

**AUDITOR'S REPORT**

**TO THE MEMBERS OF M/s. S.I. Capital & Financial Services Ltd., Chennai**

We have audited the attached Balance Sheet of M/s. S.I. Capital & Financial Services Ltd, Chennai, as at 31<sup>st</sup> March 2008 and the Profit and Loss account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors Report) Order 2003, (as amended) hereinafter referred to as "the order" issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, hereinafter referred to as " the Act" we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.

.Further to our comments in the annexure referred to above, we report that :

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of such books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us.
- iii) The Balance sheet together with notes attached thereto and Profit and loss account and Cash Flow statement dealt with the report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet and the Profit and Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
- v) On the basis of written representations received from the Directors, as on 31<sup>st</sup> March 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2008 from being appointed as Director in terms of Clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the schedule attached thereto together with the accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2008.
  - b. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date and
  - c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Chennai  
Date: 30.07.2008

CHARTEREDACCOUNTANTS.

**Annexure referred to in paragraph 1 of our audit report of even date to the members  
of M/s. S.I. Capital & Financial Services Limited, Chennai.**

**1. Fixed Assets**

- 1.1 The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 1.2 The fixed assets of the company have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification as compared to the book records.
- 1.3 As explained to us, the Company has not disposed of substantial part of fixed assets during the year and the going concern assumption of the Company is not affected.

**2. Inventories**

- 2.1 As per the information and explanations furnished to us, physical verification has been conducted at reasonable intervals by the management.
- 2.2 The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- 2.3 The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of stocks as compared to the book records.

**3. Loans and Advances**

- 3.1 As informed to us, the company has granted loans, secured or unsecured to the companies covered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion, the terms and conditions on which the loans are granted are prima facie not prejudicial to the interest of the company.
- 3.2 As informed to us, the company has not taken any loans, secured or unsecured from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

**4. Internal Controls**

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of foreign currency. During the course of audit, no major weakness has been noticed in these internal controls.

**5. Related Parties**

- 5.1 According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- 5.2 In our opinion and according to the information and explanations given to us, there are transactions exceeding the value of five lakh rupees in respect of parties covered in the register maintained under Sec. 301 of the Companies Act, 1956 during the financial year under consideration.

**6. Deposits from Public**

The company has not accepted any deposits from the public and consequently the provisions of section 58A and 58AA of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the company.

**7. Internal audit system**

In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

**8. Cost records**

As per the information and explanations given to us, maintenance of cost records has not been prescribed by the central government under Section 209(1)(d) of the Companies Act, 1956.

**9. Statutory Dues**

- 9.1 According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been regular in depositing undisputed statutory dues including income tax, sales tax and any other statutory dues during the year with the appropriate authorities.
- 9.2 According to the information and explanations given to us, there were no undisputed dues payable in respect of Income tax, Sales tax, Wealth tax, Customs duty, Excise duty and Cess outstanding as on 31<sup>st</sup> March 2008 for a period of more than six months from the date they became payable except fringe benefit tax to the tune of Rs.19,890/-
- 9.3 According to the information and explanation given to us, there are no dues in respect of Income tax, Sales tax, Custom duty, Wealth tax, Excise duty and Cess that have not been deposited with the appropriate authorities on account of any dispute.

**10. Accumulated Losses**

The company has accumulated losses at the end of the financial year. The company has made profit during the financial year and during the year immediately preceding financial year. However the accumulated losses of the company is less than 50% of the networth of the company.

**11. Dues to Financial Institutions, Banks etc.**

In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions and banks . The company has not issued any debentures.

**12. Loans against security**

The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

**13. Chit Fund/Nidhi**

In our opinion, the company is not a chit fund or a nidhi, mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

**14. Dealing in shares/securities etc.**

According to the information and explanation given to us the company has maintained proper records as regards dealing in shares, securities, debentures and other investments. The Investments are held by the company in its own name.

**15. Guarantees for others**

According to the information and explanations furnished to us, the company has not given guarantees, for loans taken by others from banks or financial institutions.

