

22nd Annual Report

2016-17



SHCIL Services Limited

CONTENTS

Page Nos.

Board of Directors.....	02
Directors Report	03
Nomination and Remuneration Policy, Annexure-A	07
Form AOC-2, Annexure-B	13
Extract of Annual Return, Form MGT-9 Annexure- C	14
Report of Corporate Governance, Annexure- D	21
Annual Report on CSR Activities, Annexure- E	26
Independent Auditors' Report	29
Comments of the Comptroller & Auditor General of India on Financial Stateme.....	35
Balance Sheet	36
Statement of Profit and Loss	37
Statement of Cash Flow	38
Statements of Change in equity	40
Notes to the Financial Statement	41

BOARD OF DIRECTORS (AS ON AUGUST 10, 2017)

Ramesh N.G.S.	Non - Executive Chairman
G. Anantharaman	
P.H. Kutumbe	
Vineet Potnis	
Kalpana Joshi	
Nitin Jog	Managing Director & CEO
Manoj Kabra	Chief Financial Officer
Rajneesh Singh	Company Secretary
Statutory Auditors	M/s Chokshi & Chokshi LLP, Mumbai
Internal Auditors	M/s Shah Gupta & Co., Mumbai
Compliance Auditors	M/s Mehta Sanghvi & Associates., Mumbai

Registered Office:

SHCIL House, P-51, T.T.C. Industrial Area,
MIDC, Mahape, Navi Mumbai 400 710
CIN NO: U65990MH1995GOI085602
Tel: 91 - 22 6177 8600 Fax: 91-22 6177 8609

Mumbai Office:

12/14, UTI Building, Bank Street, Cross Lane,
Near Old Custom House, Fort, Mumbai – 400 023
Tel: 91 – 22 2262 2713
Web: www.shcilservices.com

DIRECTORS' REPORT

Your Directors are pleased to present the Twenty Second Annual Report of your Company along with the Audited Statement of Accounts for the financial year ended March 31, 2017.

Pursuant to the notification dated February 16, 2015 issued by the Ministry of Corporate Affairs, your Company has adopted the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 w.e.f. April 1, 2016.

During the year ended March 31, 2017, your company earned gross income of Rs. 4343 lakhs. The Profit after tax was Rs. 646 lakhs registering a growth of 11.00%. The Total Comprehensive Income for the year was Rs. 641 lakhs registering a growth of 11.48 %. The financial results are summarised below:

(Rs. In lacs)		
Particulars	2016-17	2015-16
Total Income	4343	3847
Total Expenditure	3401	2972
Profit/ (Loss) Before Tax	942	875
Profit/ (Loss) After Tax	646	582
Total Comprehensive Income	641	575
Net Worth	5276	4634
Book Value per Equity Share (Rs.)	86.64	76.10
Earning per share (Rs.)	10.53	9.45

Dividend

The Board of Directors are pleased to recommend a final dividend of Rs.2.60 per equity share (26%) for the financial year ended March 31, 2017. The dividend payment is subject to approval of members at the ensuing Annual General Meeting. This dividend shall be subject to dividend distribution tax to be paid by Company.

Transfer to reserves

The Company does not propose to transfer any amount to the general reserve. An amount of Rs. 64,147,125 /- is retained in the Profit & Loss Account.

Economic and capital market development

Global markets have rallied so far on the back of stable data from developed and developing economies. U.S. economic data has been steadily improving over the last many months. US Real Gross Domestic Product (GDP) increased at an annual rate of 1.2% QoQ in Q1 CY17. Europe's GDP also rose at a fastest pace in the last four quarters by 0.6 % QoQ and 1.9 % YoY in Q1 CY17. However increasing geo-political fears would be a key monitorable going ahead.

The Indian economy on the other hand grew by 7.1% YoY in FY16-17, above 7% mark despite short term hiccup created by

demonetisation. FY 2016-17 has been a historical year from a proposed Goods & Services tax (GST) roll-out perspective. The implementation of GST is set to strengthen the GDP in long term as it is expected to drive the volume growth for organized sectors and is also expected to shift the trade from unorganized sector to organized sector resulting in expansion of GDP base. Higher budgetary allocation towards rural centric schemes by the government and early onset of monsoon is likely to support faster recovery in rural demand. India's macroeconomic position is likely to stay favorable over the next 12-18 months due to lower inflation and lower interest rates and stable CAD and fiscal position. Corporate earnings in Q4 FY 2016-17 were steady and in line with market expectations for many sectors except for IT, PSU Banks and Pharma companies. Despite robust growth, inflation as measured by the Consumer Price Index has been on a downward trend over the past four years. This has encouraged the RBI to refrain from raising the benchmark rates. Global liquidity, strength of INR, reasonably priced oil, increased in number of SIPs in Mutual fund, political stability and continuity at the centre and states, etc. has led Nifty and Sensex to new highs. Sensex and NIFTY peaked to 32131 and 9928 respectively in July 2017.

Operations review

Your 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.

After a successful upgradation of the Online & Mobile Trading Platform, your company proposes to invest in the overhauling of its Back-Office to streamline the processes and allow dynamic structuring of the systems. With the improved trading & operation platforms, your company is actively looking to enhance the business through Alternate Channel Partners in the Retail space and Foreign Portfolio Investors in the Institutional space.

Subsidiaries

Your Company does not have any subsidiary.

Details to be reported u/s 134 (3) (ca) of the Companies Act, 2013

No frauds have been noticed/ or reported by Auditors during the year.

Directors Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(5) of the Companies Act, 2013 and confirm that:

- (a) in the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any

- (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, 2017 and of the profit of the Company for period;
- (c) proper and sufficient care has been taken for the 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 fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) proper internal financial controls were in place and such financial controls are adequate and operating effectively.
- (f) that systems to ensure compliance with the provisions of all applicable laws were in place and 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.

Directors and Key Managerial Personnel (KMP)

Shri Ramesh N.G.S is the Non-Executive Chairman and Shri Nitin Jog, is Managing Director & CEO of your Company. Your Company has six Directors which includes one Woman Director and two Independent Directors. All the Independent Directors have given declarations that they meet the criteria of Independence as laid under Section 149 of the Companies Act, 2013.

Shri Vineet Potnis, Director will retire at the ensuing Annual General Meeting (AGM) and being eligible offers himself for reappointment.

Shri Mitul Palankar, Company Secretary had resigned from the services of the Company and he was relieved w.e.f. July 7, 2017. The Company has appointed Shri Rajneesh Singh, on deputation from Stock Holding as Company Secretary w.e.f. July 20, 2017.

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

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.

During the year, eight Board Meetings were convened and held. The intervening gaps between the meetings were within the period prescribed under the Companies Act, 2013. The details of meetings of the Board and various Committees of the Board are given in the Corporate Governance Report.

Annual 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.

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 comprises sitting fees for attending the meetings of Board/ Committees of

the Board. None of the Directors were 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**

Audit Committee

The details of the Composition and meetings of Audit Committee are included in the Corporate Governance report which forms part of this report

Auditors

Being subsidiary of Government Company, your Company is also a Government Company. The Office of Comptroller and Auditor General of India (CAG) vide its letter dated July 22, 2016 had appointed M/s. Chokshi & Chokshi, LLP as Statutory Auditors of your Company under Section 139 of the Companies Act, 2013 for the financial year 2016-17.

Your Company has an elaborate internal audit system. Internal Audit of the functions and activities of the Company is carried out by a reputed firm of Chartered Accountants.

Statutory Auditors Report

The Auditors' Report does not contain any qualifications, reservations or adverse remarks.

Comptroller and Auditor General of India (C&AG) Audit

The Comptroller and Auditor General of India (C&AG), vide letter dated August 4, 2017, informed that C & AG have decided not to conduct the supplementary audit of the financial statements of your Company for the year ended March 31, 2017 and as such have no comments to make under Section 143(6)(a) of the Companies Act, 2013. Copy of the same is placed next to the Statutory Auditors' Report forming part of the financial statements.

Particulars of Loans, Guarantee and Investments

Your Company has not given any loans, guarantees and investments within the purview of Section 186 of the Companies Act, 2013.

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.

Significant and Material Orders Passed by the Regulators or Courts or Tribunal:

National Company Law Tribunal:

Your Company 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 your Company. Your Company has deposited the said compounding fees with National Company Law Tribunal on June 17, 2016. Your Company was in receipt of Final Compounding Order on October 14, 2016. Further, SSL has filed the said final order with Additional Chief Metropolitan Magistrate, Girgaum Court (CMM) for the withdrawal of the cases filed against the Company by the SFIO. The details of the Compounding fees are mentioned in Form MGT-9.

Risk Management

The Company recognizes 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. The Risk Management Committee inter-alia review various risks your Company is exposed to and considers the mitigants suggested by the business heads/ departmental heads. There is a Risk Management Department and Company has in place Risk Management and Surveillance Policy. The details of Risk Management Committee are included in Corporate Governance Report which forms part of this report.

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 2016-17.

Code of Conduct to regulate, monitor and report trading

The Securities and Exchange Board of India [Prohibition of Insider Trading Regulations, 2015] (Regulations) inter alia provides that market intermediary registered with SEBI is mandatorily required to formulate a code of conduct to regulate, monitor and report trading by its employees. Your Company being a SEBI registered intermediary has formulated a code of conduct to regulate monitor and report trading by its employees / Directors.

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 endeavors 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**.

Corporate Social Responsibility

The brief outline of the Corporate Social Responsibility (CSR) policy of our Company and the initiatives undertaken on CSR during the year are set out in the **Annexure E** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is also available on the website of the Company.

Particulars of Employees

None of the employees of your Company were in receipt of remuneration in excess of the limits as laid down under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Fixed Deposits

The Company has not accepted any Fixed Deposits from the public during the financial year 2016-17. Hence, no information is required to be appended to this report.

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. The company uses energy efficient LED lights equipped with latest technology having features of lower power usage and improved performance. The Company is using energy efficient VRF/VRV system of air conditioning.

Foreign exchange earnings and outgo

Foreign exchange earnings and outgo during the year under review:

Foreign Exchange earnings - Nil

Foreign Exchange outgo – Nil

Acknowledgements

The Board places on record its deep appreciation for the excellent support and patronage of Government of India, the Governments of various States & the concerned Government departments / agencies, Securities and Exchange Board of India (SEBI). The Board also expresses its sincere thanks to National Stock Exchange of India Limited (NSEIL), Bombay Stock Exchange Limited (BSE), Metropolitan Stock Exchange of India Limited (MSEI), National Securities Depository Limited (NSDL), Central Depository Services Limited (CDSL), Clearing Corporation of India Limited (CCIL), Association of Mutual Funds, Banks, Clients and the Shareholders for their cooperation and support in various spheres of your Company's activities. The Board of Directors also expresses its gratitude for the exemplary services rendered by the employees of your Company.

