***Details of Nomination Remuneration Committee (NRC) and Attendance***

The NRC met four times during the year. The detail of attendance of the Directors at the NRC Committee meeting is as follows:

Sr.No	Name of the Director	No. of meetings held	No. of meetings attended
1	Shri G Anantharaman	4	4
2	Shri P.H. Kutumbe	4	4
3	Shri Vineet Potnis	4	4
4	Ms Kalpana Joshi	4	4

***Details of Corporate Social Responsibility (CSR) Committee and Attendance***

The CSR Committee met once during the year. The detail of attendance of the Directors at the CSR Committee meeting is as follows:

Sr. No	Name of the Director	No. of meetings held	No. of meetings attended
1	Shri Vineet Potnis	1	1
2	Shri P.H.Kutumbe	1	1
3	Ms Kalpana Joshi	1	1

### **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	18 <sup>th</sup> AGM	19 <sup>th</sup> AGM	20 <sup>th</sup> AGM	12 <sup>th</sup> EGM
Year	2012-13	2013-14	2014-15	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 23, 2013	September 15, 2014	September 1, 2015	October 25, 2013

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

Meeting no.	Resolution No.	Particulars of Resolution
<b>18<sup>th</sup> AGM</b>	3	1) Appointment of M/s Kalyaniwalla & Mistry as Statutory Auditors of the Company
<b>19<sup>th</sup> AGM</b>	—	—
<b>20<sup>th</sup> AGM</b>	6 7	1) Appointment of Shri Nitin Jog as a Managing Director and CEO for the period December 1, 2014 to March 31, 2015 2) Appointment of Shri Nitin Jog as a Managing Director and CEO for the period April 1, 2015 to March 31, 2018
<b>12<sup>th</sup> EGM</b>	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

September 16, 2016 at 4.30 p.m

Annual General Meeting

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 31,2016

The Company is wholly owned subsidiary of Stock Holding Corporation of India Limited (SHCIL).

Address of correspondence

The Company Secretary  
SHCIL Services Limited  
P-51, T.T.C, Industrial Area  
MIDC, Mahape  
Navi Mumbai 400 710



**Annual Report on CSR activities to be included in the Board's report**

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

The CSR policy of SHCIL Services Limited (SSL) has been prepared pursuant to the Section 135 of the Act and the CSR Rules. The CSR policy would serve as the referral document for all CSR related activities of SSL.

In line with the provisions of the Act and the CSR Rules, the budgetary allocation will be at least 2% of the average net profits of SSL made during the three immediately preceding financial years (herein after referred to as "CSR fund").

As per the policy, CSR fund to be contributed to SHCIL Foundation Trust for projects and program undertaking CSR activities directly related to subject covered in Schedule VII. Alternatively, SSL can also directly contribute to the Prime Minister's National Relief Fund or any other fund set up by the Central Government.

The policy is placed on website [www.shcilservices.com](http://www.shcilservices.com) of the Company.

2. The composition of the CSR Committee :

Corporate Social Responsibility Committee headed by Shri. Vineet Potnis as Chairman, with Shri P. H. Kutumbe and Smt. Kalpana Joshi as Members.

3. Average net profit of the company for last three financial years: Rs. 83,892,292/-
4. Prescribed CSR expenditure (two percent, of the amount as in item 3 above):Rs. 1,677,846/-  
Details of CSR spent during the financial year

(a) Total amount to be spent for the financial year: Rs. 1,677,846/-

(b) Amount unspent, if any; NIL

(c) Manner in which the amount spent during the financial year is detailed below.

S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs i. Local area or other ii. Specify the State and district where project or programs was undertaken	Amount outlay (budget) project or program-wise	Amount spent on the projects or programs Sub-heads 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent direct or through implementing agency
1	Contribution to SHCIL Foundation	Trust	Mumbai	Rs.18 lacs	Rs.18 lacs	Rs. 18 lacs	Through Implementing Agency

5. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. NA
6. A responsibility statement: The implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

(Chief Executive Officer  
& Managing Director)

(Chairman CSR Committee)

**INDEPENDENT AUDITOR'S REPORT**

To The Members of SHCIL Services limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of SHCIL Services limited. ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there-under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with

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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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, 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 on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable
- 2) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
- e. In terms of directions u/s.143 (5) of the Act, issued by Comptroller and auditor general of India and based on information as available with us we state;
  - i. According to the information and explanations given to us, the Company has lease deed for leasehold property. The Company does not have any free hold property.
  - ii. According to the information and explanations given to us and as explained in note 34 of the financial statements, Company has written off Rs. 5,29,154 as bad debts in respect of debtors outstanding for more than 3 years. The above has been done in line with policy as approved by the Board of Directors. There are no other waivers or write off.
  - iii. According to the information and explanations given to us, there are no inventories lying with any third party. As per the information furnished to us, there are no assets received as gifts from Government or other Authorities.
- f. In terms of sector specific sub directions u/s.143 (11) of the Act, issued by Comptroller and auditor general of India, as explained in note 34 of the financial statements and according to the information and explanations given to us:-
  - i. the Company has written off/ waived certain amounts due to non recovery towards old outstanding Rs. 5,29,154. Further during the year the Company has also written back certain payables other than fee based clients amounting to Rs. 30,11,780. The Company has provided an amount of Rs. 29,77,357 towards doubtful debts for various clients that includes the principal amount & fees. There are no other waivers/reversal of accounted fees/Written off.
- g. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors-is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- h. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer

to our separate report in "Annexure B".

- i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us"-:
- i. The Company has disclosed the impact of pending litigations on its financial position in note 21 to its financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. The Company is not required to transfer funds to the Investors Education and Protection Fund.

For Chokshi & Chokshi LLP  
Chartered Accountants  
FRN 101872W/W100045

*Pooja P. Mehta*  
Pooja P. Mehta  
Partner  
M.No.133578



Place: Mumbai  
Date: 20 April 2016

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- 1) In respect of its fixed assets:
  - a. According to the information and explanations given to us , the Company is maintaining records showing full particulars, including quantitative details and situations of all the fixed assets.
  - b. According to the information and explanations given to us, the fixed assets are being physically verified by the Management at all its offices in a phased manner at reasonable intervals which in our opinion is reasonable having regard to the size of the Company and nature of assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c. According to the information and explanations given to us, the Company does not have any immovable property, Consequently, clause 3(i)(c) of the order is not applicable.
- 2) In respect of inventories the Company's nature of operations does not require it to hold inventories. Consequently, clause 3(ii) of the order regarding physical verification of inventories and maintenance of records is not applicable.
- 3) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, Limited Liability Partnerships firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, clause 3(iii)(a) to 3(iii)(c) are not applicable to the Company.
- 4) According to the information and explanations given to us the Company has not given/made any loans, investments, guarantees, and security accordingly provisions of section 185 and 186 of the Companies Act, 2013 are not applicable.
- 5) The Company has not accepted any public deposits within the meaning of sections 73 to 76 of Companies Act, 2013 and rules framed there under;
- 6) As the Company is not a manufacturing concern, the clause 3(vi) of the Order regarding maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 is not applicable to the Company.
- 7) (a) In our opinion and according to the information and explanations given to us, the Company is generally regular in depositing applicable undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax,



service tax, custom duty, duty of excise , value added tax , cess and any other statutory dues with the appropriate authorities during the year and no such dues are outstanding for more than six months from the date they became payable.