**16. Term Loans**

The company has not obtained any Term Loans.

**17. Short Term Loans**

According to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term basis and vice versa.

**18. Preferential allotment of shares**

According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

**19. Debentures**

The company has not issued any debentures.

**20. Public Issues**

According to the information and explanations furnished to us, the company has not raised any funds by public issues during the year.

**21. Frauds etc.**

Based upon the audit procedures performed and information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**Place: Chennai**

**Chartered Accountants.**

**Date : 30.07.2008**

**BALANCE SHEET AS AT 31.03.2008**

	SCH. NO	AS AT 31.03.2008 RS.	AS AT 31.03.2007 RS.
<b><u>SOURCES OF FUNDS</u></b>			
<b>1</b>	<b><u>SHAREHOLDERS' FUNDS</u></b>		
SHARE CAPITAL	1	30,000,000.00	30,000,000.00
RESERVE & SURPLUS	2	509,158.02	328,271.44
<b>2</b>	<b><u>LOAN FUNDS</u></b>		
SECURED LOANS	3	16,238.00	113,666.00
	<b>TOTAL</b>	<b><u>30,525,396.02</u></b>	<b><u>30,441,937.44</u></b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>1</b>	<b><u>FIXED ASSETS</u></b>		
GROSS BLOCK	4	9,481,456.70	9,522,426.70
LESS: DEPRECIATION		2,165,158.77	2,038,218.46
NET BLOCK	(I)	<u>7,316,297.93</u>	<u>7,484,208.24</u>
<b>2</b>	(II)	<u>3,949,315.75</u>	<u>4,097,654.00</u>
<b>3</b>	<b>CURRENT ASSETS, LOANS, ADVANCES &amp; DEPOSITS</b>		
	6	14,342,664.34	13,216,005.31
LESS: CURRENT LIABILITIES & PROVISIONS	7	792,420.60	738,669.58
NET CURRENT ASSET	(III)	<u>13,550,243.74</u>	<u>12,477,335.73</u>
<b>4</b>	(IV)	910,611.97	926,435.75
<b>5</b>	<b>A) MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF</b>		
	8	4,798,926.63	5,456,303.72
	<b>TOTAL</b>	<b><u>30,525,396.02</u></b>	<b><u>30,441,937.44</u></b>
<b>NOTES TO ACCOUNTS</b>	<b>14</b>		

As per our separate report of even date

Place : Chennai  
Date : 30.07.2008V.A. KURIEN  
DirectorMARY RODRIGUES  
DirectorFor Sudhindran & Co.  
CHARTERED ACCOUNTANTSP. SUDHINDRAN  
Partner  
Membership No:32100SANJAY ARJUNDAS WADHWA  
Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2008**

Particulars	Sch No.	31.03.2008 Rs.	31.03.2007 Rs.
<b>I. Income</b>			
Income from Forex Dealings		940,182.84	819,118.83
Other Income	9	<u>1,627,968.02</u>	<u>2,026,871.55</u>
<b>Total</b>		<b><u>2,568,150.86</u></b>	<b><u>2,845,990.38</u></b>
<b>II. Expenditure</b>			
Admin. & Other Expenses	10	755,304.82	872,368.87
Employees Expenses	11	543,243.99	529,279.38
Financial Expenses	12	24,059.63	57,919.45
Bad Debts & Losses W/off	13	<u>=183,577.47</u>	<u>326,937.80</u>
<b>Total</b>		<b><u>1,506,185.91</u></b>	<b><u>1,786,505.50</u></b>
Profit Before Depreciation		1,061,964.95	1,059,484.88
Less: Depreciation	4	157,532.09	192,735.16
Profit Before Tax		904,432.86	866,749.72
Less: Transfer to Special Reserve		180,886.57	173,349.94
Provision for Taxation			
Income Tax		-	43,500.00
Fringe Benefit Tax		19,845.41	24,563.00
Deferred Tax Liability (Net )		15,823.78	5,899.62
<b>Profit After Tax</b>		<b><u>687,877.10</u></b>	<b><u>619,437.16</u></b>
Less: Income Tax of earlier years written off		30,500.00	-
Add : Balance Brought Forward	(-)	<u>5,456,303.72 (-)</u>	<u>6,075,740.88</u>
Excess provision for Doubtful debts written back		-	-
<b>Balance carried to Balance Sheet</b>	(-)	<b><u>4,798,926.63 (-)</u></b>	<b><u>5,456,303.72</u></b>
Earnings per share (in Rupees)= Profit/(Loss)after Tax and Deferred Tax divided by 30,00,000 equity shares		0.23	0.21
Nominal value per share		Rs.10/-	Rs.10/-
Diluted earning per share		N.A.	N.A.
<b>Notes to Accounts</b>	14		
As per our separate report of even date for Sudhindran & Co,			
Place : Chennai			
Date : 30.07.2008			
V.A. KURIEN Director	MARY RODRIGUES Director		P. SUDHINDRAN Partner Membership No:32100
SANJAY ARJUNDAS WADHWA Director			