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

**Place: Mumbai
Date : August 10, 2017**

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

ANNEXURE A

Nomination and Remuneration Policy

SHCIL SERVICES LIMITED

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

TABLE OF CONTENTS

Part A

No.	Particulars
a.	Introduction
b.	Objective
c.	Definitions
d.	Applicability
e.	Effective Date
f.	Nomination and Remuneration Committee (NRC-B)
g.	Nomination Duties

Part B

h.	Key principles of Compensation
i.	Composition of the Board
J.	Criteria to be considered while appointing Director, KMP and Senior Management Personnel

Part C

k.	Remuneration – Executive Directors, Key Managerial Person, Senior Management Personnel and other employees
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Part D

l.	Remuneration –Non Executive Directors
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Part E

m.	Evaluation of the performance of the Board
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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;
 - (iii) Company Secretary;
 - (iv) Chief Financial Officer;
 - (v) 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 (NRCB):

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, Term 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 amanaging 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 percent 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 percent 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 percent 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

I. 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: None

(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	

2 Details of material contracts or arrangement or transactions at arm's length basis: None

(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 10, 2017

Ramesh N.G.S.
Non- Executive Chairman

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[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:	The matters pertaining to shareholders are directly dealt by the Secretarial department at the registered office.

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

Sl. NO	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(46) read with the Section 2(87)
2.	IFCI Limited	L74899DL1993GOI053677	Holding	----	Section 2(46) 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	
A. Promoters									
(1) Indian									
g) Individual/HUF									
h) Central Govt									
i) State Govt (s)									
j) Bodies Corp.									
k) Banks / FI									
l) Any Other....									
Sub-total (A) (1):-	--	6,089,703*	6,089,703*	100		6,089,703*	6,089,703*	100	Nil
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
Sub-total (A) (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		6,089,703	6,089,703	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. Public Shareholding									
1. Institutions	--	---	---	--	--	----	----	---	--
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions	--	--	--	--	--	---	---	---	--
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)									
Sub-total (B) (2):-	--	---	--	----	--	--	---	--	--
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	---
Grand Total (A+B+C)		6,089,703	6,089,703	100	--	6,089,703	6,089,703	100	

(ii) Shareholding of Promoters

S. N.	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)		6,089,703	6,089,703	100	--	6,089,703	6,089,703	100	Nil

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

	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 Shareholding 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.	For Each of the top 10 Shareholders	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	----	----	----	----

(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
	Directors						
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	---	--	--	--	--	--
	KMPs						
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
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
• Addition				
• Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

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	28,55,696.68
	(b) Value of perquisites u/s 17 (2) Income tax Act, 1961	87,497.00
	(c) Profits in lieu of salary under section 173(3) Income-tax Act, 1961	
2	Stock Option	
3	Sweat Equity	
4	Commission - as% of profit	
5	Others –Employer contribution to provident and other funds	2,95,564.00
	Total	32,38,757.68
	Ceiling as per the Act*	44,73,699.50

*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	Rs. 2,90,000	Rs.3,00,000		Rs.590000/-
	• Commission	--	--		--
	• Others, please specify	--	--		--
	Total (1)	Rs. 2,90,000	Rs.3,00,000		Rs. 5,90,000
	Other Non-Executive Directors	Shri Ramesh N.G.S. ##	Shri Vineet Potnis ##	Ms. Kalpana Joshi ##	
	• Fee for attending board / committee meetings	Rs.1,60,000/-	Rs.2,50,000/-	Rs. 2,00,000/-	Rs.6,10,000/-
	• Commission	---	---	---	--
	• Others, please specify	---	--	---	--
	Total (2)	Rs.1,60,000/	Rs.2,50,000/-	Rs. 2,00,000/-	Rs.6,10,000/-
	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		15,14,204	15,90,734	31,04,938
2	Stock Option				
3	Sweat Equity				
4	Commission - as % of profit				
5	Others –Employer contribution to provident and other funds		50,808	47,688	98,496
	Total				32,03,434

*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 De-tails)
A. COMPANY					
	269	Compounding for Appointment of Chief Executive Officer & Director without the approval of the Central Govt.	4,00,000	NCLT	--
	95	Compounding for non-filing of form 5 with Registrar of Companies (RoC) w.r.t. reclassification of shares	2,00,000	NCLT	--
	198 & 309	Compounding for Payment of remuneration to Chief Executive Officer & Director exceeding limit prescribed by the Act.	2,00,000	NCLT	--
	3(4)	Compounding for not increasing paid up capital of the company as prescribed by Companies Act, 1956	4,00,000	NCLT	--
	187C	Compounding for non-filing of declaration under section 187C of the Companies Act, 1956	1,00,000	NCLT	--
B. DIRECTOR*					
Shri Nitin Jog	269	Compounding for Appointment of Chief Executive Officer & Director without the approval of the Central Govt.	2,00,000	NCLT	--
Shri Nitin Jog	95	Compounding for non filing of form 5 with Registrar of Companies (RoC) w.r.t. reclassification of shares	2,00,000	NCLT	--

	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 De-tails)
Shri Nitin Jog	198 & 309	Compounding for Payment of remuneration to Chief Executive Officer & Director exceeding limit prescribed by Companies Act, 1956	2,00,000	NCLT	--
Shri Arvind Sharma (former Director)	217 (3)	Compounding for 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	NCLT	--
Shri Arvind Sharma (former Director)	3(4)	Compounding for not increasing paid up capital of the company as prescribed by Companies Act, 1956	2,00,000	NCLT	--
Shri L Viswanathan (former Director)	95	Compounding for non filing of form 5 with Registrar of Companies (RoC) w.r.t. reclassification of shares	2,00,000	NCLT	--
Shri R.H. Mewawala (former Director)	193	Compounding for improper recording of minutes	2,500	NCLT	--
Shri L. Viswanathan (former Director)	193	Compounding for improper recording of minutes	2,500	NCLT	--
Shri Manoj Borkar (former Director)	193	Compounding for improper recording of minutes	2,500	NCLT	--
C. OTHER OFFICER IN DEFAULT					
--	---	---	--	---	---
D. Ostensible Shareholders*					
Shri L. Viswanathan	187C	Compounding of non-filing of declaration under section 187C of the Companies Act, 1956	2,00,000	NCLT	--
Shri R. H. Mewawala (Former Ostensible Shareholder)	187C	Compounding of non-filing of declaration under section 187C of the Companies Act, 1956	2,00,000	NCLT	--
Shri Manoj Borkar (Former Ostensible Shareholder)	187C	Compounding of non-filing of declaration under section 187C of the Companies Act, 1956	2,00,000	NCLT	--
Shri Ajit Pradhan (Former Ostensible Shareholder)	187C	Compounding of non-filing of declaration under section 187C of the Companies Act, 1956	2,00,000	NCLT	--
Shri R. Chandrashekar (Former Ostensible Shareholder)	187C	---do---	2,00,000	NCLT	--
Penalty					
Punishment					
Compounding: Present and former Directors and present and former Ostensible Shareholders have paid the compounding fees from their personal funds.					

REPORT ON CORPORATE GOVERNANCE

(forming part of Directors' Report for financial year ended March 31, 2017)

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. Eight meetings were held during the financial year 2016-17. Details of Board Meetings held are as follows:

Sr. No.	Date of the Board Meeting	Total number of Directors on the date of the meeting	No. of Directors attended	% of Attendance
1	April 20, 2016	6	5	83%
2	June 30, 2016	6	5	83%
3	July 20, 2016	6	6	100%
4	August 12, 2016	6	6	100%
5	September 16, 2016	6	6	100%
6	October 17, 2016	6	6	100%
7	January 24, 2017	6	6	100%
8	March 21, 2017	6	6	100%

Attendance of Directors at Board Meetings and Annual General Meeting during the financial year 2016-17:

Sr. no.	Name of the Director	Attendance at the Board Meetings held on								Attendance at the AGM held on September 16, 2016
		20-Apr-16	3-Jun-16	20-Jul-16	12-Aug-16	16-Sep-16	17-Oct-16	24-Jan17	21-Mar-17	
1	Shri Ramesh N.G.S	√	√	√	√	√	√	√	√	√
2	Shri Nitin Jog	√	√	√	√	√	√	√	√	√
3	Shri Vineet Potnis	LoA	√	√	√	√	√	√	√	√
4	Shri P. H. Kutumbe	√	√	√	√	√	√	√	√	√
5	Shri G. Anantharaman	√	√	√	√	√	√	√	√	√
6	Smt Kalpana Joshi	√	LoA	√	√	√	√	√	√	√

LoA = Leave of absence; NA = Not Applicable since they were not directors as on the date of the meeting, √ = attended.

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 Anantharaman

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	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	State Bank of India	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 accounts of your Corporation are audited every quarter and the audited quarterly and annual financial statements are placed before the Audit Committee for their recommendations before submission to the Board for approval.

The terms of reference of the Audit Committee of the Board inter alia includes the terms referred to under Section 177 (4) of the Companies Act, 2013.

As on March 31, 2017, the Audit Committee comprised of three members viz., Shri G. Anantharaman (Chairman), Shri P.H. Kutumbe, Independent Director, Shri Vineet Potnis, Director. The details of attendance of the Directors at the Audit Committee meetings during the FY 2016-17 are as follows:

Sr. No.	Name of the Director	Category	Attendance at the Audit Committee Meeting						
			20-Apr-16	20-Jul-16	12-Aug-16	16-Sept-16	17-Oct-16	24-Jan-17	21-Mar-17
1	Shri G Anantharaman	Independent	√	√	√	√	√	√	√
2	Shri Vineet Potnis	Director	LoA	√	√	√	√	√	√
3	Shri P.H.Kutumbe	Independent	√	√	√	√	√	√	√

LoA = Leave of absence; √ = attended.

Details of Risk Committee

The Risk Management Committee inter-alia review various risks your Company is exposed to/ risk associated with any new activities and considers the mitigants suggested by the business heads/ departmental heads. As on March 2017, the Risk Committee comprised of Shri P H Kutumbe, Shri Vineet Potnis and Ms. Kalpana Joshi.

The Committee has been re-constituted w.e.f. July 20, 2017 and now comprises of Shri G. Anantharaman, Shri Vineet Potnis and Ms. Kalpana Joshi.

Details of Nomination Remuneration Committee (NRC) and Attendance

Your Company has constituted a Nomination and Remuneration Committee (NRC). As required under Section 178 (3) of the Companies Act, 2013, the NRC has inter alia formulated the criteria for determining qualifications, positive attributes and independence of Directors, recommend the appointment of persons who may be appointed as Directors, Key Managerial and Senior Management position (one level below the MD & CEO / WTD) in accordance with the criteria laid down in this policy, recommend to the Board the remuneration payable to KMP, Senior Management Personnel and other employees and recommend to the Board remuneration, if any, payable to the Directors, etc.