(b)As at March 31, 2015, according to the records of the Company and the information and explanations given to us, disputed dues payable by the Company on account of Income Tax/ Sales Tax/ Wealth Tax/ Service Tax/ Duty of Custom / Duty of Excise are as under:

Name of Statute	Nature of Dues	Amount	Period (A.Y.)	Forum
Income Tax Act, 1961	Regular Assessment	36,01,960*	2010-11	Income Tax Appellate Tribunal
Income Tax Act, 1961	Regular Assessment	53,798,350	2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Regular Assessment	11,523,190	2013-14	Commissioner of Income Tax (Appeals)

\*The above amount is net off amount paid under protest Rs. 3,60,67,133/- for A.Y. 2010-11.

- 8) In our opinion, and according to the information and explanations given to us, the Company has not borrowed any money from financial institutions, banks or debenture holders. Accordingly, the provision of clause 3(viii) of the Order is not applicable to the Company.
- 9) The Company has not raised any fund by way of public issue or from term loan.
- 10) During the course of our examination of the books of accounts, carried out in accordance with the generally accepted auditing standards in India, and according to the information and explanation given to us, we have not come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, either noticed or reported during the year, on or by the Company.
- 11) According to the information and explanations given to us the Company has paid or provided managerial remuneration during the year according to provision of section 197 read with Schedule V to the Companies Act, 2013.
- 12) The Company is not in the nature of a Nidhi Company as defined under section 406 the Companies Act, 2013.
- 13) All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in note



no-: 26 the financial Statements etc., as required by the applicable accounting standards;

- 14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- 15) The Company has not entered into any non-cash transactions with directors or persons connected with him and hence clause 3(xv) of the Order is not applicable to the Company.
- 16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Chokshi & Chokshi LLP  
Chartered Accountants  
FRN 101872W/W100045

*Pooja P. Mehta*

Pooja P. Mehta  
Partner  
M.No.133578



Place: Mumbai  
Date: 20 April 2016

**Annexure B To The Independent Auditor's Report Of Even Date On The Financial Statements of SHCIL Services limited.**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the Internal Financial Controls over financial reporting of SHCIL Services limited. ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the criteria established by the Company considering the size of Company and essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the

adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls were operating effectively as at March 31, 2016, based on the assessment of essential components of internal controls over financial reporting stated in the Guidance Note carried out by the Company and representation to that effect is made available to us by the Company.

For Chokshi & Chokshi LLP  
Chartered Accountants  
FRN 101872W/W100045

*Pooja P. Mehta*  
Pooja P. Mehta  
Partner  
M.No.133578



Place: Mumbai  
Date: 20 April 2016

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF SHCIL SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2016

The preparation of Financial Statements of SHCIL Services Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the Financial Statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 April 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under section 143(6)(a) of the Act of the Financial Statements of SHCIL Services Limited for the year ended 31 March 2016. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report.

For and on the behalf of the  
Comptroller and Auditor General of India

  
(Roop Rashi)

Principal Director of Commercial Audit and  
ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai  
Date :

25 JUL 2016



**SHCIL SERVICES LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2016**

	Note	March 31, 2016 ₹	March 31, 2015 ₹
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' Fund</b>			
Share Capital	2	60,897,030	76,562,500
Reserves and Surplus	3	402,205,887	326,404,409
		463,102,917	402,966,909
<b>Non-Current Liabilities</b>			
Long Term Provisions	4	1,696,003	1,291,918
		1,696,003	1,291,918
<b>Current Liabilities</b>			
Trade Payables	6	786,777,767	655,430,344
Other Current Liabilities	7	34,543,359	40,043,971
Short-Term Provisions	8	805,846	1,395,420
		822,126,972	696,869,735
<b>TOTAL</b>		<b>1,286,925,892</b>	<b>1,101,128,562</b>
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	9	7,824,732	9,550,821
Intangible Assets		1,213,293	1,449,568
		9,038,025	11,000,389
Deferred Tax Assets (Net)	5	4,771,070	4,525,736
Long-Term Loans and Advances	10	95,282,616	73,155,790
Other Non-Current Assets	11	16,000,000	25,100,001
		125,091,711	113,781,916
<b>Current assets</b>			
Current Investments	12	150,625,487	112,445,080
Trade Receivables	13	589,093,443	554,804,488
Cash and Bank Balances	14	328,154,055	174,483,984
Short-Term Loans and Advances	15	92,162,495	143,120,042
Other Current Assets	16	1,798,701	2,493,052
		1,161,834,181	987,346,647
<b>TOTAL</b>		<b>1,286,925,892</b>	<b>1,101,128,562</b>

Significant accounting policies and Notes to Financial Statements 1 to 36

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

As per our Report of even date attached

For and on behalf of  
Chokshi and Chokshi LLP  
Chartered Accountants  
FRN : 101872W/W100045



*Pooja P. Mehta*  
Pooja Mehta  
Partner  
Membership No. 133578

For and on behalf of Board of Directors  
SHCIL Services Limited

*Manoj Kabra*  
Manoj Kabra  
Chief Financial  
Officer

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

*Nitin Jog*  
Nitin Jog  
Managing Director &  
Chief Executive Officer

*Mitul Palankar*  
Mitul Palankar  
Company Secretary

*G. Anantharaman*  
G. Anantharaman  
Director

*P.H. Kutumbe*  
P.H. Kutumbe  
Director

*Wheet Potnis*  
Wheet Potnis  
Director

*Kalpanti Joshi*  
Kalpanti Joshi  
Director

Place: Mumbai  
Date: April 20, 2016

**SHCIL SERVICES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

	Note	March 31, 2016 ₹	March 31, 2015 ₹
<b>REVENUE</b>			
Revenue from operations	17	356,422,949	446,153,983
Other Income	18	28,311,407	26,570,032
<b>TOTAL</b>		<b>384,734,356</b>	<b>472,724,015</b>
<b>EXPENSES</b>			
Employee Benefits Expense	19	29,957,538	29,430,984
Sub - Brokerage Expenses		207,635,022	259,098,494
Depreciation & Amortisation	9	5,517,748	5,032,008
Other expenses	20	52,150,058	43,490,534
<b>TOTAL</b>		<b>295,260,366</b>	<b>337,052,020</b>
<b>Profit before tax</b>		<b>89,473,990</b>	<b>135,671,995</b>
Tax expense			
Current tax		29,500,000	44,650,000
Current tax Adjustment for earlier years		83,293	-
Deferred tax	33	(245,334)	878,417
<b>Profit for the Period</b>		<b>60,136,031</b>	<b>90,143,578</b>
Earnings per equity share (in ₹) (Basic and Diluted)	23	10.33	15.62