**SCHEDULES TO BALANCE SHEET**

	<b>31.03.2008</b>	<b>31.03.2007</b>
	Rs.	Rs.
<b>Schedule 1</b>		
<b>Share Capital</b>		
Authorised 35,00,000 equity shares of	<u>35,000,000.00</u>	<u>35,000,000.00</u>
Rs.10/- Each	30,000,000.00	30,000,000.00
Issued ,Suscribed & Paid Up	<u>30,000,000.00</u>	<u>30,000,000.00</u>
30,00,000 Equity shares of		
Rs.10/- Each	<u><b>30,000,000.00</b></u>	<u><b>30,000,000.00</b></u>
<b>Schedule 2</b>		
<b>Reserves and Surplus</b>		
Special Reserve - Opening Balance	328,271.44	154,921.50
Add: Addition during the year	<u>180,886.57</u>	<u>173,349.94</u>
	<u><b>509,158.02</b></u>	<u><b>328,271.44</b></u>
<b>Schedule 3</b>		
<b>LOAN FUNDS</b>		
<b>Secured loan</b>		
Loan from CITI Bank	16,238.00	113,666.00
(Secured Against hypothecation of Motor Car)		
<b>Total</b>	<u><b>16,238.00</b></u>	<u><b>113,666.00</b></u>

**Schedule 4 - FIXED ASSETS & DEPRECIATION FOR THE YEAR ENDED 31.03.2008**

Particulars	Gross Block		Rate %	As on 01.04.2007	As on 31.03.2008	Depreciation On Deletions	Excluding - On Deletions	For the year	Net Block		
	As on 01.4.2007	Additions							Deletions	Upto 31.03.2008	As on 31.03.2008
Land	6,646,565.50	-	-	-	6,646,565.50	-	-	-	-	6,646,565.50	6,646,565.50
Building	105,000.00	-	5.33	18,623.93	105,000.00	-	18,623.93	4,603.84	23,227.77	81,772.23	86,376.07
Plant & Machinery	973,120.19	-	13.91	790,871.75	973,120.19	-	790,871.75	25,350.76	816,222.51	156,897.68	182,248.44
Electrical Machinery	59,990.85	-	13.91	20,078.34	59,990.85	-	20,078.34	5,551.83	25,630.17	34,360.68	39,912.51
Furniture & Fixtures	931,651.15	-	18.10	750,166.93	931,651.15	-	750,166.93	32,848.64	783,015.57	148,635.58	181,484.22
Air Conditioner	30,000.00	-	13.91	7,943.48	30,000.00	-	7,943.48	3,068.06	11,011.54	18,988.46	22,056.52
Motor Car	392,669.01	-	25.89	109,424.81	392,669.01	-	109,424.81	73,331.92	182,756.73	209,912.28	283,244.20
Motor Cycle	40,970.00	-	25.89	30,591.78	40,970.00	40,970.00	30,591.78	-	-	-	10,378.22
Computers & Peripherals	342,460.00	-	40.00	310,517.44	342,460.00	-	310,517.44	12,777.02	323,284.46	19,165.54	31,942.56
<b>Total</b>	<b>9,522,426.70</b>	<b>-</b>		<b>2,038,218.46</b>	<b>9,481,456.70</b>	<b>40,970.00</b>	<b>2,007,626.68</b>	<b>157,532.09</b>	<b>2,165,158.77</b>	<b>7,316,297.93</b>	<b>7,484,208.24</b>



