



INDEPENDENT AUDITOR'S REPORT

To The Members of Shivshakti Financial Services Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Shivshakti Financial Services Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial Statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the accounting principles generally accepted in India including the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies ; judgments and estimate that are reasonable and prudent: and design implementation of adequate 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 free from material misstatement, whether due to fraud or error.

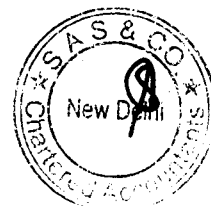
Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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 statement, 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 the Company's Directors, as well as evaluating the overall presentation of the financial statements.



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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statement give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as March 31, 2016, and its profits and its cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable

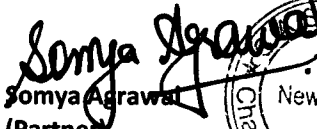
Further to our comments in the aforesaid annexure, as required by section 143(3) of the Act, we report that:


1. 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.
2. 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.
3. The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
4. In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
5. On the basis of the written representations received from the directors none of the director is disqualified as on March 31, 2016 from being appointed as directors in terms of section 164(2) of the Act.
6. 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 over separate report in "Annexure B".
7. 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:
 - a) The Company does not have any pending litigations which would impact its financial position.



- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c) There were no amounts which were required to be transferred to the investor Education and Protection Fund by the Company.

For S A S & Co.
Chartered Accountants
Firm's Registration No. 020025N


Somya Agrawal
(Partner)
Membership No. 526790
Place: New Delhi
Date: May 04, 2016



Annexure A to the Independent Auditor's Report of even date on the Financial Statements of Shivshakti Financial Services Limited for the year ended March 31, 2016

(i) In respect of Fixed Assets:

a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

b) These fixed assets have been physically verified by the management at reasonable intervals in accordance with a regular programme of verification. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) The Company does not own immovable properties.

(ii) The Company does not have any inventories; accordingly, the provisions of clause 3(ii) of the Order are not applicable to the Company.

(iii) According to information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) According to information and explanation given to us, the Company has not been entered into any transactions in respect of loans, investment guarantees and security as covered under the provisions of Section 185 and 186 of the Companies Act, 2013.

(v) According to information and explanations given to us, the Company has not accepted any deposits during the year. Accordingly, the provisions of clause 3 (v) are not applicable to the Company.

(vi) According to information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 to the products/services of the Company. Accordingly, the provisions of clause 3 (vi) are not applicable to the Company.

(vii) (a) According to the information and explanations given to us the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, duty of Customs, duty of Excise, value added tax and cess and any other statutory dues to appropriate authority to the extent applicable to it. There are no arrears of outstanding statutory dues as at March 31, 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the Company did not have any dues of income tax sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

(viii) According to the information and explanations given to us, the Company did not have any dues in respect of loans or borrowing to a financial institution, or bank, government or dues to debenture holders.



- (ix) According to the information and explanations given to us, the Company has not raised moneys raised by way of public issue, follow-on offer (including debt instruments) and term loans, during the year under audit.
- (x) In our opinion and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers/ employees has been noticed or reported during the year.
- (xi) The Company has paid Rs 12,24,000/- as managerial remuneration in accordance with the provision of Section 197 of Companies Act 2013.
- (xii) The Company is not a Nidhi company, therefore the provisions of paragraph 3(xii) of the order is not applicable.
- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 to the extent applicable and the details have been disclosed in Note 21 to the Financial Statements as required by the accounting standards and Companies Act, 2013.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to information and explanation given to us, Company has not entered into any non-cash transaction with directors or person connected with them.
- (xvi) Company is registered under section 45-IA of the Reserve Bank of India Act 1934.

For S A S & Co.

Chartered Accountants

Firm's Registration No. 020025N

Somya Agrawal
(Partner)

Membership No. 526790

Place: New Delhi

Date: May 04, 2016



Annexure B to the Independent Auditor's Report of even date on the Financial Statements of Shivshakti Financial Services Limited for the year ended March 31, 2016

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 Shivshakti Financial Services Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Managements Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the 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. 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 preparations of reliable financial information, as required under the Companies Act, 2013.

Auditor's 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 judgement, 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 unauthorized 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 over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the 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.

For S A S & Co.