Significant accounting policies and Notes to Financial Statements 1 to 36  
The accompanying notes are an integral part of these financial statements.

As per our Report of even date attached

For and on behalf of  
**Chokshi and Chokshi LLP**  
Chartered Accountants  
FRN : 101872W/W100045



*Pooja P. Mehta*  
**Pooja Mehta**  
Partner  
Membership No. 133578

For and on behalf of Board of Directors  
**SHCIL Services Limited**

*Manoj Kabra*  
**Manoj Kabra**  
Chief Financial  
Officer

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

*Nitin Jog*  
**Nitin Jog**  
Managing Director &  
Chief Executive Officer

*Mitul Palankar*  
**Mitul Palankar**  
Company Secretary

*G. Anantharaman*  
**G. Anantharaman**  
Director

*P.H. Kutumbe*  
**P.H. Kutumbe**  
Director

*Vineet Potnis*  
**Vineet Potnis**  
Director

*Kalpana Joshi*  
**Kalpana Joshi**  
Director

Place: Mumbai  
Date: April 20, 2016

SHCIL SERVICES LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹	March 31, 2015 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	89,473,990	135,671,995
Adjustments for:		
Depreciation	5,517,748	5,032,008
Dividend from Mutual Funds	(9,068,116)	(6,520,488)
Interest Income	(15,761,868)	(17,044,755)
(Profit)/ Loss on sale of Fixed Assets	(92,956)	(123,431)
Bad Debts Written off	-	1,651,510
Provision for Doubtful Debts	2,977,357	-
Operating profit before working capital changes	73,046,155	118,666,839
Adjustments for :		
(Increase)/ Decrease in Trade Receivables	(37,266,311)	39,084,908
(Increase)/Decrease in Short Term Loans and Advances & other Non Current Assets	60,057,551	(151,529,622)
(Increase)/Decrease in Other Current Assets	(547)	(7,901)
Increase/ (Decrease) in Trade payables and Other Current Liabilities	125,846,789	(212,875,970)
Increase/ (Decrease) in Short Term and Long Term Provisions	(268,782)	792,763
Cash generated from operations	221,414,855	(205,868,982)
Direct Taxes paid	(51,626,826)	(43,267,915)
Net cash from operating activities	<u>169,788,028</u>	<u>(249,136,897)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3,555,389)	(9,823,968)
Sale of Fixed Assets	92,957	123,500
Purchase of Investments	(38,180,407)	(98,396,319)
Dividends from Mutual Funds	9,068,116	6,520,488
Interest Earned	16,456,767	17,346,371
Bank deposits not considered as cash & cash equivalents (net)	11,700,000	(1,499,998)
Net cash used in investing activities	<u>(4,417,956)</u>	<u>(85,729,926)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Shares	-	-
Net cash from financing activities	-	-
<b>NET (DECREASE)/INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<u>165,370,072</u>	<u>(334,866,823)</u>
Cash and Cash equivalents at the beginning of the period	109,483,984	444,350,808
Cash and Cash equivalents at the end of the period	274,854,055	109,483,984
<b>Notes</b>		
<b>1. Cash &amp; Cash Equivalents</b>		
Cash on Hand	11,537	29,019
Balances with Banks:		
- In Current Accounts	79,749,969	78,987,825
- In Fixed Deposits	195,092,549	30,467,140
Cash & Cash Equivalents considered for Cash flow	274,854,055	109,483,984
Other Bank Balances	53,300,000	65,000,000
Cash and Bank Balances as per Note 14	<u>328,154,055</u>	<u>174,483,984</u>

Significant accounting policies and Notes to Financial Statements

1 to 36

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

Note :- Above Cash Flow Statement is prepared under indirect method as per AS 3 - 'Cash Flow Statement'.  
Figures in brackets indicate cash outflow.

As per our Report of even date attached

For and on behalf of  
Chokshi and Chokshi LLP  
Chartered Accountants  
FRN : 101872W/W100045  
*Pooja P. Mehta*  
Pooja Mehta  
Partner  
Membership No. 133578

For and on behalf of Board of Directors  
SHCIL Services Limited

*Manoj Kabra*  
Manoj Kabra  
Chief Financial  
Officer

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

*Nitin Jog*  
Nitin Jog  
Managing Director &  
Chief Executive Officer

*Mitul Palankar*  
Mitul Palankar  
Company Secretary

*G. Anantharaman*  
G. Anantharaman  
Director

*P.H. Kutumbe*  
P.H. Kutumbe  
Director

*Vinay Potnis*  
Vinay Potnis  
Director

*Kalpna Joshi*  
Kalpana Joshi  
Director

Place: Mumbai  
Date: April 20, 2016





**1 Corporate Information**

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

With effect from 28th March, 2014 Stock Holding Corporation of India Ltd. (SHCIL) the Holding 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. These financial statements have been prepared to comply with all material aspects of the Accounting Standards as prescribed under section 133 of Companies Act, 2013 ('Act') read with Rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Act. Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.

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 III to the Companies Act, 2013. 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.

The Central Government in consultation with National Advisory Committee on Accounting Standards has amended Companies (Accounting Standards) Rules, 2006 ('principal rules'), vide notification issued by Ministry of Corporate Affairs dated March 30, 2016. The Company believes, that the principal rules has not been withdrawn or replaced and accordingly, the Companies (Accounting Standards) (Amendment) Rules, 2016 will apply for the accounting periods commencing on or after March 30, 2016.

**Significant Accounting Policies**

**(a) Use of Estimates**

The presentation of financial statements in conformity with Indian GAAP requires the management to make judgments, 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. 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 :**

With effect from 1<sup>st</sup> April, 2014, depreciation on fixed assets is calculated on a straight line method basis using the rates arrived at based on the useful lives estimated by the management or those prescribed under the Schedule II to the Companies Act, 2013, whichever is higher. The company has used the following rates to provide depreciation on its fixed assets w.e.f.1st April, 2014.