		31.03.2008	31.03.2007
		Rs.	Rs.
<b>Schedule 5</b>			
Investments- at cost Quoted	<u>No of</u>		
Name of the Scrip	<u>Shares</u>	Amount	Amount
Rs. Bherudan Dugar Finance Ltd	500	5,000.00	5,000.00
Bhuvan Tripura Ltd	1,000	3,800.00	3,800.00
Hindustan Oil Exploration Ltd	100	2,764.00	2,764.00
Jindal Vijayanagar Steels Ltd	800	16,000.00	16,000.00
K.Dhandapani & Co.Ltd	3,700	111,000.00	111,000.00
Kandagiri Spinning Mills Ltd	600	30,000.00	30,000.00
Laser Diamond Ltd	22,900	229,000.00	229,000.00
Modi GBC Ltd	1,000	14,000.00	14,000.00
Polyspin Exports Ltd	1,900	19,000.00	19,000.00
Reliance Petroleum Ltd	200	5,800.00	5,800.00
Sambandam Spinning Mills Ltd	900	45,000.00	45,000.00
SI Property Development limited	1,950	43,195.00	43,195.00
Skandam Farms & Plantations Ltd.	50,000	470,000.00	470,000.00
Sri Ganapathy Mills Co. Ltd	400	36,000.00	36,000.00
Sri Nachammai Cotton Mills Ltd.	800	56,000.00	56,000.00
SSF Ltd	24,900	298,095.00	298,095.00
Thambi Modern Spinning Mills Ltd	100	5,000.00	5,000.00
White House Cotton Mills Ltd	200	2,000.00	2,000.00
<b>Sub Total</b>		<b><u>1,597,654.00</u></b>	<b><u>1,597,654.00</u></b>
Market value of above Investments as on 31.03.2008 Rs.			
<b>Mutual funds:</b>			
Prudential ICICI Dynamic Plan Fund		502,757.00	-
Optimix - Advanced Investment solutions		-	500,000.00
Franklin India Smaller Companies fund		-	500,000.00
Reliance Liquid Fund		-	1,500,000.00
Reliance Equity Advantage Fund -Retail Divd		824,604.00	-
Sundaram BNP Paribas Growth Fund -Appriciation		1,024,300.75	-
<b>Sub Total</b>		<b><u>2,351,661.75</u></b>	<b><u>2,500,000.00</u></b>
<b>Total</b>		<b><u>3,949,315.75</u></b>	<b><u>4,097,654.00</u></b>

Market value of above Investments as on 31.03.2008 is Rs.

	31.03.2008 Rs.	31.03.2007 Rs.
<b>Schedule 6</b>		
<b>CURRENT ASSETS, LOANS, ADVANCES &amp; DEPOSITS</b>		
<b>A. CURRENT ASSETS</b>		
Stock in trade	592,284.69	318,260.75
<b>Sub Total</b>	<b><u>592,284.69</u></b>	<b><u>318,260.75</u></b>
<b>Sundry Debtors</b>		
(Unsecured considered good for which the company holds no security other than Debtor's Personal Security)		
a) Debts Outstanding for a period exceeding six months	4,197,369.94	4,104,538.89
b) Other Debts	<u>347,353.54</u>	<u>155,184.34</u>
<b>Sub Total</b>	<b><u>4,544,723.48</u></b>	<b><u>4,259,723.23</u></b>
<b>Cash &amp; Bank Balances</b>		
Cash in hand	416,158.28	565,140.03
Balance with Scheduled Banks in Current Account	<u>497,258.01</u>	<u>1,365,932.92</u>
<b>Sub Total</b>	<b><u>913,416.29</u></b>	<b><u>1,931,072.95</u></b>
<b>Other Current Assets</b>		
Interest Receivable	223,435.00	79,333.00
Interest Suspense on Motor Car Loan	<u>1,423.00</u>	<u>9,962.00</u>
<b>Sub Total</b>	<b><u>224,858.00</u></b>	<b><u>89,295.00</u></b>
<b>B. LOANS &amp; ADVANCES</b>		
<b>I) Loans Recoverable</b>		
Secured - Efficiency Aids Agencies	5,000,000.00	5,000,000.00
Best India Marine Harvest	-	500,000.00
Southern Holdings & Investments	-	50,000.00
Southern Warehousing co, Pvt Ltd.,	600,000.00	-
SSF LTD	430,000.00	-
Murugesan	500,000.00	-
Praba Narasimhan	40,000.00	-
Unsecured - Considered Doubtful	909,674.65	909,674.65
	7,479,674.65	6,459,674.65
Less : Provision for Doubtful Loans	909,674.65	909,674.65
<b>Sub Total</b>	<b><u>6,570,000.00</u></b>	<b><u>5,550,000.00</u></b>