As on March 31, 2017, the Committee comprised of three directors viz., Shri G. Anantharaman (Chairman), Shri P. H. Kutumbe, Shri. Vineet Potnis and Smt Kalpana Joshi as members. The details of attendance of the Directors at the Nomination and Remuneration Committee meetings during the FY 2016-17 are as follows:

Sr. No.	Category	Category	Attendance at the Nomination & Remuneration Committee meeting				
			20-Apr-16	12 Aug 16	17-Oct-16	24-Jan 17	21-Mar 17
1	P. H. Kutumbe	Independent	√	√	√	√	√
2	G. Anantharaman	Independent	√	√	√	√	√
3	Vineet Potnis	Director	LoA	√	√	√	√
4	Kalpana Joshi	Director	√	√	√	√	√

LoA = Leave of absence; √ = attended.

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	Category	24-Jan-17
			1
2	Shri P.H. Kutumbe	Non-Executive	√
3	Ms. Kalpana Joshi	Non-Executive/ Independent	√

√ = attended.

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	19 th AGM	20 th AGM	21 st AGM	12 th EGM
Year	2013-14	2014-15	2015-16	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	September 15, 2014	September 1, 2015	September 16, 2016	October 25, 2013

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

Meeting no.	Resolution No.	Particulars of Resolution
19 th AGM	-	-
20th AGM	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
21st AGM	-	-
12th EGM	1	1) Preferential Issue of Shares to SHCIL under section 81(A) and other applicable provisions, if any, of the Companies Act 1956

Disclosures

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

Shareholder Information

a) Annual General Meeting

Date, time & Venue of the Annual General Meeting

Friday, September 8, 2017 at SHCIL House, T.T.C. Industrial Area, MIDC, Mahape, Navi Mumbai-400710 at 4.30 p.m

b) Date of Book closure/record date

September 8, 2017

c) Dividend payment date

Dividend after September 8, 2017 but within the statutory time limit.

d) Listing on Stock Exchange

The Company's shares are not listed in any stock exchange.

e) Distribution of shareholdings as on March 31, 2017

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

f) Address of correspondence

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

Annual Report on CSR activities

- 1. A brief outline of your Company's CSR policy including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.**

Your Company strongly believes that Business & Corporate Social Responsibility (CSR) go hand-in-hand.

The Board of your Company after taking into account the recommendations of the Corporate Social Responsibility (CSR) Committee of the Board has approved the CSR policy. The CSR policy is also displayed on the website <http://www.shcilservices.com/>.

The CSR activities of your Company are towards the under mentioned areas.

- Eradicating hunger, poverty and malnutrition, promoting preventive health care, sanitation, etc.;
- Promoting education, including special education and employment enhancing vocation skills, etc.;
- Ensuring environmental sustainability, ecological balance including contribution to the clean Ganga fund set up by the Central Govt. for rejuvenation of river Ganga, etc.;
- Any other area under Schedule VII of Section 135 of the Companies Act, 2013.

All the CSR activities of your Company are predominantly being undertaken through its Holding Company Stock Holding and SHCIL Foundation Trust, a public charitable trust registered under Section 12 (A) of the Income Tax Act, 1961. The Trust carries out certain activities directly and also indirectly by way of donations to credible NGOs which are eligible to issue certificate under Section 80G of the Income Tax Act, 1961.

- 2. Composition of the CSR Committee**

Your Company has a CSR Committee of Directors comprising of the following members.

- Shri Vineet Potnis, Director, Chairman
- Shri P. H. Kutumbe, Independent Director
- Smt Kalpana Joshi, Director

- 3. Average net profit of the Company for last three financial years for the purpose of computation of CSR**

Rs.955 Lakh

- 4. Prescribed CSR expenditure (two percent of the amount as in item 3 above).**

The Company is required to spend Rs.19.25 lakh.

- 5. Details of CSR spend for the financial year :**

- a. Total amount spent for the financial year: Rs.19.25 lakh.
- 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 (in Rs.)	Amount spent on the projects or programs Sub-heads 1.Direct expenditure on projects or programs 2.Overheads (In Rs.)	Cumulative expenditure upto the reporting period (inRs.)	Amount spent ; direct or through implementing agency
1	Sosva Training and Promotion Institute (STAPI)	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Pune, Maharashtra	10,00,000	10,00,000	10,00,000	Through StockHolding
2	Dardionu Rahat Fund	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation (including contribution to the swach bharat kosh set up by Central Govt. for promotion of sanitation) and making available safe drinking water.	Gujarat	2,00,000	2,00,000	12,00,000	Through StockHolding
3	Vanaprastha Ashram	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation (including contribution to the swach bharat kosh set up by Central Govt. for promotion of sanitation) and making available safe drinking water.	Navi Mumbai, Maharashtra	1,50,000	1,50,000	13,50,000	Through StockHolding

4	United Orphanage	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Coimbatore, Tamil Nadu	1,25,000	1,25,000	14,75,000	Through SHCIL Foundation Trust
5	Swaroop-wardhini	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Pune, Maharashtra	1,50,000	1,50,000	16,25,000	Through SHCIL Foundation Trust
6	Manovikas Kendra	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation (including contribution to the swach bharat kosh set up by Central Govt. for promotion of sanitation) and making available safe drinking water.	Kolkata	1,50,000	1,50,000	17,75,000	Through SHCIL Foundation Trust
7	Nana Palkar Smruti Samiti	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation (including contribution to the swach bharat kosh set up by Central Govt. for promotion of sanitation) and making available safe drinking water.	Mumbai, Maharashtra	1,50,000	1,50,000	19,25,000	Through SHCIL Foundation Trust

Place: Mumbai
Date : August 10, 2017

Nitin Jog
MD & CEO

Vineet Potnis
Chairman CSR Committee

INDEPENDENT AUDITOR'S REPORT

To The Members of SHCIL Services limited

Report on the Financial statements

We have audited the accompanying Ind AS Financial statements of SHCIL Services Limited ('the Company'), which comprise the balance sheet as at 31st March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Financial statements").

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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with relevant rules issued thereunder .

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. While conducting the 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 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 obtained by us 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 financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date..

Other matters

This audit report is based on our audit of the financial statements for the year ended 31st March 2017 prepared by the Company as per the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended. The Company has prepared the aforesaid financial statements under another financial reporting framework; based on the Accounting Standards, specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. We have issued a separate audit report dated 20th April 2017 based on the audit of the financial statements prepared as per the Accounting Standards.

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 Act, 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,

- the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the aforesaid standalone Financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued there-under;
 - e. in terms of the 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 33(a) of the Financial statements, the Company has written off excess stamp duty paid arising out of mismatch in stamp duty collections & payments over past years amounting to Rs. 278,289/- (Net). The Company has also written off in form of depreciation expenses certain Computers and mobile handsets (net value is Rs.1) which is not in good conditions. The Company has provided an amount of Rs. 98,530/- towards Doubtful Debts for various clients that includes the principal amount & fees. 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. on the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - g. 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". Our report expresses unmodified opinion on the adequacy and the operating effectiveness of the Company's internal financial controls over financial reporting.
 - h. 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 its Financial statements. – Refer note 21 to the financial statements.
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. there were no amounts which were required to be transferred to the Investors Education and Protection Fund by the Company.
 - iv. the Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. However, as stated in notes 34 to the financial statements amounts aggregating to Rs. 7500 as represented to us by the Management have been received from transactions which are not permitted.

For Chokshi & Chokshi LLP
Chartered Accountants
 FRN101872W/W100045

Raghav Mohta
 Partner
 M.No.426718

Place: Mumbai
 Date: 20th April 2017

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 independent Professional firm at its offices during the year 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, the discrepancies noticed have been properly dealt with in the books of account.
 - 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, 2017, 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 (Rs.)	Period (A.Y.)	Forum
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)
Income Tax Act, 1961	Regular Assessment	10,778,100	2014-15	CIT(A)

- 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) In our opinion and according to the information and explanations given to us, the Company is not in the nature of a Nidhi Company as defined under section 406 of the Companies Act, 2013.
- 13) According to the information and explanations given to us, 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 28 to the Financial statements as required by the applicable accounting standards.
- 14) According to the information and explanations give to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- 15) According to the information and explanations given to us, 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
FRN101872W/W100045

Place: Mumbai
Date: 20th April 2017

Raghav Mohta
Partner
M.No.426718

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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 31st March 2017 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 ("ICAI"). 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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 31st March 2017, 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

FRN101872W/W100045

Raghav Mohta
Partner
M.No.426718

Place: Mumbai
Date: 20th April 2017

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)
(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENT OF SHCIL SERVICE LIMITED
FOR THE YEAR ENDED 31ST MARCH 2017

The preparation of Financial Statement of SHCIL Services Limited for the year ended 31 March 2017 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 Statement 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 2017.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the Financial Statement of SHCIL Services Limited for the year ended 31 March 2017 under section 143(6)(a) of the Act.

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

Place: Mumbai
Date: 20th April 2017

(Roop Rashi)
Partner
M.No.426718

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	March 31, 2017 ₹	March 31, 2016 ₹	April 1, 2015 ₹
ASSETS				
Non-current assets				
Property plant and equipment (net)	2.1	9,233,380	7,824,732	9,550,821
Intangible assets	2.2	4,599,037	1,213,293	1,449,568
Intangible assets under development	2.2	-	-	-
		13,832,417	9,038,025	11,000,389
Financial assets				
Advances and Deposits	3a	51,750,642	15,999,295	15,999,295
Other financial assets	4a	40,800,000	16,000,000	25,100,001
Deferred tax assets (net)	5	3,991,464	4,771,070	4,525,736
Income tax assets (net)	6	84,613,303	79,283,371	57,156,495
Total Non-Current Assets		194,987,826	125,091,761	113,781,916
Current assets				
Financial assets				
Advances and Deposits	3b	113,514,426	92,162,495	143,120,042
Other financial assets	4b	1,414,991	2,134,321	2,986,065
Investments	7	182,008,174	150,625,487	112,445,080
Trade receivables	8	607,393,149	589,093,443	554,804,488
Cash and cash equivalents	9	356,851,178	328,154,055	174,483,984
Total Current Assets		1,261,181,918	1,162,169,801	987,839,659
Total Assets		1,456,169,744	1,287,261,562	1,101,621,575
EQUITY AND LIABILITIES				
Equity				
Equity share capital	10	60,897,030	60,897,030	57,700,000
Other equity		466,688,684	402,541,556	328,477,586
Total Equity		527,585,714	463,438,586	386,177,586
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings		-	-	17,282,336
Other financial liabilities		-	-	-
Long term provisions	12	937,257	1,696,003	1,291,918
Deferred tax liabilities (net)		-	-	-
Total Non-Current Liabilities		937,257	1,696,003	18,574,254
Current liabilities				
Financial liabilities				
Trade payables	13	878,915,660	786,777,767	655,430,344
Other financial liabilities	11	47,138,077	34,543,359	40,043,971
Short-term provisions	14	1,593,036	805,846	1,395,420
Total Current Liabilities		927,646,773	822,126,972	696,869,735
Total Equity and liability		1,456,169,744	1,287,261,562	1,101,621,575