Particulars	Useful life w.e.f.	Useful life upto
	01.04.2014	31.03.2014
	Residual value	Residual value 5%
1. Plant & Machinery	15	20
2. Furniture & Fixtures	10	15
3. Electrical Installations and Equipment	10	20
4. Office Equipment	5	20
5. Motor Car	3	3
6. Mobiles	2	20
7. Computer Hardware :		
(a) Servers & Network	4	3
(b) End user devices such as Desktops, Laptops	3	3
8. Computer Software	3	3

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

Depreciation rates applied by the company on Motor Car, Mobiles and Servers & Network are higher than those prescribed by the Companies Act, 2013 in view of higher wear and tear and rapid change in technology applicable to those

Residual value of the fixed assets at the end of their useful life has been considered as NIL.

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

**(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. 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 is on account of timing difference between taxable income and accounting income.

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.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT Credit is allowed to be carried forward. In the year in which the Company recognizes MAT Credit as an asset in accordance with the Guidance Note on Accounting for Credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the sufficient period.

**(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. The company does not recognize a contingent liability but discloses its existence in the financial statements.

**(k) Securities held as collateral**

Securities held as collateral 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. Premium paid / payable to the insurer towards the gratuity scheme has been accounted in the financial statement .

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 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 & cheques in hand, short term highly liquid investments and money lent on collateralised lending & borrowing obligation transactions.

**SHCIL SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

**2 Share Capital**

**(A) Authorised, Issued, Subscribed & Paid up**

	March 31, 2016		March 31, 2015	
	Number	₹	Number	₹
<b>Authorised</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>Issued, Subscribed and Paid up</b>				
Equity Shares of ₹ 10 each fully paid	6,089,703	60,897,030	5,770,000	57,700,000
7% Non-Cumulative Convertible Preference Shares of ₹ 10 each fully paid	-	-	1,886,250	18,862,500
<b>Total</b>	<b>6,089,703</b>	<b>60,897,030</b>	<b>7,656,250</b>	<b>76,562,500</b>

**(B) Reconciliation of shares outstanding at the beginning and end of the period**

	March 31, 2016		March 31, 2015	
	Number	₹	Number	₹
<b>Equity Shares</b>				
Shares outstanding at the beginning of the year	5,770,000	57,700,000	5,770,000	57,700,000
Add: Shares issued during the period	319,703	3,197,030	-	-
<b>Shares outstanding at the end of the period</b>	<b>6,089,703</b>	<b>60,897,030</b>	<b>5,770,000</b>	<b>57,700,000</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
Less: Conversion in Equity Share Capital	1,886,250	18,862,500	-	-
<b>Shares outstanding at the end of the period</b>	<b>-</b>	<b>-</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 2016.

**(D) Details of shares held by holding company & shareholders holding more than 5%**

Name of Shareholder	March 31, 2016		March 31, 2015	
	Number	%	Number	%
<b>Equity Shares</b>				
SHCIL	6,089,696	99.99	5,769,993	99.99
<b>Preference Shares</b>				
SHCIL	-	-	1,886,250	100

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

319,703 Equity shares of Rs. 10/- each (face value) has been allotted as fully paid up pursuant to conversion of 7% Non-cumulative preference shares without payment being received in cash.

The company has not issued any bonus shares.

The company has not undertaken any buyback of shares.

**SHCIL SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

**3 Reserves and Surplus**

	March 31, 2016	March 31, 2015
	₹	₹
<b><u>Securities Premium Account</u></b>		
Opening balance	77,180,000	77,180,000
Add : Premium on conversion of shares on preference shares	15,665,447	-
Closing Balance	92,845,447	77,180,000
<b><u>Surplus in Statement of Profit and Loss</u></b>		
Opening balance	249,224,409	159,366,153
Less: Depreciation Adjustment(Refer Note 30)	-	285,322
	249,224,409	159,080,831
Add : Net Profit/(Loss) for the period	60,136,031	90,143,578
Closing Balance	309,360,440	249,224,409
<b>Total</b>	<b>402,205,887</b>	<b>326,404,409</b>

**4 Long Term Provisions**

	March 31, 2016	March 31, 2015
	₹	₹
Provision For Employee Benefits		
- Provision for compensated absenses	1,696,003	1,291,918
<b>Total</b>	<b>1,696,003</b>	<b>1,291,918</b>

**5 Deferred Tax (Net)**

	March 31, 2016	March 31, 2015
	₹	₹
<b><u>Deferred Tax (Liability) / Asset</u></b>		
Timing difference due to depreciation as per Income Tax and Companies Act	2,964,235	3,470,579
Provision for Retirement Benefits - Deputed Employees	105,684	461,271
Provision for Compensated Absenses/Leave Encashment	638,402	462,765
Provision for Doubtful Debts	984,404	131,121
Provision for gratuity	78,345	-
<b>Total</b>	<b>4,771,070</b>	<b>4,525,736</b>

**SHCIL SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

**6 Trade Payables**

	March 31, 2016	March 31, 2015
	₹	₹
Due to Micro, Small and Medium Scale Enterprises (Refer Note 22)	-	-
Dues to holding company - sub brokerage	13,981,183	18,152,413
Dues to other Sub Brokers	114,470	563,320
Client Dues (Includes amount due on settlement to Clients & to Professional Clearing Member for F&O Segment - (Refer Note 29))	772,682,114	636,714,611
<b>Total</b>	<b>786,777,767</b>	<b>655,430,344</b>

**7 Other Current Liabilities**

	March 31, 2016	March 31, 2015
	₹	₹
Margin Deposits from holding company as sub broker	20,000,000	20,000,000
Dues to holding company - Others	1,340,014	5,072,250
Statutory Dues including PF & TDS (Includes amount due on settlement - Refer Note 29)	1,724,252	3,375,258
Employee Benefits payable	4,580,089	5,387,098
Retention Money	188,361	188,361
<b>Other Liabilities</b>		
-Provision for expenses	2,372,096	1,333,810
-Others	4,338,547	4,687,194
<b>Total</b>	<b>34,543,359</b>	<b>40,043,971</b>

**8 Short Term Provisions**

	March 31, 2016	March 31, 2015
	₹	₹
Provision for employee benefits		
- Provision for employee benefits for deputed employees	334,028	1,357,079
- Provision for gratuity	236,957	(31,216)
- Provision for compensated absences	234,861	69,557
<b>Total</b>	<b>805,846</b>	<b>1,395,420</b>