	31.03.2008 Rs.	31.03.2007 Rs.
<b>II) Advances recoverable in cash or in kind or for value to be received and considered good</b>		
Advance for Land	430,000.00	430,000.00
Ebenezer	276,645.76	-
AFL Receivable	13,574.04	5,620.38
Staff advance	18,500.00	26,500.00
Rent Deposit	45,920.00	60,000.00
Telephone Deposit	37,139.00	37,139.00
Tax Deducted at Source AY 2005-06	-	128,218.00
Tax Deducted at Source AY 2006-07	-	190,280.00
Tax Deducted at Source AY 2007-08	189,896.00	189,896.00
Tax Deducted at Source AY 2008-09	197,709.08	-
Income Tax Refund Due AY: 2005-06	128,110.00	-
Income Tax Refund Due AY: 2006-07	159,888.00	-
<b>Sub Total</b>	<b>1,497,381.88</b>	<b>1,067,653.38</b>
<b>Total (I+II+III+IV+V+VI)</b>	<b>14,342,664.34</b>	<b>13,216,005.31</b>
<b>Schedule 7</b>		
<b>Current Liabilities &amp; Provisions</b>		
<b>A. Current Liabilities</b>		
<b>Sundry Creditors</b>		
<b>For Expenses</b>		
Expenses Payable	60,861.00	57,514.00
Mahesh & Associates	24,000.00	12,000.00
Sudhindran & Co.	71,635.00	41,709.00
<b>Sub Total</b>	<b>156,496.00</b>	<b>111,223.00</b>
<b>For Others</b>	<b>500,000.00</b>	<b>500,000.00</b>
<b>Sub Total</b>	<b>500,000.00</b>	<b>500,000.00</b>
<b>B. Provisions</b>		
Provision for Gratuity	72,579.19	59,383.58
Provision for Taxation :		
Income Tax AY: 2007-08	43,500.00	43,500.00
Fringe Benefit Tax	19,845.41	24,563.00
<b>Sub Total</b>	<b>135,924.60</b>	<b>127,446.58</b>
<b>Total (I+II+III)</b>	<b>792,420.60</b>	<b>738,669.58</b>
<b>Schedule 8</b>		
<b>Miscellaneous Expenditure to the extent not written off / adjusted</b>		
Profit & Loss Account	4,798,926.63	5,456,303.72
<b>Total</b>	<b>4,798,926.63</b>	<b>5,456,303.72</b>

31.03.2008

Rs.

31.03.2007

Rs.