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

Significant accounting policies and Notes to Financial Statement

1 to 40

As per Our Report of even date attached

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

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

Raghav Mohta
Partner
Membership No. 426718

Manoj Kabra
Chief Financial Officer

Nitin Jog
Managing Director
& Chief Executive Officer

Ramesh N.G.S.
Non - Executive Chairman

Mitul Palankar
Company Secretary

G. Anantharaman
Director

P.H. Kutumbe
Director

Place: Mumbai
Date: April 20, 2017

Vineet Potnis
Director

Kalpna Joshi
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note	March 31, 2017 ₹	March 31, 2016 ₹
Revenue:			
Revenue from operations (Net)	15	406,165,011	356,422,949
		406,165,011	356,422,949
Other income	16	28,135,639	28,311,407
Total Revenue		434,300,650	384,734,356
Expenses:			
Employee benefits expense	17	37,386,636	29,295,754
Finance costs	18	-	1,580,163
Sub - brokerage expenses	19	235,088,076	207,635,022
Depreciation and amortisation	2	6,058,963	5,517,748
Other expenses	20	61,613,288	53,161,653
Total expenses		340,146,963	297,190,340
Profit before tax		94,153,687	87,544,016
Tax expenses	21		
Current tax expenses		28,815,366	29,500,000
Current tax adjutment for earlier years		-	83,293
Deferred tax expenses		779,606	(245,334)
Net profit for the year		64,558,715	58,206,057
Other Comprehensive Income			
OCI items not reclassified to profit or loss			
Remeasurement of net defined benefit liability (Net of tax)		(275,506)	(442,978)
Fair value movement equity instruments designated at FVOCI		-	-
Income tax relating to item not to be classified in profit and loss in subsequent period		(136,084)	(218,806)
Net OCI items not reclassified to profit or loss		(411,590)	(661,784)
Total comprehensive income for the year		64,147,125	57,544,273
Earnings per equity share:			
	25		
(1) Basic (in ₹)		10.53	9.45
(2) Diluted (in ₹)		10.53	9.45
Weighted average number of equity shares used in computing \ earning per shares			
Basic		6,089,703	6,089,703
Diluted		6,089,703	6,089,703

The accompanying notes are an integral part of these financial statement.
Significant accounting policies and Notes to Financial Statement

1 to 40

As per Our Report of even date attached

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

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

Raghav Mohta
Partner
Membership No. 426718

Manoj Kabra
Chief Financial Officer

Nitin Jog
Managing Director
& Chief Executive Officer

Ramesh N.G.S.
Non - Executive Chairman

Mitul Palankar
Company Secretary

G. Anantharaman
Director

P.H. Kutumbe
Director

Place: Mumbai
Date: April 20, 2017

Vineet Potnis
Director

Kalpna Joshi
Director

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2017

	March 31, 2017 ₹	March 31, 2016 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	94,153,687	87,544,016
Adjustments to reconcile profit before tax to net cash flows :		
Depreciation	6,058,963	5,517,748
Dividend from Mutual Funds	(8,570,052)	(9,068,116)
Interest Income	(17,921,734)	(15,761,868)
(Profit)/ Loss on sale of Fixed Assets	(136,617)	(92,956)
Finance cost & Commission	335,671	2,591,757
Bad Debts Written off	-	-
Provision for Doubtful Debts	98,450	2,977,357
Remeasurement of net defined benefit liability	(411,590)	(661,784)
Operating profit before working capital changes	73,606,778	73,046,155
Working capital adjustments :		
(Increase)/ Decrease in Trade Receivables	(18,398,156)	(37,266,311)
(Increase)/ Decrease in Advance and Deposits & other financial Assets	(46,151,934)	60,057,551
(Increase)/Decrease in Other Current Financial Assets	(91,203)	(547)
Increase/ (Decrease) in Trade payables and Other Current Financial Liabilities	104,732,610	125,846,789
Increase/ (Decrease) in Short Term and Long Term Provisions	28,444	(268,782)
Cash generated from operations	113,726,539	221,414,855
Direct Taxes paid	(34,145,348)	(51,626,826)
Net cash from operating activities	79,581,191	169,788,028
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(10,853,434)	(3,555,389)
Sale of Fixed Assets	136,700	92,957
Purchase of Investments	(31,382,687)	(38,180,407)
Dividends from Mutual Funds	8,570,052	9,068,116
Interest Earned	18,396,647	16,456,767
(Increase)/Decrease in Security Deposit with Others	123,653	-
(Increase)/Decrease in Deposit with Exchanges	(35,875,000)	-
Bank deposits not considered as cash & cash equivalents (net)	13,300,000	11,700,000
Net cash used in investing activities	(37,584,068)	(4,417,956)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares	-	-
Net cash from financing activities	-	-
NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS	41,997,123	165,370,072
Cash and Cash equivalents at the beginning of the period	274,854,055	109,483,984
Cash and Cash equivalents at the end of the period	316,851,178	274,854,055

	March 31, 2017 ₹	March 31, 2016 ₹
Notes		
1. Cash & Cash Equivalents		
Cash on Hand	44,344	11,537
Balances with Banks:		
- In Current Accounts	96,187,875	79,749,969
- In Fixed Deposits	220,618,959	195,092,549
Cash & Cash Equivalents considered for Cash flow	316,851,178	274,854,055
Other Bank Balances	40,000,000	53,300,000
Cash and Bank Balances as per Note 9	356,851,178	328,154,055

The accompanying notes are an integral part of these financial statement.
Significant accounting policies and Notes to Financial Statement 1 to 40

As per Our Report of even date attached

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

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

Raghav Mohta
Partner
Membership No. 426718

Manoj Kabra
Chief Financial Officer

Nitin Jog
Managing Director
& Chief Executive Officer

Ramesh N.G.S.
Non - Executive Chairman

Mitul Palankar
Company Secretary

G. Anantharaman
Director

P.H. Kutumbe
Director

Place: Mumbai
Date: April 20, 2017

Vineet Potnis
Director

Kalpna Joshi
Director

STATEMENTS OF CHANGE IN EQUITY

Particulars	Reserve & Surplus			Total Equity	
	Equity share capital	Retained earnings	Securities premium account		Other components of equity*
Opening Balance - April 1, 2015	57,700,000	234,610,537	77,180,000	16,687,049	386,177,586
Retained Earnings - Transferred from current period P&L	-	58,206,057	-	-	58,206,057
Balance movement:-					
Shares issued	3,197,030	-	15,665,447	-	18,862,477
Bank commission on Guarantee given by holding company	-	-	-	854,250	854,250
Other comprehensive income- Defined Benefit Employee Cost	-	(661,784)	-	-	(661,784)
Closing Balance - March 31, 2016	60,897,030	292,154,810	92,845,447	17,541,299	463,438,586
Opening Balance - April 1, 2016	60,897,030	292,154,810	92,845,447	17,541,299	463,438,586
Retained Earnings - Transferred from current period P&L	-	64,558,715	-	-	64,558,715
Balance movement:-					
Other comprehensive income- Defined Benefit Employee Cost	-	(411,588)	-	-	(411,588)
Closing Balance - March 31, 2017	60,897,030	356,301,938	92,845,447	17,541,299	527,585,714

* Other components of equity includes Bank Commission on Guarantee given by Holding Company and Preference shares - Deemed Equity Contribution. The accompanying notes are an integral part of these financial statement.

Significant accounting policies and Notes to Financial Statement 1 to 40

As per Our Report of even date attached

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

Raghav Mohta
 Partner
 Membership No. 426718

For and on behalf of Board of Directors
SHCIL Services Limited

Manoj Kabra
 Chief Financial Officer

Mitul Palankar
 Company Secretary

Nitin Jog
 Managing Director
 & Chief Executive Officer

G. Anantharaman
 Director

Ramesh N.G.S.
 Non - Executive Chairman

P.H. Kutumbe
 Director

Place: Mumbai
 Date: April 20, 2017

Kalpana Joshi
 Director

Vineet Potnis
 Director

NOTES TO BALANCE SHEET AS AT MARCH 31, 2017

2.1 Property plant and equipment (net)
Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2017:

Particulars	Leasehold Land	Furniture and fixture	Office Equipment	Mobiles	Vehicles	Computer Hardware	Servers & Network	Total
Gross carrying value as of April 1, 2015	20,273,430.0	603,712.0	710,869.0	74,918.0	2,627,628.0	8,666,336.0	31,024,690.0	63,981,583.0
Additions	-	-	221,100.0	49,350.0	-	205,223.0	2,165,033.0	2,640,706.0
Deletions	-	17,887.0	-	-	781,000.0	-	-	798,887.0
Gross carrying value as of March 31, 2016	20,273,430.0	585,825.0	931,969.0	124,268.0	1,846,628.0	8,871,558.5	33,189,723.0	65,823,402.0
Gross carrying value as of April 1, 2016	20,273,430.0	585,825.0	931,969.0	124,268.0	1,846,628.0	8,871,558.5	33,189,722.5	65,823,402.0
Additions	-	-	-	207,815.0	636,489.0	12,343.5	5,630,758.7	6,487,406.5
Deletions	-	-	-	62,418.0	-	2,287,472.5	4,520,467.0	6,870,357.5
Gross carrying value as of March 31, 2017	20,273,430	585,825	931,969	269,665	2,483,117	6,596,430	34,300,014	65,440,451
Accumulated depreciation as of April 1, 2015	20,273,412	350,611	617,784	69,207	1,937,765	5,866,609	25,315,358	54,430,746
Depreciation	(2)	107,298	40,648	9,655	615,646	1,498,239	2,095,322	4,366,806
Accumulated depreciation on deletions	-	17,882	-	-	781,000	-	-	798,882
Accumulated depreciation as of March 31, 2016	20,273,410	440,027	658,432	78,862	1,772,411	7,364,848	27,410,680	57,998,670
Accumulated depreciation as of April 1, 2016	20,273,413	440,025	658,425	78,862	1,772,411	7,364,839	27,410,680	57,998,655
Depreciation	-	53,070	69,206	67,489	253,810	1,136,889	3,498,217	5,078,681
Accumulated depreciation on deletions	-	-	-	62,413	-	2,287,403	4,520,447	6,870,263
Accumulated depreciation as of March 31, 2017	20,273,413	493,095	727,631	83,938	2,026,221	6,214,325	26,388,450	56,207,073
Carrying value as of March 31, 2017	17	92,730	204,338	185,727	456,896	382,105	7,911,564	9,233,380
Carrying value as of March 31, 2016	20	145,798	273,537	45,406	74,217	1,506,711	5,779,043	7,824,732
Carrying value as of April 01, 2015	20	253,099	93,078	5,711	689,863	2,799,718	5,709,332	9550821

NOTES TO BALANCE SHEET AS AT MARCH 31, 2017

2.2 Intangible assets

Following are the changes in the carrying value of acquired intangible assets for the year ended March 31, 2017:

Particulars	Intangible Assets-Computer Software	Intangible Assets under Development - Computer Software*	Total
Gross carrying value as of April 1, 2015	32,066,763	-	32,066,763
Additions	914,683	-	914,683
Deletions	-	-	-
Gross carrying value as of March 31, 2016	32,981,446	-	32,981,446
Gross carrying value as of April 1, 2016	32,981,447	-	32,981,447
Additions	4,366,027	-	4,366,027
Deletions	-	-	-
Gross carrying value as of March 31, 2017	37,347,474	-	37,347,474
Accumulated depreciation as of April 1, 2015	30,617,195	-	30,617,195
Depreciation	1,150,958	-	1,150,958
Accumulated depreciation on deletions	-	-	-
Accumulated depreciation as of March 31, 2016	31,768,153	-	31,768,153
Accumulated depreciation as of April 1, 2016	31,768,153	-	31,768,153
Depreciation	980,284	-	980,284
Accumulated depreciation on deletions	-	-	-
Accumulated depreciation as of March 31, 2017	32,748,437	-	32,748,437
Carrying value as of March 31, 2017	4,599,037	-	4,599,037
Carrying value as of March 31, 2016	1,213,293	-	1,213,293
Carrying value as of April 01, 2015	1,449,568	-	1,449,568

NOTES TO BALANCE SHEET AS AT MARCH 31, 2017

**Note 3
Financial Assets
Advance & Deposits**

Particulars	March 31, 2017 ₹	March 31, 2016 ₹	April 1, 2015 ₹
3a. Non-Current			
Base capital deposit with Exchanges	50,500,000	14,625,000	14,625,000
Deposits with Professional Clearing Member	1,200,000	1,200,000	1,200,000
Security deposits - Others	50,642	174,295	174,295
	51,750,642	15,999,295	15,999,295
3b. Current			
Secured, considered good			
Advances for Margin Trading	1,184,237	1,730,474	2,734,571
	1,184,237	1,730,474	2,734,571
Unsecured, considered good unless otherwise stated			
Prepayments	5,680,749	4,349,786	3,996,106
Margin Deposit F&O - SHCIL	36,651,105	54,133,901	54,407,667
Margin Deposit with Exchanges	69,867,787	31,867,787	61,867,787
Margin Deposit with Professional Clearing Member	-	-	20,000,000
	112,199,641	90,351,474	140,271,560
Advances			
Other Advances	130,548	80,547	346,911
Less: Provision for doubtful advances	-	-	233,000
	130,548	80,547	113,911
	113,514,426	92,162,495	143,120,042
Total Carrying Value (3a+3b)	165,265,068	108,161,790	159,119,337

Particulars	March 31, 2017 ₹	March 31, 2016 ₹	April 1, 2015 ₹
Note 4 Other financial assets			
4a. Non current assets			
Long term deposits with banks with original maturities more than 12 months	40,800,000	16,000,000	25,100,001
	40,800,000	16,000,000	25,100,001
4b. Current assets			
Accrued interest on fixed deposit	1,311,152	1,786,065	2,480,964
Prepayments (Commission)	-	335,620	493,013
	1,311,152	2,121,685	2,973,977
Other Current Assets			
Considered Good -:	103,839	12,636	12,088
Considered Doubtful	-	-	385,762
Less-: Provision for doubtful debts	-	-	385,762
	103,839	12,636	12,088
Total	1,414,991	2,134,321	2,986,065,
Total Carrying Value (4a+4b)	42,214,991	18,134,321	28,086,066

NOTES TO BALANCE SHEET AS AT MARCH 31, 2017

Note 5
Deferred tax assets (net)

Particulars	March 31, 2017 ₹	March 31, 2016 ₹	April 1, 2015 ₹
Timing difference due to depreciation as per Income Tax and Companies Act	2,162,567	2,964,233	3,470,579
Provision for doubtful debts/advances	992,306	984,404	131,121
Provision for compensated Absenses/Leave Encashment	727,349	638,402	462,765
Provision for Gratuity	109,242	184,029	461,271
Total	3,991,464	4,771,068	4,525,736

Note 6
Non - current tax assets (net)

Advance tax and TDS (net)	84,613,303	79,283,371	57,156,495
Total	84,613,303	79,283,371	57,156,495

Note 7**Current investments**

Unquoted Mutual Funds	182,008,174	150,625,487	112,445,080
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Details of investment

Daily Dividend Plan of Liquid Schemes of Mutual Funds			
Unquoted			
27,809.952 Units at ₹ 1,098.00 of LIC Nomura Liquid Fund (March 16: 94.214 Units at ₹ 1,098.00)	30,535,327	103,447	36,049,868
25,979.66 Units at ₹ 1,001.8422 of Baroda Pioneer Mutual Fund (March 16: 25,806.815 Units at ₹ 1,001.6753)	26,027,520	25,850,050	504,407
528.699 Units at ₹ 1,019.4457 of UTI Liquid Cash Plan (March 16: 1,792.764 Units at ₹ 1,019.4457)	538,980	1,827,625	-
24,053.07 Units at ₹ 1,003.2500 of SBI Premier Liquid Fund (March 16: 23,502.203 Units at ₹ 1,003.2500)	24,131,243	23,578,586	25,504,461
24,824.833 Units at ₹ 1,019.82 of HDFC Mutual Fund (March 16: 23,679.162 Units at ₹ 1019.82)	25,316,861	24,148,483	28,187,180
260,058.23 Units at ₹ 100.0685 of ICICI Mutual Fund (March 16: 248,041.245 Units at ₹ 100.0685)	26,023,637	24,821,116	22,199,164
252,282.929 Units at ₹ 100.195 of Birla Sunlife Cash Plus (March 16: 240,653.289 Units at ₹ 100.195)	25,277,488	24,112,256	-
24,100.366 Units at ₹ 1002.3548 of IDBI Mutual Fund (March 16: 24,061.176 Units at ₹ 1,001.8202)	24,157,118	24,104,972	-
Nil Units at ₹ 1,114.52 of Tata Liquid Fund (March 16: 925.528 Units at ₹ 1114.52 of Tata Liquid Fund)	-	1,031,519	-
Nil Units at ₹ 3,134.1328 of Kotak Liquid Fund (March 16: 340.7339 Units at ₹ 3074.0502 of Kotak Liquid Fund)	-	1,047,433	-
	-	-	-
TOTAL	182,008,174	150,625,487	112,445,080

NOTES TO BALANCE SHEET AS AT MARCH 31, 2017

Particulars	March 31, 2017 ₹	March 31, 2016 ₹	April 1, 2015 ₹
Note 8			
Trade receivables			
Outstanding for a period exceeding six months			
Considered Good*	2,752,949	2,329,329	3,363,275
Considered Doubtful	3,001,257	2,193,090	1,651,510
Less: Provision For doubtful debts	(3,001,257)	(2,193,090)	(1,651,510)
	2,752,949	2,329,329	3,363,275
Other Debts			
Considered Good - Client Dues (Includes amount due on Settlement from clients & from exchanges - Refer Note 31)	604,640,200	586,764,113	551,441,213
Considered Doubtful	-	784,267	-
Less: Provision For doubtful debts	-	(784,267)	-
	604,640,200	586,764,113	551,441,213
Total	607,393,149	589,093,442	554,804,488
*In term of agreement with SHCIL, any amount not received from clients is to be borne by SHCIL. Accordingly this amount receivable from SHCIL.			
Note 9			
Cash and cash equivalents			
Balances with banks - In current accounts	96,187,875	79,749,969	78,987,825
Balances with banks - In deposit accounts with original maturity less than 3 months	220,618,959	195,092,549	30,467,140
Cash in hand	44,344	11,537	29,019
Other Bank Balances			
Bank deposit accounts (more than 3 months but less than 12 months maturity)	40,000,000	53,300,000	65,000,000
Other Bank Balances include fixed deposits aggregating ₹ 30,000,000 (As at March 31, 2016 ₹ 53,000,000) kept as margin deposits with the stock exchanges			
Total	356,851,178	328,154,055	174,483,984

NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2017

10 Equity Share Capital

(A) Authorised, Issued, Subscribed & Paid up

	March 31, 2017		March 31, 2016		April 1, 2015	
	Number	₹	Number	₹	Number	₹
Authorised						
Equity Shares of ₹ 10 each fully paid	18,000,000	180,000,000	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	2,000,000	20,000,000
	20,000,000	200,000,000	20,000,000	200,000,000	20,000,000	200,000,000
Issued, Subscribed and Paid up						
Equity Shares of ₹ 10 each fully paid	6,089,703	60,897,030	6,089,703	60,897,030	6,089,703	60,897,030
Total	6,089,703	60,897,030	6,089,703	60,897,030	6,089,703	60,897,030

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

Equity Shares						
Shares outstanding at the beginning of the year	6,089,703	60,897,030	5,770,000	57,700,000	5,770,000	57,700,000
Add: Shares issued during the period	-	-	319,703	3,197,030	-	-
Shares outstanding at the end of the period	6,089,703	60,897,030	6,089,703	60,897,030	5,770,000	57,700,000

(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 Board may consider the recommendation of the final dividend of ₹ 2.60 per equity share (26%) for the financial year 2016-17 subject to the approval of Shareholders in the AGM. This dividend shall also be subject to dividend distribution tax to be paid by the company.						

(D) Details of shares held by holding company & shareholders holding more

	March 31, 2017		March 31, 2016		April 1, 2015	
	Number	%	Number	%	Number	%
Name of Shareholder						
Equity Shares						
SHCIL	6,089,696	99.99	6,089,696	99.99	5,769,993	99.99
Preference Shares						
SHCIL	-	-	-	-	1,886,250	100

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

In FY 2015-16 319,703 Equity shares of ₹ 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 said 7% Non-cumulative preference shares payment received by Company through bank.

The Company has not issued any bonus shares.

The Company has not undertaken any buyback of shares.