SHCIL SERVICES LIMITED  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

9 Fixed Assets

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK			
	As at 01.04.15 ₹	Additions ₹	Deletions ₹	As at 31.03.16 ₹	Upto 31.03.15 ₹	For the Period ₹	On Deletions ₹	Upto 31.03.16 ₹	As at 31.03.16 ₹	As at 31.03.15 ₹
<b>A Tangible Assets</b>										
Leasehold Improvements	20,273,432	-	-	20,273,432	20,273,412	-	-	20,273,412	20	20
Furniture & Fixtures	603,710	-	17,887	585,823	350,611	107,296	17,882	440,025	145,798	253,099
Office Equipments	710,862	221,100	-	931,962	617,784	40,641	-	658,425	273,537	93,078
Mobiles	74,918	49,350	-	124,268	69,207	9,655	-	78,862	45,406	5,711
Motor Car	2,627,628	-	781,000	1,846,628	1,937,765	615,646	781,000	1,772,411	74,217	689,863
Computer Hardware	8,666,327	205,223	-	8,871,550	5,866,609	1,498,230	-	7,364,839	1,506,711	2,799,718
Servers & Network	31,024,690	2,165,033	-	33,189,723	25,315,358	2,095,322	-	27,410,680	5,779,043	5,709,332
<b>Total Tangible Assets</b>	<b>63,981,567</b>	<b>2,640,706</b>	<b>798,887</b>	<b>65,823,386</b>	<b>54,430,746</b>	<b>4,366,790</b>	<b>798,882</b>	<b>57,998,654</b>	<b>7,824,732</b>	<b>9,550,821</b>
<b>B Intangible Assets</b>										
Computer Software	32,066,763	914,683	-	32,981,446	30,617,195	1,150,958	-	31,768,153	1,213,293	1,449,568
<b>Total Intangible Assets</b>	<b>32,066,763</b>	<b>914,683</b>	<b>-</b>	<b>32,981,446</b>	<b>30,617,195</b>	<b>1,150,958</b>	<b>-</b>	<b>31,768,153</b>	<b>1,213,293</b>	<b>1,449,568</b>
<b>Grand Total</b>	<b>96,048,330</b>	<b>3,555,389</b>	<b>798,887</b>	<b>98,804,832</b>	<b>85,047,941</b>	<b>5,517,748</b>	<b>798,882</b>	<b>89,766,807</b>	<b>9,038,025</b>	<b>11,000,389</b>
<b>As At March 31, 2015</b>	<b>89,748,591</b>	<b>9,823,968</b>	<b>3,524,229</b>	<b>96,048,330</b>	<b>83,254,771</b>	<b>5,317,330</b>	<b>3,524,160</b>	<b>85,047,941</b>	<b>11,000,389</b>	<b>6,493,820</b>

**SHCIL SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

**10 Long Term Loans and Advances**

	March 31, 2016	March 31, 2015
	₹	₹
<b><u>Unsecured, considered good unless otherwise stated</u></b>		
<b>Security &amp; Other Deposits</b>		
Base capital deposit with Exchanges	14,625,000	14,625,000
Deposits with Professional Clearing Member	1,200,000	1,200,000
Security deposit - Others	174,295	174,295
Advance Tax (Net of Provision)	79,283,321	57,156,495
<b>Total</b>	<b>95,282,616</b>	<b>73,155,790</b>

**11 Other Non current assets**

	March 31, 2016	March 31, 2015
	₹	₹
Long Term deposits with banks with original maturity period more than 12 months	16,000,000	25,100,001
Long term deposits include fixed deposit aggregating to ₹ 1,100,0000 (As at Mar 15 ₹ 10,000,001) kept as margin deposits with the stock exchanges		
	<b>16,000,000</b>	<b>25,100,001</b>

**12 Current Investments**

	March 31, 2016	March 31, 2015
	₹	₹
<b><u>Daily Dividend Plan of Liquid Schemes of Mutual Funds</u></b>		
<b><u>Unquoted</u></b>		
24,061.176 Units at ₹ 1,001.8202 of IDBI Mutual Fund	24,104,972	-
94.214 Units at ₹ 1,098.00 of LIC Nomura Liquid Fund (March 15: 32,832.302 Units at ₹ 1,098.00)	103,447	36,049,868
25,806.815 Units at ₹ 1,001.6753 of Baroda Pioneer Mutual Fund (March 15: 503.843 Units at ₹ 1,001.12)	25,850,050	504,407
1,792.764 Units at ₹ 1,019.4457 of UTI Liquid Cash Plan	1,827,625	-
23,502.203 Units at ₹ 1,003.2500 of SBI Premier Liquid Fund (March 15: 25,421.84 Units at ₹ 1,003.25)	23,578,586	25,504,461
23,679.162 Units at ₹ 1,019.82 of HDFC Mutual Fund (March 15: 27,63,936.797 Units at ₹ 10.1982.00)	24,148,483	28,187,180
2,48,041.245 Units at ₹ 100.0685 of ICICI Mutual Fund (March 15: 2,21,866.286 Units at ₹ 100.0565)	24,821,116	22,199,164
2,40,653.289 Units at ₹ 100.195 of Birla Sunlife Cash Plus	24,112,256	-
925.528 Units at ₹ 1114.52 of Tata Liquid Fund	1,031,519	-
340.7339 Units at ₹ 3,074.0502 of Kotak Liquid Fund	1,047,433	-
<b>Total</b>	<b>150,625,487</b>	<b>112,445,080</b>



SHCIL SERVICES LIMITED  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

**13 Trade Receivables (Unsecured)**

	March 31, 2016	March 31, 2015
	₹	₹
<b><u>Outstanding for a period exceeding six months</u></b>		
Considered Good*	2,329,329	3,363,275
Considered Doubtful	2,193,090	1,651,510
Less: Provision For doubtful debts	(2,193,090)	(1,651,510)
	2,329,329	3,363,275
<b><u>Other Debts</u></b>		
Considered Good - Client Dues (Includes amount due on Settlement from clients & from exchanges - Refer Note 29)	586,764,113	551,441,213
Considered Doubtful	784,267	-
Less: Provision For doubtful debts	(784,267)	-
	586,764,113	551,441,213
<b>Total</b>	<b>589,093,443</b>	<b>554,804,488</b>

\*In term of agreement with SHCIL, any amount not received from clients is to be borne by SHCIL. Accordingly this amount receivable from SHCIL.