**SCHEDULES TO PROFIT AND LOSS ACCOUNT****Schedule 9****Other Income**

Commission Received on Money Transfer Services	38,188.33	51,440.31
Dividend Received - Shares	14,565.26	18,366.37
Dividend Received -Mutual Fund	102,313.25	135,897.35
Interest Received	890,236.00	947,863.89
Profit on Redemption of Mutual Funds	576,439.22	788,224.91
Miscellaneous Income	6,225.96	240.00
<b>Total</b>	<b><u>1,627,968.02</u></b>	<b><u>1,942,032.83</u></b>

**Schedule 10****Administrative & Other Expenses**

Rent	149,880.00	135,120.00
Rates & Taxes	378.00	4,471.48
Electricity Charges	22,860.82	70,246.00
Telephone Charges	63,269.00	68,323.00
Postage & Telegram	10,256.00	12,152.00
Printing & Stationery	18,314.00	26,136.54
Conveyance Expenses	-	12,338.00
Travelling Expenses	14,301.00	63,934.00
Vehicle Maintenance	88,273.00	76,570.00
Office Maintenance expenses	63,110.00	30,891.00
Property Maintenance Expenses	9,000.00	12,302.00
Business Promotion Expenses	2,052.00	21,691.00
Insurance Charges	6,436.00	6,940.00
Books & Periodicals	-	576.66
AGM & Publishing Expenses	32,715.00	29,082.00
Advertisement Expenses	-	810.00
Annual Maintenance Charges	6,052.00	7,450.00
Repairs and Maintenance	58,420.00	116,526.00
Listing & Filing Fee	27,195.00	30,790.00
Sitting Fees	15,000.00	10,000.00
Share transfer fee	20,633.00	18,010.00
Professional Charges	91,000.00	82,250.00
Profession Tax	-	4,146.00
Miscellaneous Expenses	4,120.00	10,243.19
Auditor's Remuneration	33,708.00	33,708.00
<b>Total</b>	<b><u>755,304.82</u></b>	<b><u>872,368.87</u></b>

	31.03.2008 Rs.	31.03.2007 Rs.
<b>Schedule 11</b>		
<b>Employees Expenses</b>		
Salary, Bonus & Allowances including PF Contribution	528,715.61	513,091.38
Staff- Coffee & Tea expenses	14,528.38	16,188.00
<b>Total</b>	<b><u>543,243.99</u></b>	<b><u>529,279.38</u></b>
<b>Schedule 12</b>		
<b>Financial Expenses</b>		
Finance charges on Motor car	8,539.00	33,624.00
Bank charges	15,520.63	24,295.45
<b>Total</b>	<b><u>24,059.63</u></b>	<b><u>57,919.45</u></b>
<b>Schedule 13</b>		
<b>Bad Debts &amp; Losses W/off</b>		
Bad Debts written off	-	131,282.95
Loss on Sale of Asset	7,878.22	195,654.85
Loss on Redemption of mutual fund	175,699.25	-
<b>Total</b>	<b><u>183,577.47</u></b>	<b><u>326,937.80</u></b>

**A SIGNIFICANT ACCOUNTING POLICIES:****1 General**

The financial statements are prepared under the historical cost convention, on the basis of a going concern and as per the applicable accounting standards. The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis.

The company has followed prudential norms prescribed by the R.B.I in respect of Income Recognition, capital Adequacy and Provision for Bad and Doubtful Debts.

**2 Inter Branch Transfers**

Inter Branch Transfers of currency are at cost.

**3 Valuation of Inventories**

Currencies in stock are valued at cost.

Consumables in stock are valued at cost.

**4 Fixed Assets and Depreciation**

Fixed assets are stated at cost less Depreciation on Written Down Value Method at the rates and in the manner specified in the Schedule XIV to the Companies Act, 1956. No depreciation is provided on assets sold during the year.

**5 Investments**

Investments are held on long term basis and valued at cost. Diminution in the value of investments is not provided for, as the management is of the opinion that the diminution is of temporary nature.

**6 Revenue Recognition**

Interest on loans and advances are recognised on accrual basis. In respect of loans under litigation, it is the company's policy to recognise interest on realisation basis.

**7 Retirement Benefits**

Contribution to Provident Fund is funded as a percentage of salary. Adequate provisions have been made in the accounts for the liability for Gratuity of employees.