NOTES TO BALANCE SHEET AS AT MARCH 31, 2017

Particulars	March 31, 2017 ₹	March 31, 2016 ₹	April 1, 2015 ₹
Note 11			
Financial Liabilities			
a. NON CURRENT			
Borrowings			
Preference share liability	-	-	17,282,336
	-	-	17,282,336
b. CURRENT			
Other Financial Liabilities			
Margin deposits from Holding Company as sub broker	20,000,000	20,000,000	20,000,000
Due to Holding Company - Others	4,657,981	1,340,014	5,072,250
Retention Money	188,361	188,361	188,361
Employee benefits payable	8,773,710	4,580,089	5,387,098
Statutory dues including provident fund and taxes (includes amount due on settlement - Refer Note 31)	5,965,143	1,724,252	3,375,258
Provision for expenses	2,962,146	2,372,096	1,333,810
Due to vendors	4,590,736	4,338,547	4,687,194
	47,138,077	34,543,358	40,043,971
Total (a+b)	47,138,077	34,543,358	57,326,307
Note 12			
Long term provisions			
Provision for employee benefits			
Provision for compensated absences	937,257	1,696,003	1,291,918
	937,257	1,696,003	1,291,918
Note 13			
Trade payables			
Due to micro, small and medium enterprises	-	-	-
Other than micro, small and enterprises:			
Dues to holding company - sub brokerage	21,491,906	13,981,183	18,152,413
Dues to other Sub Brokers	203,106	114,470	563,320
Client Dues (Includes amount due on settlement to Clients)	857,220,648	772,682,114	636,714,611
	878,915,660	786,777,767	655,430,344
Note 14			
Short-term provisions			
Provision for employee benefits			
Provision for employee benefits for deputed employees	-	334,028	1,357,079
Provision for gratuity	330,406	236,957	(31,216)
Provision for compensated absences	1,262,630	234,861	69,557
	1,593,036	805,846	1,395,420

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

Particulars	March 31, 2017 ₹	March 31, 2016 ₹
Note 15		
Revenue from operations (Net)		
Commission and brokerage (net)	401,275,382	353,875,368
Other operational revenue	4,889,629	2,547,581
	406,165,011	356,422,949
Note 16		
Other income		
Interest on deposits with banks	17,921,734	15,761,868
Interest on others	283,070	338,711
Dividend on current investments	8,570,052	9,068,116
Profit on sale/discarded fixed assets	136,617	92,956
Sundry balances written back	813,438	3,011,780
Miscellaneous income	410,728	37,976
	28,135,639	28,311,407
Note 17		
Employee benefits expense		
Employee costs - Salaries, allowances and bonus	34,287,113	26,694,415
Employee costs - Contribution to provident and other funds	1,387,916	1,107,377
Employee costs - Staff welfare expenses	1,711,607	1,493,962
	37,386,636	29,295,754
Note 18		
Finance costs		
Interest expense - others (Preference Shares)	-	1,580,163
	-	1,580,163
Note 19		
Sub - brokerage expenses		
Sub - brokerage expenses	235,088,076	207,635,022
	235,088,076	207,635,022

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

Particulars	March 31, 2017 ₹	March 31, 2016 ₹
Note 20		
Other expenses		
Outsourcing expenses - Professional	2,099,033	1,895,156
Outsourcing expenses - Contractor	9,448,159	8,745,062
Exchange expenses	824,221	715,512
Bank charges	542,891	352,661
Connectivity charges	185,079	271,625
Commission expenses (On Guarantees given by Holding Company)	397,315	1,011,594
Depository participant/custodian fees	132,920	105,370
Rent & taxes	2,820,000	2,820,000
Electricity charges	2,100,560	1,697,565
Service Tax Expenses	1,129,002	867,798
Security charges	687,132	609,053
Sub-broker dealer incentive	1,786,615	572,770
Insurance charges	1,722,128	1,262,844
Subscription charges	2,102,822	1,056,127
Repairs and maintenance - Software	5,462,600	3,585,410
Repairs and maintenance - Plant & machinery	2,039,335	3,794,247
Repairs and maintenance - Others	3,459,698	3,432,003
Travelling & conveyance	1,138,592	916,835
Postage & courier	4,394,384	2,834,824
Telephone & communication	685,616	517,424
Printing & stationery charges	4,422,204	2,439,202
Directors sitting fees	1,200,000	1,032,144
Legal & professional	1,602,050	1,696,500
Fees paid to Company law board*	1,300,000	-
Professional Fees**	5,409,315	3,202,172
Corporate Social Responsibility***	1,925,000	1,800,000
Provision for doubtful debts/ advances	98,450	2,977,357
Loss on sale of shares	489	38,732
Loss on Trading Activity	-	-
Sundry Balances Written off	278,289	529,154
Advertisement & publicity	64,929	42,307
Other miscellaneous expenses	2,154,460	2,340,205
	61,613,288	53,161,653

* Compounding fees Imposed by Company law Board.

** Inclusive of Auditor remuneration Refer note 27.

***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. No contribution towards CSR activities made during the current period by the Company.

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

Particulars	March 31, 2017 ₹	March 31, 2016 ₹
Note 21		
Income Taxes		
Tax expense in the statement of profit and loss comprises:		
Current Taxes	28,815,366	29,500,000
Current tax adjutmnet for earlier years	-	83,293
Deferred Taxes	779,606	(245,334)
Income Tax expense	29,594,972	29,337,959

A reconciliation of Income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

Profit before income taxes	94,153,687	87,544,019
Enacted tax rates in India	33.06%	33.06%
Computed expected tax expense	31,130,034	28,944,679
Tax effect due to non-taxable income for Indian tax purposes	-	-
Overseas taxes	-	-
Tax reversals, overseas and domestic	-	-
Effect of exempt non-operating income	2,833,516	2,998,192
Effect of unrecognized deferred tax assets	-	-
Effect of differential overseas tax assets	-	-
Employee benefits (net)	(136,084)	(218,806)
Profit on sale of assets considered seperately in the block of assets	45,170	30,734
Effect of non-deductible expenses:	-	-
Profession Tax	-	-
-Provision for doubtful debts/advances	32,551	984,404
-Employee benefits (net)	119,844	716,746
-Depreciation	(756,497)	(380,959)
-Notional Interest Cost	110,983	856,913
-Other non-deductible expenses	921,054	812,581
Additional deduction on research and development expense	-	-
Others	-	-
Income tax expense	28,815,366	29,124,243

The following table provides the details of income tax assets and income tax liabilities as of March 31, 2017 and March 31, 2016

Income tax assets	84,258,413	79,283,321
Current income tax liabilities	-	-
Net current income tax assets/ (liability) at the end	84,258,413	79,283,321

The gross movement in the current income tax asset/ (liability) for the Year ended March 31, 2017 and March 31, 2016 is as follows:

Net current income tax asset/ (liability) at the beginning	79,064,515	57,156,495
Income tax paid	34,145,348	51,626,826
Current income tax expense	28,815,366	29,500,000
Income tax on other comprehensive income	136,084	218,806
Translation difference	-	-
Net current income tax asset/ (liability) at the end	84,258,413	79,064,515

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

22 Contingent liabilities

Name of Statute	Nature of Dues	Amount ₹	Period (A.Y.)	Forum
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)
Income Tax Act, 1961	Regular Assessment	10,778,100	2014-15	CIT(A)

23 Amount of contracts to be executed on capital account, not provided for - ₹ NIL.
(Previous year ended March 2016 - ₹ 9,191,844/-)

24 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 at March 31, 2017 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	March 31, 2017 ₹	March 31, 2016 ₹
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	-	-

25 Basic and Diluted Earnings per share (EPS) has been computed as under:-

Profit for the year - for basic EPS	64,147,125	57,544,273
Weighted average no. of shares - basic EPS	6,089,703	6,089,703
Basic EPS	10.53	9.45
Profit for the year - for diluted EPS	64,147,125	57,544,273
Weighted average no. of shares - diluted EPS	6,089,703	6,089,703
Diluted EPS	10.53	9.45
Face value per share	10	10

26 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. The period of agreement has expired on February 28,2017 & the company has renewed agreement for a period of three years w.e.f. from March 1,2017.

Particulars	March 31, 2017 ₹	March 31, 2016 ₹
Due within one year	2,820,000	2,790,000
1 to 5 years	3,510,000	2,460,000
After 5 years	-	-
Total lease payments to be made	6,330,000	5,250,000
Lease payments recognised in the Profit & Loss Account	2,820,000	2,820,000

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

27 Auditor's Remuneration (excluding service tax)

Particulars	March 31, 2017 ₹	March 31, 2016 ₹
Statutory audit	900,000	800,000
Tax audit	150,000	150,000
Certification Fees	600,000	-
In other capacity:		
Out of Pocket Expenses	63,353	39,025
Total	1,713,353	989,025

28 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

Stock Holding Document Management Services 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

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

B. Particulars of Transaction with Related Parties

March 31, 2017 (₹)
March 31, 2016 (₹)

Period Ended
March 31, 2017

Nature of Transaction	Holding Company	Key Managerial Personnel and their Relatives	Associate Company
Brokerage received (IFCI LIMITED)	166,386	-	-
<i>For March 31, 2016</i>	<i>112,742</i>	<i>-</i>	<i>-</i>
<i>Service charges received</i>	<i>2,531,865</i>	<i>-</i>	<i>-</i>
<i>For March 31, 2016</i>	<i>1,849,878</i>	<i>-</i>	<i>-</i>
Brokerage Income	1,634,995	-	-
<i>For March 31, 2016</i>	<i>2,497,035</i>	<i>-</i>	<i>-</i>
Outsourcing Expenses	-	-	6,830,241
<i>For March 31, 2016</i>	<i>-</i>	<i>-</i>	<i>6,488,349</i>
Sub- Brokerage Expenses	234,755,084	-	-
<i>For March 31, 2016</i>	<i>207,160,824</i>	<i>-</i>	<i>-</i>
Reimbursement of Expenses (Net)	12,577,969	-	-
<i>For March 31, 2016</i>	<i>10,561,732</i>	<i>-</i>	<i>-</i>
Fixed Asset Purchases	82,815	-	-
<i>For March 31, 2016</i>	<i>-</i>	<i>-</i>	<i>-</i>
Sitting Fees	590,000	-	-
<i>For March 31, 2016</i>	<i>510,000</i>	<i>-</i>	<i>-</i>
Salary / Deputation Cost of Employees*	7,555,099	*3360933	-
<i>For March 31, 2016</i>	<i>8,731,456</i>	<i>2,998,386</i>	<i>-</i>
Outstanding balances :			
Trade and other payable	280,861,32	-	764,463
<i>For March 31, 2016</i>	<i>181,084,863</i>	<i>-</i>	<i>649,074</i>
Trade and other receivable	3,050,509	-	-
<i>For March 31, 2016</i>	<i>2,290,423</i>	<i>-</i>	<i>-</i>
Deposits payable	20,000,000	-	-
<i>For March 31, 2016</i>	<i>20,000,000</i>	<i>-</i>	<i>-</i>
Deposits receivable	37,851,105	-	-
<i>For March 31, 2016</i>	<i>55,333,901</i>	<i>-</i>	<i>-</i>
Unamortised Portion of Bank Guarantee (Prepaid Asset)	-	-	-
<i>For March 31, 2016</i>	<i>335,620</i>	<i>-</i>	<i>-</i>

Note:- For the year ended March 2016, the 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.