**14 Cash and Bank Balances**

	March 31, 2016	March 31, 2015
	₹	₹
<b><u>Cash &amp; Cash Equivalents</u></b>		
Cash in hand	11,537	29,019
<b><u>Balances with banks</u></b>		
- In Current Accounts	79,749,969	78,987,825
- In Fixed Deposits with original maturity less than 3 months	195,092,549	30,467,140
<b><u>Other Bank Balances</u></b>		
In Fixed Deposits (more than 3 months but less than 12 months maturity)	53,300,000	65,000,000
Other Bank Balances include fixed deposits aggregating ₹ 53,300,00 (As at Mar 15 ₹ 65,000,000) kept as margin deposits with the stock exchanges		
<b>Total</b>	<b>328,154,055</b>	<b>174,483,984</b>

**SHCIL SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

**15 Short-term Loans and Advances**

	March 31, 2016	March 31, 2015
	₹	₹
<b><u>Secured, considered good</u></b>		
Advances for Margin Trading	1,730,474	2,734,571
<b><u>Unsecured, considered good unless otherwise stated</u></b>		
Prepayments	4,349,786	3,996,106
Margin Deposit F&O - SHCIL	54,133,901	54,407,667
Margin Deposit with Exchanges	31,867,787	61,867,787
Margin Deposit with Professional Clearing Member	-	20,000,000
Other Advances	80,547	346,911
Less: Provision for doubtful advances	-	233,000
	80,547	113,911
<b>Total</b>	<b>92,162,495</b>	<b>143,120,042</b>

**16 Other Current Assets**

	March 31, 2016	March 31, 2015
	₹	₹
Accrued interest on fixed deposit	1,786,065	2,480,964
<b><u>Other Assets</u></b>		
Considered Good :-	12,636	12,088
Considered Doubtful	-	385,762
	12,636	397,850
Less: Provision for doubtful debts	-	385,762
	12,636	12,088
<b>Total</b>	<b>1,798,701</b>	<b>2,493,052</b>

**SHCIL SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

**17 Revenue from Operations**

	March 31, 2016	March 31, 2015
	₹	₹
Brokerage	353,875,368	445,400,219
Other operating income	2,547,581	753,764
<b>Total</b>	<b>356,422,949</b>	<b>446,153,983</b>

**18 Other Income**

	March 31, 2016	March 31, 2015
	₹	₹
Dividend on Mutual Funds & Others	9,068,116	6,520,488
Interest on fixed deposits	15,761,868	17,044,755
Interest on Margin Trading	338,711	536,843
Profit on sale of assets	92,956	123,431
Profit on sale of shares	-	2,267,212
Old Balances Written back	3,011,780	-
Miscellaneous income	37,976	77,303
<b>Total</b>	<b>28,311,407</b>	<b>26,570,032</b>

**19 Employee Benefits Expense**

	March 31, 2016	March 31, 2015
	₹	₹
Salaries, allowances & bonus	27,356,199	27,299,442
Contribution to provident fund and other funds	1,107,377	984,786
Staff welfare expenses	1,493,962	1,146,756
<b>Total</b>	<b>29,957,538</b>	<b>29,430,984</b>

**20 Other Expenses**

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Exchange expenses	715,512	334,069
Bank Charges	352,661	290,674
Connectivity charges	271,625	386,316
Depository charges	105,370	139,329
Electricity charges	1,697,565	1,977,149
Service Tax Expenses	867,798	342,075
Subscription Charges	1,056,127	771,292
Outsourcing expenses-Professional	1,895,156	1,665,791
Outsourcing expenses-Contractor	8,745,062	6,087,495
Postage & courier	2,834,824	1,581,969
Printing & stationery	2,439,202	3,077,445
Rent & taxes	2,820,000	3,086,774
Repairs & maintenance- Plant and Machinery	3,794,247	4,161,622
Repairs & maintenance- software	3,585,410	3,858,404
Repairs & maintenance -Others	3,432,003	3,500,848
Telephone & communication	517,424	487,641
Travelling & conveyance	916,835	950,107
Advertisement	42,307	119,629
Directors sitting fees	1,032,144	600,000
Insurance	1,262,844	1,514,251
Legal fees	1,696,500	80,000
Professional fees*	3,202,172	3,148,297
CSR Expenses **(refer note no-35)	1,800,000	1,100,000
Loss on sale of shares	38,732	-
Loss on trading activity	-	72,114
Old Balances Written off	529,154	1,651,510
Provision for doubtful debts	2,977,357	-
Prior Period Expenses	-	229,450
Miscellaneous expenses	3,522,028	2,276,284
<b>Total</b>	<b>52,150,058</b>	<b>43,490,534</b>

\* Inclusive of Auditor remuneration Refer note 25

\*\* Corporate social Responsibility (CSR) amount has been paid to M/s. SHCIL Foundation Trust. The CSR activities of the Trust include Eradicating hunger, Poverty; Promoting Healthcare, Education & Sanitation; Ensuring environmental sustainability, etc.

**21 Contingent liabilities**

A	Name of Statute	Nature of Dues	Amount	Period	Forum
			₹	(A.Y.)	
	Income Tax Act, 1961	Regular Assessment	36,01,960*	2010-11	ITAT
	Income Tax Act, 1961	Regular Assessment	53,798,350	2012-13	CIT(A)
	Income Tax Act, 1961	Regular Assessment	11,523,190	2013-14	CIT(A)

\*The above amount is net off amount paid under protest Rs. 3,60,67,133/- for A.Y. 2010-11.

B Certain matters of applications for compounding are pending for disposal before the Company Law Board (CLB) in the matters pertaining to procedural lapses occurred prior to financial year 2007-08. The said applications are not yet disposed off pending hearing completion. Accordingly, the matters are contingent in nature and same is not quantifiable.

**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, 2016 on account of principal amount together with interest is NIL. The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:

Particulars	31st March, 2016	31st March, 2015
	₹	₹
Principal amount due and remaining unpaid -	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remain unpaid	-	-
Amount of further interest remaining due and payable in succeeding year	-	-

**23 Earnings per share**

Particulars	March 31, 2016	March 31, 2015
	₹	₹
i) Net Profit as per Statement of Profit & Loss available for Equity Shareholders	60,136,031	90,143,578
ii) No. of Equity Shares :		
No. of shares as at April 1, 2015	5,770,000	5,770,000
Add: Shares Allotted during the period	319,703	-
No. of shares as at March 31, 2016	6,089,703	5,770,000
Weighted average no. of shares	5,823,284	5,770,000
iii) Basic & Diluted Earning Per Share	10.33	15.62

**24 Leases (Cancelable)**

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

- i) 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 three years w. e. f. from April 1, 2015 purely as a License-cum-Allottee of office space, without having any right, title or interest upon the demised premises.
- ii) 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. from March 1, 2014 purely as a License-cum-Allottee of office space, without having any right, title or interest upon the demised premises.