**8 Impairment of Assets**

**B. NOTES TO ACCOUNTS**

- 9 Land shown in fixed assets is at Thevara, Cochin and is on equal co-ownership basis with M/s. SSF Ltd.
- 10 The balance in various accounts in Sundry Debtors and Sundry Creditors are subject to confirmation and reconciliation. They have been shown as per values appearing in the books of accounts.
- 11 Sundry Debtors include Debtor from Company under the same management.
- 12 Loans and Advances are subject to confirmation. The secured loans are sufficiently covered by securities. As regards Un-secured loans, though the management is confident of realising the loans recoverable, and for which necessary efforts are already in process, as a matter of abundant caution provision for doubtful loans has been created for the whole amount on these loans.
- 13 Advances for Land as stated in the schedules to accounts is for the purchase of lands at Thenkasi. The registration of the land having not been finalised, the amounts advanced towards the purchase of these lands remain as advances and is stated as such in the schedules to the accounts.
- 14 Related Parties disclosure as per Accounting Standard 18:
- a) List of Parties - Group concerns and Associates.
    - i) Si Cap Insurance Agency (P) Ltd.
    - ii) SSF Ltd.
    - iii) Southern Holdings & Investments
    - iv) Southern Warehousing Co, Pvt Ltd
  - b) Related Party Transactions

Name of the Associate Concerns	Amount taken (Incl. O/s on 01.04.2008)	Amount O/s as on 31.03.2007
i) Si Cap Insurance Agency (P) Ltd.	25,868	25,868
ii) SSF Ltd.	159,750	212,602
iii) Southern Warehousing Co, Pvt Ltd	600,000	Nil
iv) Southern Holdings & Investments	Nil	50,000

- c) The maintenance expenses of Rs. 9,000/- has been incurred on Thevara property held jointly with SSF Ltd.

**15 Segment Reporting**

The Principal business of the company is dealing in foreign currency. The company has also carried out trading in consumable items during the year. Though the income from other sources in the form of Dividend on Investments and Capital Gains account for a large portion of income, the percentage of other business income does not exceed 10% of the gross turnover of the principal business, no Segment Reporting has been made.

16 **Earning per Share**  
**Basic and Diluted**

Weighted Average No. of Shares outstanding (Nos)	<u>31.03.2008</u>	<u>31.03.2007</u>
Net Profit / (Loss) in Rupees	687,877.10	619,437.16
Earning Per Share	0.23	0.21
Nominal value of Share	Rs.10/-	Rs.10/-

17 **Deferred Tax**

The deferred tax for timing differences is accounted for using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future. Consequently,

Deferred Tax Asset on Business Loss carried forward has not been created.

**Deferred Tax Asset**

Opening Balance		926,435.75
Deferred Tax for the Year		
Depreciation as per Income Tax Act	180,546.13	
Depreciation as per Company Act	157,532.09	
Difference	23,014.05	
Deferred Tax Liability for the year @ 30.90% on the above	7,111.34	
Provision for Gratuity	13,195.61	
Provision for Bonus	15,000.00	
Total	<u>28,195.61</u>	
Deferred Tax Liability for the year @ 30.90% on the above	8,712.44	
Current year deferred Tax Liability debited to P&L a/c	15,823.78	
Net Deferred Tax Asset shown in the Balance Sheet	910,611.97	

18 Income from Forex Business Rs.9,40,182.84 has been arrived at as follows.

	<u>31.03.2008</u>	<u>31.03.2007</u>
Income from Forex Business		
Sales of Currencies & Travellers Cheque	64,083,888.11	56,311,527.40
Less. Purchase of Currencies & Travellers Cheques, Service	63,483,256.21	55,516,899.07
Charges paid		
Sub Total - (a)	600,631.90	794,628.33
Add: Increase / ( Decrease) in Stock		
Closing Stock	592,284.69	252,733.75
Less: Opening Stock	252,733.75	228,243.25
Sub Total - (b)	339,550.94	24,490.50
TOTAL (a+b)	940,182.84	819,118.83

	<u>31.03.2008</u>	<u>31.03.2007</u>
<b>19 Managerial Remuneration</b>		
Salaries and Allowances	-	-
Sitting fee	15,000.00	10,000.00
Total	15,000.00	10,000.00
<b>20 Auditor's Remuneration</b>		
As Audit fee	20,000.00	20,000.00
As Tax audit fee including service tax	13,708.00	8,060.00
Total	33,708.00	28,060.00

21 Since the company has made operating profit during the year, 20% of the profit is transferred to a reserve as per RBI Guide Lines.