Chartered Accountants

Firm's Registration No. 020025


Somya Agrawal
(Partner)

Membership No. 526790

Place: New Delhi

Date: May 04, 2016



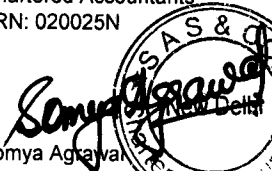
Shivshakti Financial Services Limited
(Formerly known as Shivshakti Financial Services Private Limited)
Balance Sheet as at March 31, 2016

	Note No.	As at March 31, 2016 Amount (Rs.)	As at March 31, 2015 Amount (Rs.)
I. Equity and liabilities			
Shareholders' funds			
(a) Share Capital	4	23,166,000	23,166,000
(b) Reserves and Surplus	5	<u>895,730,094</u>	<u>881,979,100</u>
		918,896,094	905,145,100
Non - current liabilities			
(a) Long-Term Provisions	6	<u>2,038,888</u>	<u>4,229,964</u>
		2,038,888	4,229,964
Current liabilities			
(a) Other Current Liabilities	7	123,629	241,086
(b) Short-Term Provisions	8	<u>7,768,389</u>	<u>12,216,397</u>
		7,892,018	12,457,483
Total		<u><u>928,827,000</u></u>	<u><u>921,832,547</u></u>
II. Assets			
Non - current assets			
(a) Fixed Assets			
(i) Tangible Assets	9	<u>164,882</u>	<u>238,084</u>
		164,882	238,084
(b) Deferred Tax Assets (Net)	10	1,031,995	3,671,457
(c) Long-Term Loans and Advances	11	<u>356,163,140</u>	<u>257,900,000</u>
		357,195,135	261,571,457
Current assets			
(a) Cash and Cash Equivalents	12	30,715,330	31,973,531
(b) Short-Term Loans and Advances	13	375,889,994	530,109,607
(c) Other Current Assets	14	<u>164,861,659</u>	<u>97,939,868</u>
		571,466,983	660,023,006
Total		<u><u>928,827,000</u></u>	<u><u>921,832,547</u></u>
Summary of Significant Accounting Policies	3		


The accompanying notes are an integral part of the financial statements

In terms of our report of even date attached

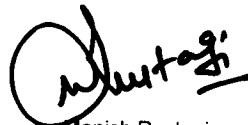
For S A S & Co.
Chartered Accountants
FRN: 020025N


Somya Agrawal
Partner
Membership No. 526790
New Delhi, May 4, 2016

For and on behalf of the board of directors


Ravinder
Whole Time Director
DIN: 02873125
New Delhi, May 4, 2016


Jogender Singh
Whole Time Director
DIN: 02873129


Manish Rustagi
Company Secretary
PAN: AFXPR1746N

Shivshakti Financial Services Limited
(Formerly known as Shivshakti Financial Services Private Limited)
Statement of Profit and Loss for the year ended March 31, 2016

	Note No.	Year ended March 31, 2016 Amount (Rs.)	Year ended March 31, 2015 Amount (Rs.)
Income			
I. Revenue from operations	15	141,061,020	58,536,957
II. Other income	16	1,828,143	3,283,141
III. Total revenue (I + II)		<u>142,889,163</u>	<u>61,820,098</u>
IV. Expenses			
Employee benefits expense	17	3,960,862	4,091,865
Finance costs	18	19,658	37,969
Depreciation / amortisation		123,067	136,764
Other expenses	19	122,395,121	52,525,352
Total expenses		<u>126,498,708</u>	<u>56,791,950</u>
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		16,390,455	5,028,148
VI. Exceptional items		-	-
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		16,390,455	5,028,148
VIII. Extraordinary items		-	-
IX. Profit/(Loss) before tax (VII- VIII)		16,390,455	5,028,148
X. Tax expense:			
(1) Current tax		1,332,000	870,000
Less: MAT credit entitlement		(1,332,000)	-
(2) Deferred tax		<u>2,639,461</u>	<u>(200,274)</u>
		2,639,461	669,726
XI. Profit/(Loss) for the year from continuing operations (IX-X)		13,750,994	4,358,422
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit/(Loss) for the year (XI + XIV)		<u>13,750,994</u>	<u>4,358,422</u>
XVI. Earnings per equity share:	22		
(1) Basic		5.94	1.88
(2) Diluted		5.94	1.88
Face value per equity share (Rs.)		10.00	10.00