Particulars	March 31, 2016	March 31, 2015
	Minimum payments	Minimum payments
Within one year	2,790,000	418,000
After one year but not more than five years	2,460,000	540,000
More than five years	-	-
Total minimum lease payments	5,250,000	958,000
Lease payments recognised in the Profit & Loss Account	2,820,000	3,086,774

**25 Auditor's Remuneration (Excluding Service Tax)**

Particulars	March 31, 2016	March 31, 2015
	₹	₹
As auditor		
Audit Fees	800,000	*667,000
Tax Audit Fees	150,000	100,000
In other capacity	-	-
Taxation matters	-	-
Out of pocket expenses	39,025	**29,264
<b>Total</b>	<b>989,025</b>	<b>796,264</b>

\*1,00,000/- relates to previous Auditors

\*\*14,036/- relates to previous Auditors

**SHCIL SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

**26 Related Party Disclosures**

A. The related parties for SSL as per the new Companies Act would inter-alia include the following

(a) **Ultimate Holding Company of SSL**

IFCI LIMITED

(b) **Holding Company of SSL**

Stock Holding Corporation of India Limited (SHCIL)

(c) **Associate Company of SSL**

SHCIL Projects Limited (subsidiary of SHCIL)

(d) **Key Management Personnel of SSL**

1. Shri Nitin Jog - Managing Director and Chief Executive Officer
2. Shri Manoj Kabra - Chief Financial Officer
3. Shri Mitul Palankar - Company Secretary

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

March 31, 2016 ( ₹ )	Year Ended		
March 31, 2015 ( ₹ )	31-Mar-16		
Nature of Transaction	Holding Company	Key Managerial Personnel and their Relatives	Fellow Subsidiaries
Service charges received	1,849,878	-	-
Previous Year	1,767,291	-	-
Brokerage Income	2,497,035	-	-
Previous Year	4,522,084	-	-
Outsourcing Expenses	-	-	6,488,349
Previous Year	-	-	4,369,751
Sub- Brokerage Expenses	207,160,824	-	-
Previous Year	258,593,920	-	-
Reimbursement of Expenses (Net)	10,561,732	-	-
Previous Year	10,592,060	-	1,454,579
Capital Purchases	-	-	-
Previous Period	-	-	-
Advances given	-	-	-
Previous Year	-	-	-
Sitting Fees	-	-	-
Previous Year	**13,500	-	-
Salary / Deputation Cost of Employees	8,731,456	*2,998,386	-
Previous Year	7,277,781	2,615,326	-
Outstanding balances :			
Trade and other payable	181,084,863	-	649,074
Previous Year	24,521,213	-	1,139,356
Trade and other receivable	2,290,423	-	-
Previous Year	1,296,550	-	-
Deposits payable	20,000,000	-	-
Previous Year	20,000,000	-	-
Deposits receivable	55,333,901	-	-
Previous Year	74,407,667	-	-
<p>Note: During the year Company has allotted 319,703 Equity shares of Rs. 10/- each (face value) as fully paid up pursuant to conversion of 7% Non-cumulative preference shares to Holding company.  There is no preferential issue or private placement of shares or debentures made during the year in term of section 42 of Companies Act, 2013.</p>			

\* Salary paid to the CFO & Company Secretary

\*\* Payment made to IFCI Ltd.

**27 Managerial Remuneration**

Particulars	March 31, 2016	March 31, 2015
	₹	₹
Salary, Allowances & Incentives (Including Service tax : CY Rs. 426,639/- ; PY Rs. 325,198/-)	3,384,671	2,856,985
Contribution to Provident Fund	107,208	99,264
Contribution to Retirement Benefits	167,087	154,409
<b>Total</b>	<b>3,658,966</b>	<b>3,110,658</b>

**28 Employee Benefits**

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

Particulars	March 31, 2016	March 31, 2015
	₹	₹
Contribution to Employees' Provident Fund	485,366	482,978
Contribution to Employees' Pension Scheme	464,248	350,449
Contribution to Employees' Superannuation Fund	58,579	57,542

B Defined Benefit Plans & other Long Term Employee Benefit valuations

Gratuity and Leave Encashment have been carried out by an independent actuary as at the Balance sheet date based on the following assumptions:

Actuarial Assumption	Gratuity March 31, 2016 (Funded)	Gratuity March 31, 2015 (Funded)	Leave Encashment March 31, 2016 (Unfunded)	Leave Encashment March 31, 2015 (Unfunded)
	(%)	(%)	(%)	(%)
Discount Rate	7.95	7.80	7.80	7.80
Rate of Return on plan Assets	7.95	8.70	-	-
Salary Escalation	5.00	5.00	5.00	5.00

**i) Reconciliation of defined Benefit Obligation**

Particulars	Gratuity March 31, 2016 (Funded)	Gratuity March 31, 2015 (Funded)	Leave Encashment March 31, 2016 (Unfunded)	Leave Encashment March 31, 2015 (Unfunded)
	(₹)	(₹)	(₹)	(₹)
Liability at the beginning of the year	1,219,620	769,088	990,721	688,436
Interest Cost	93,643	71,602	75,961	59,907
Current Service Cost	230,009	181,895	512,477	326,862
Benefit paid from the Fund	-	(72,787)	(770,333)	(698,437)
Actuarial (gain)/loss on obligations	77,893	269,822	583,891	613,953
Liability at the end of the year	1,621,165	1,219,620	1,392,717	990,721

**ii) Reconciliation of Plan Assets**

Particulars	Gratuity March 31, 2016 (Funded)	Gratuity March 31, 2015 (Funded)
	₹	₹
Fair Value of Plan Assets at the beginning of the year	1,250,836	628,924
Expected Return on Plan Assets	116,253	67,327
Contributions	17,119	616,338
Benefit Paid in the Normal Course	-	(72,787)
Actuarial Gain/(Loss) on Plan Assets	-	11,034
Fair Value of Plan Assets at the end of the year*	1,384,208	1,250,836

**iii) Amount Recognized in the Balance Sheet**

Particulars	Gratuity March 31, 2016 (Funded)	Gratuity March 31, 2015 (Funded)	Leave Encashment March 31, 2016 (Unfunded)	Leave Encashment March 31, 2015 (Unfunded)
	₹	₹	₹	₹
Net opening provision in books of accounts	(31,216)	140,164	990,721	688,436
Employee Benefit Expense	285,292	444,958	1,172,329	1,000,722
	<b>254,076</b>	<b>585,122</b>	<b>2,163,050</b>	<b>1,689,158</b>
Benefit Paid by the company	-	-	(770,333)	(698,437)
Amount transferred to 'payable account'	-	-	-	-
Contribution to Plan assets	(17,119)	(616,338)	-	-
Closing Provision in books of accounts	236,957	(31,216)	1,392,717	990,721