* Salary paid to the CFO & Company Secretary

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

29 Managerial Remuneration

Particulars	March 31, 2017 ₹	March 31, 2016 ₹
Salary, Allowances & Incentives (Including Service tax : For March 2017 ₹ 446,324/- ; For March 2016 ₹ 426,639/-)	3,321,804	3,384,671
Contribution to Provident Fund	115,787	107,208
Contribution to Retirement Benefits	179,777	167,087
Total	3,617,368	3,658,966

Particulars	March 31, 2017 ₹	March 31, 2016 ₹
30 Employee benefits		
(i) Defined contribution plans:		
The company has recognised the following amounts in the Statement of Profit and Loss for the period		
Contribution to Employees' Provident and other Funds	1,141,710	949,614
Contribution to Employees' Superannuation Fund	128,412	58,579
Total	1,270,122	1,008,193
(ii) Defined benefits plans:		
(A) Gratuity		
(i) Funded status of the plan		
Present value of unfunded obligations	-	-
Present value of funded obligations	1,987,741	1,621,165
Fair value of plan assets	1,657,335	1,384,208
Net Liability (Asset)	330,406	236,957
(ii) Profit and loss account for current period		
Service cost:		
Current service cost	273,346	230,009
Past service cost and loss/(gain) on curtailments and settlement	-	
Net interest cost	7,973	(23,259)
Total included in 'Employee Benefit Expense'	281,319	206,750
Other Comprehensive Income for the current period		
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	144,021	(34,107)
Due to change in demographic assumption	-	
Due to experience adjustments	(63,983)	112,000
Return on plan assets excluding amounts included in interest income	(3,858)	649
Amounts recognized in Other Comprehensive Income	76,180	78,542

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

Particulars	March 31, 2017 ₹	March 31, 2016 ₹
(iii) Reconciliation of defined benefit obligation		
Opening Defined Benefit Obligation	1,621,165	1,219,620
Transfer in/(out) obligation	-	-
Current service cost	273,346	230,009
Interest cost	126,524	93,643
Actuarial loss/(gain) due to change in financial assumptions	144,021	(34,107)
Actuarial loss/(gain) due to change in demographic assumption	-	-
Actuarial loss/ (gain) due to experience	(63,983)	112,000
Past service cost	-	-
Loss (gain) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	(113,332)	-
Closing Defined Benefit Obligation	1,987,741	1,621,165
(iv) Reconciliation of plan assets		
Opening value of plan assets	1,384,208	1,250,836
Transfer in/(out) plan assets	-	-
Expenses deducted from the fund	-	-
Interest Income	118,551	116,902
Return on plan assets excluding amounts included in interest income	3,858	(649)
Assets distributed on settlements	-	-
Contributions by employer	264,050	17,119
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	(113,332)	-
Closing value of plan assets	1,657,335	1,384,208
<i>Note: Since the insurer credits interest on an annual basis after march and the value of the same is not known as at the report date, we have computed accrued interest of Rs. 1,22,409 for the current valuation period and we have adjusted the closing Fair Value of the assets accordingly.</i>		
Category of Assets at the end of the year		
Particulars	Gratuity March 31, 2017 (Funded) ₹	Gratuity March 31, 2016 (Funded) ₹
Insurer Managed Fund*	1,657,335	1,384,208
Central Govt Security	24.71%	24.71%
State Govt Security	36.96%	36.96%
Other Loans	0.03%	0.03%
Other Approved Security	1.04%	1.04%
Ncd/Bonds	25.78%	25.78%
Equity	6.98%	6.98%
Fixed Deposit	4.16%	4.16%
Mutual Fund	0.00%	0.00%
Cblo	0.34%	0.34%
TOTAL	100%	100%
* Taken same as March 31, 2016 as the individual Investment in Portfolio or investment structure of portfolio which are managed by LIC are not available as on the Balance sheet Date March 31, 2017.		

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

(v) Reconciliation of net defined benefit liability		
Particulars	March 31, 2017 ₹	March 31, 2016 ₹
Net opening provision in books of accounts	236,957	(31,216)
Transfer in/(out) obligation		
Transfer (in)/out plan assets		
Employee Benefit Expense as per Annexure 2	281,319	206,750
Amounts recognized in Other Comprehensive Income	76,180	78,542
	594,456	254,076
Benefits paid by the Company	-	
Contributions to plan assets	(264,050)	(17,119)
Closing provision in books of accounts	330,406	236,957
Reconciliation of asset Ceiling		
Opening value of asset ceiling	-	-
Interest on opening value of asset ceiling	-	-
Loss/(gain) on assets due to surplus/deficit	-	-
Closing value of plan asset ceiling	-	-
(vi) Composition of the plan assets		
Government of India Securities	0%	0%
State Government Securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Special Deposit Scheme	0%	0%
Policy of insurance	100%	100%
Bank Balance	0%	0%
Other Investments	0%	0%
Total	100%	100%
(vii) Bifurcation of liability as per schedule III		
Current Liability*	330,406	236,957
Non-Current Liability	-	-
Net Liability	330,406	236,957
* The current liability is calculated as expected contributions for the next 12 months or the net liability whichever is lower.		
(viii) Principle actuarial assumptions		
Discount Rate	7.40%	7.95%
Salary Growth Rate	5.00%	5.00%
Withdrawal Rates	2% at all ages	2% at all ages

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

(ix) Sensitivity to key assumptions				
Particulars	March 31, 2017 (12 months) ₹		March 31, 2016 (12 months) ₹	
	DBO	Change in DBO (%)	DBO	Change in DBO (%)
Discount rate varied by 0.5%				
+ 0.5%	18,56,218	-6.60%	1,514,175	-6.60%
-0.5%	21,32,156	7.30%	1,738,721	7.30%
Salary growth rate varied by 0.5%				
+ 0.5%	21,47,021	8.00%	1,775,091	9.50%
-0.5%	18,57,877	-6.50%	1,504,666	-7.20%
Withdrawal rate (W.R.) varied by 20%				
W.R. x 120%	20,26,302	1.94%	1,660,857	2.45%
W.R. x 80%	19,63,328	-1.23%	1,595,629	-1.58%
(x) Profit and loss account for subsequent period				
Particulars	March 31, 2017 ₹		March 31, 2016 ₹	
Service cost	273,346		343,522	
Net interest cost	7,973		11,740	
Total included in 'Employee Benefit Expense'	281,319		355,262	
(xi) Expected benefit payments				
Particulars	March 31, 2017 (12 months) ₹			
	Cashflows(Rs)		%	
	2018	64,495	1.0%	
	2019	66,931	1.0%	
	2020	72,298	1.1%	
	2021	75,977	1.2%	
	2022	79,675	1.2%	
	2023 - 2027	487,045	7.4%	
The future accrual is not considered in arriving at the above cash-flows.				
(B) Leave Encashment				
(1) Ordinary Leave Benefits				
(i) Funded status of the plan				
Particulars	March 31, 2017 ₹		March 31, 2016 ₹	
Present value of unfunded obligations	1,596,699		1,392,717	
Present value of funded obligations	-		-	
Fair value of plan assets	-		-	
Net Liability (Asset)	1,596,699		1,392,717	

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

(ii) Profit and loss account for current period	March 31, 2017	March 31, 2016
Particulars	₹	₹
Service cost:		
Current service cost	740,159	512,477
Past service cost and loss/(gain) on curtailments and settlement	-	-
Net interest cost	101,536	75,961
Net value of remeasurements on the obligation and plan assets	331,552	583,891
Total included in 'Employee Benefit Expense'	1,173,247	1,172,329
Actuarial loss/(gain) due to change in financial assumptions	5,177	-
Actuarial loss/(gain) due to change in demographic assumption	254,891	722,963
Actuarial loss/ (gain) due to experience adjustments	71,484	(139,072)
Return on plan assets excluding amounts included in interest income	-	-
Net actuarial Loss/(Gain)	331,552	583,891
iii Reconciliation of defined benefit obligation		
Opening Defined Benefit Obligation	1,392,717	990,721
Transfer in/(out) obligation	-	-
Current service cost	740,159	512,477
Interest cost	101,536	75,961
Actuarial loss/(gain) due to change in financial assumptions	5,177	-
Actuarial loss/(gain) due to change in demographic assumption	254,891	722,963
Actuarial loss/ (gain) due to experience adjustments	71,484	(139,072)
Past service cost	-	-
Losses (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits Paid	(969,265)	(770,333)
Benefits Payable	-	-
Closing Defined Benefit Obligation	1,596,699	1,392,717
(iv) Reconciliation of plan assets		
Opening value of plan assets	-	-
Transfer in/(out) plan assets	-	-
Expenses incurred in the fund	-	-
Interest Income	-	-
Return on plan assets excluding amounts included in interest income	-	-
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
Closing Value of Plan Assets	-	-
Reconciliation of asset Ceiling		
Opening value of asset ceiling	-	-
Interest on opening value of asset ceiling	-	-
Loss/(gain) on assets due to surplus/deficit	-	-
Closing value of plan asset ceiling	-	-

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

(v) Reconciliation of net defined benefit liability		
Particulars	March 31, 2017 ₹	March 31, 2016 ₹
Net opening provision in books of accounts	1,392,717	990,721
Transfer in/(out) obligation	-	-
Transfer (in)/out plan assets	-	-
Employee benefit expense as per annexure 2	1,173,247	1,172,329
	2,565,964	2,163,050
Benefits paid by the company	(969,265)	(770,333)
Amounts transferred to 'payable account'	-	-
Contributions to plan assets	-	-
Closing provision in books of accounts	1,596,699	1,392,717
(vi) Composition of the plan assets		
Particulars	March 31, 2017 ₹	March 31, 2016 ₹
	%	%
Government of India Securities	0%	0%
State Government Securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Special Deposit Scheme	0%	0%
Policy of insurance	0%	0%
Bank Balance	0%	0%
Other Investments	0%	0%
Total	0%	0%
(vii) Bifurcation of liability as per schedule III		
Particulars	March 31, 2017 ₹	March 31, 2016 ₹
Current Liability*	1,203,797	181,942
Non-Current Liability	392,902	1,210,775
Net Liability	1,596,699	1,392,717
*The current liability is calculated as expected benefits for the next 12 months.		
(viii) Principle actuarial assumptions		
Discount Rate	7.40%	7.80%
Salary Growth Rate	5.00%	5.00%
Withdrawal Rates	2% at all ages	2% at all ages
Leave Availment Rate	5% p.a.	8.50% p.a.
(ix) Sensitivity to key assumptions		
	DBO	Change in DBO (%)
Discount rate varied by 0.5%		
+ 0.5%	1,590,234	-0.40%
-0.5%	1,603,238	0.41%
Salary growth rate varied by 0.5%		
+ 0.5%	1,603,357	0.42%
-0.5%	1,590,056	-0.42%
Withdrawal rate (W.R.) varied by 20%		
W.R. x 120%	1,591,100	-0.35%
W.R. x 80%	1,602,315	0.35%

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

(x) Profit and loss account for subsequent period		
Particulars	March 31, 2017 ₹	March 31, 2016 ₹
Service cost	903,549	740,159
Net interest cost	73,615	101,536
Net value of remeasurements on the obligation and plan assets	-	331,552
Total included in 'Employee Benefit Expense' *	977,164	1,173,247
*The actual charge to P&L in the subsequent period will differ to the extent of remeasurements in that period.		
(xi) Expected benefit payments		
Particulars	March 31, 2017 (12 Months) ₹	March 31, 2016 %
	Cashflows	%
2018	12,03,797	70.73%
2019	3,52,344	20.70%
2020	1,03,111	6.06%
2021	30,169	1.77%
2022	8,825	0.52%
2023 - 2027	3,640	0.21%
The future accrual is not considered in arriving at the above cash-flows.		
(2) Sick Leave Benefits		
(i) Bifurcation of liability as per schedule III		
Particulars	March 31, 2017 ₹	March 31, 2016 ₹
Current Liability*	58,833	52,919
Non-Current Liability	544,355	485,228
Net Liability	603,188	538,147
* The current liability is calculated as expected benefits for the next 12 months.		
(ii) Principle actuarial assumptions		
Particulars	March 31, 2017 ₹	March 31, 2016 ₹
Discount Rate	7.40%	7.80%
Salary Growth Rate	5.00%	5.00%
Withdrawal Rates	2% at all ages	2% at all ages
Leave Availment Rate	3% p.a.	3% p.a.