Summary of Significant Accounting Policies 3

The accompanying notes are an integral part of the financial statements

In terms of our report of even date attached

For S A S & Co.
Chartered Accountants
FRN: 020025N

Somya Agrawal
Somya Agrawal
Partner
Membership No. 526790
New Delhi, May 4, 2016



For and on behalf of the board of directors

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New Delhi, May 4, 2016

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Manish Rustagi
Company Secretary
PAN: AFXPR1746N

Shivshakti Financial Services Limited
(Formerly known as Shivshakti Financial Services Private Limited)
Cash Flow Statement for the year ended March 31, 2016

	Year ended March 31, 2016		Year ended March 31, 2015	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
A Cash flow from operating activities :				
Net Profit /(Loss) before tax		16,390,455		5,028,148
Adjustments for :				
Depreciation	123,067		136,764	
Contingent Provisions against Standard Assets	66,689,404		49,300,000	
Provision for Gratuity and Compensated Absences	47,715		335,390	
Dividend on Units of Mutual Funds	(1,827,338)		(3,282,086)	
		<u>65,032,848</u>		<u>46,490,068</u>
Operating Profit / (Loss) before Working Capital Changes		<u>81,423,303</u>		<u>51,518,216</u>
Adjustments for:				
Trade and other receivables	(83,901,806)		(27,580,828)	
Trade Payables and other liabilities	(117,457)		184,925	
		<u>(84,019,263)</u>		<u>(27,395,903)</u>
Cash generated from/(used in) Operating Activities		<u>(2,595,960)</u>		<u>24,122,313</u>
Direct taxes refund/(paid)		(439,714)		(817,801)
Net cash generated from/(used in) Operating Activities		<u>(3,035,674)</u>		<u>23,304,512</u>
B Cash flow from investing activities :				
Purchase of Fixed Assets		(49,865)		-
Dividend on Units of Mutual Funds		1,827,338		3,282,086
Net cash generated from/(used in) Investing Activities		<u>1,777,473</u>		<u>3,282,086</u>
C Cash flow from financing activities				
Net cash generated from/(used in) Financing Activities		<u>-</u>		<u>-</u>
D Net increase/(decrease) in cash and cash equivalents (A+B+C)		(1,258,201)		26,586,598
E Cash and cash equivalents at the beginning of the year		31,973,531		5,386,933
F Cash and cash equivalents at the close of the year (D + E)		<u>30,715,330</u>		<u>31,973,531</u>

Notes :

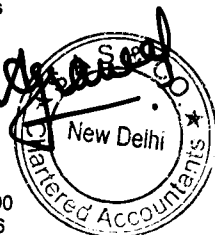
- The figures of the previous year are regrouped wherever considered necessary.
- The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in Accounting Standard (AS)-3 'Cash Flow Statements' as specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended.
- Cash and cash equivalents as at the close of the Year include:

Cash In Hand				
Balances with Banks:		28,716		29,865
- in current accounts		30,686,614		31,943,666
Cash and Cash Equivalents at the end of the year		<u>30,715,330</u>		<u>31,973,531</u>

In terms of our report of even date attached

For S A S & Co.
Chartered Accountants
FRN: 020025N

Somya Agrawal
Partner
Membership No. 526790
New Delhi, May 4, 2016



For and on behalf of the board of directors

Ravinder
Whole Time Director
DIN: 02873125
New Delhi, May 4, 2016

Jogender Singh
Whole Time Director
DIN: 02873129

Manish Rustagi
Company Secretary
PAN: AFXPR1746N

Shivshakti Financial Services Limited
(Formerly known as Shivshakti Financial Services Private Limited)
Notes to financial statements for the year ended March 31, 2016

Note - 1

Company Overview:

Malpani Securities Private Limited was incorporated on October 27, 1994 to carry on its business of stock and share broking. In accordance with the provisions of Section 21 and other applicable provisions of the Companies Act, 1956, the members of the company at their Extraordinary General Meeting held on January 12, 2010, accorded their approval to change the name of the company. The Company has since received a fresh certificate of incorporation consequent upon change of name from the Registrar of Companies, National Capital Territory of Delhi & Haryana dated January 13, 2010 in respect of the said change. Accordingly, the name of the Company was changed from Malpani Securities Private Limited to Shivshakti Financial Services Private Limited ("SFSP" or "the Company"). 4. In accordance with the provisions of Section 17 and other applicable provisions of the Companies Act, 1956, the members of the company at their Extraordinary General Meeting held on December 24, 2009, accorded their approval to amend in main objects of the company to carry the business of investment in various subsidiaries and also to invest, acquire, hold, purchase or procure equity shares, debentures, bonds, mortgages, obligations, securities of any kind issued or guaranteed by any company and provides loans and other credit facilities. In accordance with the provisions of Section 18 and other applicable provisions of the Companies Act, 2013, the members of the company at their Extraordinary General Meeting held on October 7, 2014, accorded their approval for conversion from private limited company to public limited company. The Company has since received a fresh certificate of incorporation consequent upon conversion from the Registrar of Companies, National Capital Territory of Delhi & Haryana dated February 5, 2015 in respect of the said change. Accordingly, the name of the Company was changed from Shivshakti Financial Services Private Limited to Shivshakti Financial Services Limited ("SFSL" or "the Company").

Note - 2

Basis of Preparation of Financial Statements:

The financial statements are prepared under the historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and Accounting Standards (AS) under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Note - 3

Significant Accounting Policies:

a) Prudential Norms:

The Company follows the Reserve Bank of India ("RBI") Directions in respect of "Non-Systemically Important Non-Banking financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 ("RBI Directions, 2015"), dated March 27, 2015, in respect of income recognition, income from investments, accounting of investments, asset classification, disclosures in the Balance Sheet and provisioning. Accounting Standards (AS) and Guidance Notes issued by The Institute of Chartered Accountants of India ("ICAI") are followed insofar as they are not inconsistent with the RBI Directions, 2015.

b) Use of Estimates:

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made by management that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

c) Revenue Recognition:

- Interest Income from financing activities and others is recognised on an accrual basis.
- Dividend Income on units of Mutual Fund is recognized when the right to receive dividend is unconditionally established and any gains/losses are recognized on the date of redemption.
- Transactions in respect of Investment / Dealing in Securities are recognised on trade dates.
- Income from interest from fixed deposits is recognized on accrual basis.

d) Fixed Assets:

(i) Tangible Assets:

Tangible fixed assets are stated at cost, net of tax / duty credits availed, if any, less accumulated depreciation / impairment losses, if any. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation and any attributable cost of bringing the asset to its working condition for its intended use.

(ii) Intangible Assets:

Intangible assets are stated at cost, net of tax / duty credits availed, if any, less accumulated amortisation / impairment losses, if any. Cost includes original cost of acquisition, including incidental expenses related to such acquisition.

e) Depreciation / Amortisation:

Depreciation on tangible fixed assets is provided on straight-line method at the rates specified in Schedule II to the Companies Act, 2013. Depreciation on additions to fixed assets is provided on pro-rata basis from the date the asset is put to use. Depreciation on sale / deduction from fixed assets is provided for up to the date of sale / deduction / scrapping, as the case may be. Assets taken on finance lease are depreciated over the tenure of the lease. Assets costing Rs. 5,000 or less per item are fully depreciated in the year of purchase.

Shivshakti Financial Services Limited
(Formerly known as Shivshakti Financial Services Private Limited)
Notes to financial statements for the year ended March 31, 2016

f) Impairment of Assets:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

g) Investments:

Investments are classified as long term and current investments. Long term investments are carried at cost less provision if any for any diminution other than temporary in their value. Current investments are valued at lower of cost and fair value.

h) Taxes on Income:

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations.

Deferred tax resulting from timing differences between book and tax profits is accounted for at the current rate of tax / substantively enacted tax rates at the Balance Sheet Date, as applicable, to the extent that the timing differences are expected to crystallise.

Deferred Tax Assets are recognised where realisation is reasonably certain whereas in case of carried forward losses or unabsorbed depreciation, deferred tax assets are recognised only if there is a virtual certainty of realisation backed by convincing evidence. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

i) Borrowing Costs:

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. All other borrowing costs are charged to statement of Profit and Loss.

j) Preliminary Expenses:

Preliminary expenses are adjusted against Securities Premium account net of tax to the extent available, and the balance, if any, is charged off to the profit and loss account, as incurred.

k) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (1) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (2) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

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Shivshakti Financial Services Limited
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Notes to financial statements for the year ended March 31, 2016

Note - 4

Share Capital:

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
Authorised				
Equity Shares of face value of Rs. 10 each	2,316,600	23,166,000	2,316,600	23,166,000
Compulsorily Convertible Preference Shares of face value of Rs. 10 each	7,683,400	76,834,000	7,683,400	76,834,000
		100,000,000		100,000,000
Issued, Subscribed And Paid Up				
Equity Shares of face value of Rs. 10 each fully paid up	2,316,600	23,166,000	2,316,600	23,166,000
As Per Balance Sheet		23,166,000		23,166,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
Opening balance at the beginning of the year	2,316,600	23,166,000	2,316,600	23,166,000
Add: Issued during the period:	-	-	-	-
Outstanding at the end of the year	2,316,600	23,166,000	2,316,600	23,166,000

b. Terms/rights attached to equity shares / preference shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to received remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The company has only one class of preference shares having a par value of Rs. 10 per share. These can be converted in equity shares at any time up to 5 years from date of issuance. These shares carry 10% as dividend percentage which is to be paid as and when declare and approve by Board of Directors.

c. Shares held by Shareholders holding more than 5% shares:

No. of Shareholders	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares of face value of Rs. 10 each fully paid up	2,316,600	100%	2,316,600	100%
The entire share capital is held by One shareholder (The Holding Company including its nominees)				

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

d) Employee Stock Option Schemes: (Refer Note 28)

Note - 5

Reserves And Surplus:

	As at March 31, 2016 Amount (Rs.)	As at March 31, 2015 Amount (Rs.)
Securities Premium Account		
Balance as at the beginning of the year	792,000,000	792,000,000
Add: Additions during the year	-	-
Less: Utilised during the year	792,000,000	792,000,000
	792,000,000	792,000,000
Capital Redemption Reserve		
Balance as per last Balance Sheet	10,000,000	10,000,000
Add: Amount Transferred during the year	-	-
	10,000,000	10,000,000
Reserve Fund (U/s 45-IC of RBI Act, 1934)		
Balance as per last Balance Sheet	19,503,098	18,631,414
Add: Amount Transferred during the year	2,750,199	871,684
	22,253,297	19,503,098
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	60,476,002	57,062,907
Less: Adjustments on account of opening depreciation	-	(73,643)
due to change in useful lives of Fixed Assets	-	-
Add: Profit / (Loss) for the year	13,750,994	4,358,422
Amount available for appropriation (A)	74,226,996	61,347,686
Appropriations:		
Amount transferred during the year to Reserve Fund (U/s 45-IC of the RBI Act, 1934) (B) ⁽¹⁾	2,750,199	871,684
Transfer to Capital Redemption Reserve	-	-
Balance of Profit carried forward (A)-(B)	71,476,797	60,476,002
As Per Balance Sheet	896,730,094	881,979,100

(1) In terms of Section 45-IC of the R.B.I. Act, 1934, the Company is required to transfer at least 20% of its Net Profits to a reserve before any dividend is declared. As at the year end, the Company has transferred an amount of Rs. 2,750,199 (Previous year Rs. 871,684) to the Reserve Fund.

Shivshakti Financial Services Limited
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Notes to financial statements for the year ended March 31, 2016

Note - 6
Long-Term Provisions

	As at March 31, 2016 Amount (Rs.)	As at March 31, 2015 Amount (Rs.)
Provision for Loan Assets	335,798	2,997,186
Contingent Provisions against Standard Assets	1,068,489	644,750
Provision for Gratuity (Refer Note : 23)	500,393	467,891
Provision for Compensated Absences (Refer Note : 23)	134,208	120,137
As Per Balance Sheet	2,038,888	4,229,964

Note - 7
Other Current Liabilities

	As at March 31, 2016 Amount (Rs.)	As at March 31, 2015 Amount (Rs.)
Statutory liabilities	31,382	176,886
Other payable	92,247	64,200
As Per Balance Sheet	123,629	241,086

Note - 8
Short-Term Provisions

	As at March 31, 2016 Amount (Rs.)	As at March 31, 2015 Amount (Rs.)
Provision for Gratuity (Refer Note : 23)	16,944	16,074
Provision for Compensated Absences (Refer Note : 23)	4,233	3,961
Provision for Loan Assets	292,957	5,404,053
Contingent Provisions against Standard Assets	932,173	1,162,512
Provision for taxation	6,522,082	5,629,797
[Net of tax deducted at source/advance tax of Rs. 81,808,084 (Previous year Rs. 81,368,369)]		
As Per Balance Sheet	7,768,389	12,216,397