**SHCIL SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

**iv) Expenses Recognized in the Income Statement**

Particulars	Gratuity March 31, 2016 (Funded)	Gratuity March 31, 2015 (Funded)	Leave Encashment March 31, 2016 (Unfunded)	Leave Encashment March 31, 2015 (Unfunded)
	₹	₹	₹	₹
Current Service Cost	230,009	181,895	512,477	326,862
Interest Cost	93,643	71,602	75,961	59,907
Expected Return on Plan Assets	(116,253)	(67,327)	-	-
Actuarial Gain or Loss	77,893	258,788	583,891	613,953
Expense Recognised in P&L	285,292	444,958	1,172,329	1,000,722

**v) Category of Assets at the end of the year**

Particulars	Gratuity March 31, 2016 (Funded)	Gratuity March 31, 2015 (Funded)
	₹	₹
Insurer Managed Fund*	1,384,208	1,250,836

\* Based on the data available with Company, individual Investment in Portfolio or investment structure of portfolio which are managed by LIC are not available as on the Balance sheet Date.

**(vi) Bifurcation of Liability**

Particulars	Gratuity March 31, 2016 (Funded)	Gratuity March 31, 2015 (Funded)	Leave Encashment March 31, 2016 (Unfunded)		Leave Encashment March 31, 2015 (Unfunded)	
	₹	₹	₹	₹	₹	₹
			Permanent Leave	Sick leave	Permanent Leave	Sick leave
Current Liability	236,957	(31,216)	181,942	52,919	33,733	35,824
Non-Current Liability	-	-	1,210,775	485,228	956,988	334,930
	236,957	(31,216)	1,392,717	538,147	990,721	370,754

**vii) Experience Adjustment**

Gratuity	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
	₹	₹	₹	₹	₹
Liability at the end of the year	1,621,165	1,219,620	769,088	851,349	792,766
Fair value of plan Assets	1,384,208	1,250,836	628,924	726,617	911,702
Surplus/(Deficit)	(236,957)	31,216	(140,164)	(124,732)	118,936
Experience adjustment on plan liability (gain)/loss	112,000	31,505	2,543	6,382	47,219
Experience adjustment on plan Assets (gain)/loss	-	(11,034)	10,558	(27,077)	(8,376)
<b>Leave Encashment</b>					
Defined Benefit Obligation	1,392,717	990,721	688,436	863,597	978,533
Experience Adjustment on Plan Liabilities[(Gain)/Loss]	(139,072)	427,280	Nil	Nil	Nil

**29 Amounts due on settlement**

Particulars	March 31, 2016	March 31, 2015
	(Due To) / Due From	(Due To) / Due From
	₹	₹
<b>Amounts (Due to) / Due from :</b>		
Clients	(412,965,716) 133,775,268	(327,387,314) 282,445,228
Exchange / Professional Clearing Member	(233,707,472) 312,050,403	(103,748,239) 98,878,271
Government - Taxes	(1,278,928)	(1,406,053)



**SHCIL SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

**30 Change in estimated useful life of fixed assets**

Pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014 the Company has changed the estimated useful life of its fixed assets. Hitherto the Company was depreciating its assets as per rates / useful life provided in Schedule XIV to the Companies Act, 1956 on a Straight Line basis.

**31 Capital Commitments**

Estimated amount of contracts to be executed on capital account, not provided for - ₹ 9,191,844/- (Before Taxes) , Previous year - ₹ 1,100,000/-

**32** 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".

**33 Deferred Tax (Asset) / Liability :-**

Particulars	March 31, 2016	March 31, 2015
	₹	₹
Opening Balance	(4,525,736)	(5,404,153)
Adjustment due to timing difference	(245,334)	878,417
Closing Balance	(4,771,070)	(4,525,736)

**34** During the year -

- a) the Company has written off/ waived certain amounts due to non recovery towards old outstanding totaling Rs. 529,154 (Principal amount & Fees of various clients -Rs 215,213, Other Advances/receivable -Rs. 313,941) which were due but not received (Refer note 20). Further during the year the Company has also written back certain payables (other than fee based clients) for which no claim was received amounting to Rs. 3,011,780 (Refer note 18). The above has been done in line with policy as approved by the Board of Directors.
- b) the Company has provided an amount of Rs. 2,977,357/- (Refer Note 20) towards Doubtful Debts for various clients that includes the principal amount & fees. The said amounts are under arbitration.

**35** CSR amount has been paid for FY 2015-16 is Rs. 1,800,000 (PY Rs. 1,100,000) which has been spent towards various scheme of Corporate Social Responsibility(CSR) as prescribed under Section 135 at the Companies Act, 2013. The Prescribed CSR expenditure required to be spent in for FY 2015-16 as per the Companies Act, 2013 is Rs.1,677,846 (PY Rs. 50,334,656)(2% of the Average net profit), in view of Average net profit of the being Rs.83,892,292/- (under section 198 of the Act) for last three financial years.

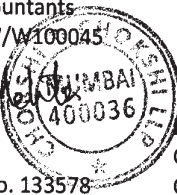
**36** Figures for the corresponding previous year have been regrouped, recast and rearranged to confirm to those of current year.

As per our Report of even date attached

For and on behalf of  
**Chokshi and Chokshi LLP**

Chartered Accountants  
 FRN : 101872W/W100045

*Pooja P Mehta*  
**Pooja Mehta**  
 Partner  
 Membership No. 133578



*Manoj Kabra*  
**Manoj Kabra**  
 Chief Financial Officer

*Mitul Palankar*  
**Mitul Palankar**  
 Company Secretary

For and on behalf of Board of Directors  
**SHCIL Services Limited**

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

*G. Anantharaman*  
**G. Anantharaman**  
 Director

*Vineet Potnis*  
**Vineet Potnis**  
 Director

*Vineet Potnis*  
**Vineet Potnis**  
 Director

*Nitin Jog*  
**Nitin Jog**  
 Managing Director & Chief Executive Officer

*P.H.Kutumbe*  
**P.H.Kutumbe**  
 Director

*P.H.Kutumbe*  
**P.H.Kutumbe**  
 Director

*Kalpna Joshi*  
**Kalpna Joshi**  
 Director

Place: Mumbai  
 Date: April 20, 2016