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

(iii) Particulars	March 31, 2017		March 31, 2016	
	DBO	Change in DBO (%)	DBO	Change in DBO (%)
Discount rate varied by 0.5%				
+ 0.5%	5,82,068	-3.50%	519,159	-3.53%
-0.5%	6,25,659	3.73%	558,363	3.76%
Salary growth rate varied by 0.5%				
+ 0.5%	6,26,077	3.79%	558,819	3.84%
-0.5%	5,81,499	-3.60%	518,578	-3.64%
Withdrawal rate (W.R.) varied by 20%				
W.R. x 120%	5,84,542	-3.09%	521,319	-3.13%
W.R. x 80%	6,22,720	3.24%	555,788	3.28%

**31 Amount due on settlement (net) represents amount receivable from/ (payable to) Clearing House, Clients and Brokers as under:
As at the end of current Period**

Particulars	March 31, 2017 ₹	March 31, 2016 ₹
Due to Clearing House	(660,077)	(233,707,472)
Due from Clearing House	145,355,865	312,050,403
Due to Clients	(366,352,378)	(412,965,716)
Due from Clients	226,887,451	133,775,268
Government - Taxes	(1,572,037)	(1,278,928)
Net Receivable / Payable	3,658,825	(202,126,444)
32 The Company operates only in one segment i.e. stock broking and hence there are no reportable segments as defined in Indian Accounting Standard (IND AS -108) on "Segment Reporting".		
33 (a) During the Year ended March 2017 the Company has written back certain payables for which no claim was received amounting to Rs. 813,438 (Refer note 18). The above has been done in line with policy as approved by the Board of Directors. The Company has also written off excess stamp duty paid arising out of mismatch & rounding off in stamp duty collections & payments over last 10 years amounting to Rs. 278,289/- net. The Company has also provided an amount of Rs. 98,530/- (Refer Note 20) towards Doubtful Debts for various clients that includes the principal amount & fees.		
(b) During the year ended March 31, 2017, Penalty of Rs. 50,000/- has been levied by NSE for certain violations. In previous year the amount is Nil.		

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

Particulars	March 31, 2017 ₹	March 31, 2016 ₹
34 Financial assets and liabilities		
Categories of financial assets		
Carrying values of financial assets measured at amortised cost		
Advances and Deposits (Refer Note :3b)	113,514,426	92,162,495
Deposits with banks (Refer Note :4a)	40,800,000	16,000,000
Trade and other receivables (Refer Note :8)	2,752,949	2,329,329
Cash and cash equivalent (Refer Note :9)	356,851,178	328,154,055
	513,918,553	438,645,879
Measured at FVPL		
Investment in mutual funds (quoted and unquoted) (Refer Note :7)	182,008,174	150,625,487
	182,008,174	150,625,487
Total carrying values of financial assets	695,926,727	589,271,365
Total fair values of financial assets	695,926,727	589,271,365
Categories of financial liabilities		
Carrying value of financial liabilities measured at amortised cost		
Trade payables (Refer Note :13)	878,915,660	786,777,767
Other financial liabilities (Refer Note :11)	47,138,077	34,543,359
Total carrying values of financial liabilities	926,053,737	821,321,126
Total fair values of financial liabilities	926,053,737	821,321,126
35 Financial Risk Management		
Financial risk factors		
The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance		
Market risk		
Company does not have market risk.		
Credit risk analysis		
Credit risk refers to the risk of default on its obligation by the counter party resulting in financial loss. Credit risk is always managed by the company by proper approvals. Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:		
Classes of financial assets – carrying amounts:		
Investments (Refer Note :7)	182,008,174	150,625,487
Advances & Deposit -Non current (Refer Note :3b)	165,265,068	108,161,790
Trade and other receivables (Refer Note :8)	607,393,149	589,093,442
Total	954,666,391	847,880,719
Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks with high credit ratings assigned by the credit rating agencies. Investments primarily include investment in liquid mutual fund units.		

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

The trade receivables at reporting date analysed by the length of time past due, are:		
Particulars	March 31, 2017	March 31, 2016
	₹	₹
Upto 6 months (Refer Note :8)	604,640,200	586,764,113
More than 6 months (Refer Note :8)	2,752,949	2,329,329
Total	607,393,149	589,093,442

Liquidity risk analysis

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of March 31, 2017, the Company had a working capital of Rs.333,535,145/- including cash and cash equivalents of Rs. 356,851,178/- and current investments of Rs. 182,008,174/- .

As of March 31, 2017 the outstanding employee benefit obligations were Rs. 2,530,293/- , which have been substantially funded. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

Particulars	Less than 6 months	6 to 12 months
Trade payables (Refer Note :13)	878,915,660	-
Other current financial liabilities (Refer Note :11b)	46,949,716	188,361

36 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Hierarchy of financial assets and liabilities measured at fair value

Financial assets:

Particulars	March 31, 2017	March 31, 2016
	₹	₹
<u>Level 1</u>		
Quoted equity shares	-	-
Mutual funds at NAV (Refer Note :7)	182,008,174	150,625,487
Total Level 1	182,008,174	150,625,487
<u>Level 2</u>		
Unquoted equity shares	-	-
Total Level 2	-	-
<u>Level 3</u>		
Others	-	-
Total Level 3	-	-
Total	182,008,174	150,625,487

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

37 Capital management policies		
For the purpose of the Company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.		
The gearing ratio at the end of the periods was as follows:-		
Particulars	March 31, 2017 ₹	March 31, 2016 ₹
Debt	-	-
Less: Cash and cash equivalents (-)	(356,851,178)	(328,154,055)
Net Debt	(356,851,178)	(328,154,055)
Total equity	60,897,030	60,897,030
Capital gearing ratio	(5.86)	(5.39)

38 Disclosure of Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs ₹	Other denomination notes ₹	Total ₹
Closing cash in hand as on 08.11.2016	30,500	23,156	53,656
(+) Permitted receipts	7500 *	194,998	202,498
(-) Permitted payments	-	192,795	192,795
(-) Amount deposited in Banks	38,000	-	38,000
Closing cash in hand as on 30.12.2016	-	25,359	25,359
* Official Advances settled by Employees			
** Amount Paid to Employees for day to day expenses			

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

39 Reconciliations

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

1. Equity as at 1st April 2015, 31st March, 2016 and 31st March 2017
2. Net profit for the Year ended 1st April, 2015, 31st March 2016 and year ended 31st March, 2017

39.1 Reconciliation of equity as previously reported under IGAAP to Ind AS

Sr No	Particulars	1st April 2015 Amount (₹)	31st March 2016 Amount (₹)	31st March 2017 Amount (₹)
	Opening Equity as per Indian GAAP			
	Add/Less: Impacts in the opening balance sheet	326,404,409	402,205,887	466,688,683
	Add-			
1	Bank Guarantee given by parent*	1,350,000	854,250	-
2	Preference Shares - Deemed Equity contribution**	15,337,048	-	854,250
	Less-			
1	Bank Guarantee- Amortisation	856,986	1,011,594	335,669
2	Preference Shares - Finance Cost	13,756,885	1,580,163	-
	Closing Equity as per Ind As	14,613,871	2,591,757	335,669
		328,477,586	402,541,556	466,688,684

39.2 Reconciliation of Net profit as previously reported under IGAAP to Ind AS

Sr No	Particulars	1st April 2015 Amount (₹)	31st March 2016 Amount (₹)	31st March 2017 Amount (₹)
	Opening Net Profit as per Indian GAAP			
	Add:- Items that will not be reclassified to profit or loss			
1	Remeasurement of the net defined benefit liability/asset ***	872,741	661,784	411,590
	Less-			
1	Bank Guarantee- Amortisation	856,985	1,011,595	335,671
2	Preference Shares - Finance Cost	13,756,885	1,580,163	-
3	Items that will reclassified In OCI			
	Remeasurement of the net defined benefit liability/asset	872,741	661,784	411,590
	Net Profit as per Ind As	75,529,708	57,544,273	64,147,125

PROFIT AND LOSS SCHEDULES FOR THE YEAR ENDED MARCH 31, 2017

Explanatory notes on transition to IndAS

*(1) Bank guarantee given by parent on behalf of SSL

Previous GAAP - Such bank guarantees are not recognised.

Ind AS – The guarantee provided by parent on behalf of SSL represents a benefit passed on the parent to its subsidiary. The parent recognises the guarantee liability at fair value with a corresponding debit to investment in subsidiary. The subsidiary (SSL) recognises deemed equity contribution, at the same value, from parent with a corresponding debit to prepaid cost. The prepaid cost will be amortised over the life of the guarantee. Deemed equity contribution is not remeasured subsequently.

** (2) Impact of 7% non-cumulative convertible preference shares issued to parent

Previous GAAP - The preference shares were recognised as share capital.

Ind AS – If a non-derivative contract will or may be settled in the issuer's own equity instruments, then it is a financial liability provided that it includes a contractual obligation for the issuer to deliver a variable number of its own equity instruments. The financial liability is initially recognised at fair value and considering the shares are issued to the parent company, the difference between the fair value and transaction price is recognised as deemed equity contribution by the parent. The financial liability is then measured at amortised cost. Deemed equity contribution is not remeasured subsequently.

** (3) Actuarial gains/losses-

Previous GAAP - Remeasurements of the net defined benefit liability (asset) is recognised in statement of profit and loss.

Ind AS - Remeasurements of the net defined benefit liability (asset) is recognised in other comprehensive income.

40 Figures for the corresponding previous period have been regrouped, recast and rearranged to confirm to those of current period.

As per Our Report of even date attached

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

Raghav Mohta
Partner
Membership No. 426718

Place: Mumbai
Date: April 20, 2017

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

Manoj Kabra
Chief Financial Officer

Mitul Palankar
Company Secretary

Nitin Jog
Managing Director
& Chief Executive Officer

G. Anantharaman
Director

Vineet Potnis
Director

Ramesh N.G.S.
Non - Executive Chairman

P.H. Kutumbe
Director

Kalpana Joshi
Director



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