Note - 9
Tangible Assets

Particulars	Computers	Office Equipment	Total
Opening balance as at April 1, 2014	303,787	343,392	647,179
Additions during the year	-	-	-
Adjustments/Sales during the year	-	-	-
As at March 31, 2015	303,787	343,392	647,179
Additions during the year	49,865	-	49,865
Adjustments/Sales during the year	-	-	-
As at March 31, 2016	353,652	343,392	697,044
Depreciation			
Opening balance as at April 1, 2014	163,176	36,612	198,688
Charge for the year	38,016	98,748	136,764
Special Depreciation	73,643	-	73,643
Adjustments/Sales during the year	-	-	-
As at March 31, 2015	274,835	134,260	409,095
Charge for the year	29,679	93,388	123,067
Special Depreciation	-	-	-
Adjustments/Sales during the year	-	-	-
As at March 31, 2016	304,514	227,648	532,162
Net block			
As at March 31, 2015	28,952	209,132	238,084
As at March 31, 2016	49,138	115,744	164,882

In accordance with the requirements of Schedule II of the Companies Act, 2013, during the previous year ended March 31, 2015, the Company had reassessed the useful lives and residual values of its fixed assets and an amount of Rs. 73,643 was adjusted from opening balance of retained earnings in respect of assets whose remaining useful life was NIL as at April 01, 2014 and an amount of Rs. 107,251 was charged to the Statement of Profit and Loss for the year ended March 31, 2015 representing the additional depreciation on the carrying value of its assets as at April 01, 2014 due to change in useful lives of the assets.

Note - 10
Deferred Tax Assets (Net):

	As at March 31, 2016 Amount (Rs.)	As at March 31, 2015 Amount (Rs.)
Deferred Tax Assets		
Contingent Provisions against Standard Assets	812,490	3,469,889
Arising on account of temporary differences due to:		
- Disallowance under Section 40A(7) of the Income-Tax Act, 1961	159,857	164,500
- Disallowance under Section 43B of the Income Tax Act, 1961	42,778	42,181
- On account of fixed assets	16,870	-
Deferred Tax Liabilities		
On account of fixed assets	-	5,093
Deferred Tax Assets (Net)	1,031,995	3,671,467

Shivshakti Financial Services Limited
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Notes to financial statements for the year ended March 31, 2016

Note - 11

Long term loans and advances:

	As at March 31, 2016 Amount (Rs.)	As at March 31, 2015 Amount (Rs.)
Loans and other credit facilities		
Unsecured Loans (Refer Note 27) - Considered Good	354,831,140	257,900,000
MAT credit Entitlement	1,332,000	-
As Per Balance Sheet	<u><u>356,163,140</u></u>	<u><u>257,900,000</u></u>

Note - 12

Cash and Cash Equivalents

	As at March 31, 2016 Amount (Rs.)	As at March 31, 2015 Amount (Rs.)
(a) Balance with banks In Current accounts	30,686,614	31,943,666
(b) Cash on hand	28,716	29,865
As Per Balance Sheet	<u><u>30,715,330</u></u>	<u><u>31,973,531</u></u>

Note - 13

Short-Term Loans And Advances:

	As at March 31, 2016 Amount (Rs.)	As at March 31, 2015 Amount (Rs.)
(a) Loans and Other Credit Facilities		
Unsecured Loans (Refer Note 27) - Considered Good	310,724,464	465,004,691
(b) Others		
(i) Security deposits		
Unsecured, considered good	66,000	66,000
(ii) Advances recoverable in cash or in kind or for value to be received Unsecured, considered good	17,647,409	17,586,795
(c) Advance income tax/tax deducted at source (Net of Provision for taxation Rs. 5,000,000 (Previous year Rs. 5,000,000))	47,452,121	47,452,121
As Per Balance Sheet	<u><u>375,889,994</u></u>	<u><u>530,109,607</u></u>

Note - 14

Other current assets:

	As at March 31, 2016 Amount (Rs.)	As at March 31, 2015 Amount (Rs.)
Income accrued		
Interest accrued on Loans	164,861,659	97,939,868
As Per Balance Sheet	<u><u>164,861,659</u></u>	<u><u>97,939,868</u></u>