22 Previous year's figures have been regrouped/rearranged wherever necessary to conform with current year presentation.

V.A. KURIEN  
Director

MARY RODRIGUES  
Director

For Sudhindran & Co.  
CHARTERED ACCOUNTANTS

P. SUDHINDRAN  
Partner  
Membership No:32100

SANJAY ARJUNDAS WADHWA  
Director

Place : Chennai  
Date : 30.07.2008



**S.I. Capital & Financial Services., Ltd., Chennai**

**Cash flow statement for the year ended 31.03.2008**

		<b>As on 31.03.2008</b>		<b>As on 31.03.2007</b>
<b>A. Cash Flow From Operating Activities</b>				
Net Profit Before Tax & Extraordinary items		904,432.86		866,749.72
Add: Depreciation	157,532.09	192,735.16		
Loss on Sale of Assets	7,878.22	195,654.85		
Loss on Sale of mutual funds	175,699.25	-		
Bad Debts written off	-	131,282.95		
Interest on Loans	8,539.00	33,624.00	349,648.56	553,296.96
	1,254,081.42	1,420,046.68		
Less: Profit on Redemption of Mutual Funds	576,439.22	788,224.91		
Interest received	890,236.00	947,863.89		
Dividend received	116,878.51	154,263.72	1,890,352.52	
Income Tax of earlier years written off	30,500.00	1,614,053.73		
Operating Profit Before Working Capital Changes	(359,972.31)			(470,305.84)
Less: Increase in Current Assets	(2,144,315.69)	(2,390,573.85)		
Add: Increase in Current Liabilities	33,905.31	360,034.38	(2,110,410.38)	(2,030,539.47)
<b>Net Cash from Operating Activities</b>	<b>(2,470,382.69)</b>	<b>(2,500,845.31)</b>		
<b>B. Cash Flow From Investing Activities</b>				
Sale of Investments	6,207,455.26	5,995,903.98		
Sale of Fixed Assets	2,500.00	400,000.00		
Interest Received	890,236.00	947,863.89		
Dividend Received	116,878.51	7,217,069.77	154,263.72	7,498,031.59
Less : Bad debts written off	-	131,282.95		
Less : Purchase of Fixed Assets	-	44,300.00		
Less: Purchase of Mutual Fund	5,658,376.75	5,658,376.75	5,407,679.07	5,583,262.02
<b>Net Cash from Investing Activities</b>	<b>1,558,693.02</b>	<b>1,914,769.57</b>		
<b>C. Cash Flow from Financing Activities</b>				
Decrease in Secured Loans	(97,428.00)	(416,828.00)		
Interest on Loans	(8,539.00)	(105,967.00)	(33,624.00)	(450,452.00)
<b>Net Cash from Financing Activities</b>	<b>(105,967.00)</b>	<b>(450,452.00)</b>		
<b>D. Net Increase/(Decrease in) Cash &amp; Cash Equivalents</b>				
(A + B + C) or (F - E)		(1,017,656.67)		(1,036,527.74)
E. Cash & Cash Equivalent at the start of the year		1,931,072.96		2,967,600.70
F. Cash & Cash Equivalent at the end of the year	913,416.29	1,931,072.96	(1,017,656.67)	(1,036,527.74)

**NOTES :**

- The above Cash Flow statement has been prepared by using Indirect Method as per Accounting Standard 3 - Cash Flow Statement, issued by the Institute of Chartered Accountants of India.
- Previous year's figures have been regrouped/rearranged wherever necessary to conform to current year's presentation.

V.A. KURIEN  
Director

MARY RODRIGUES  
Director

SANJAY ARJUNDAS WADHWA  
Director

Place : Chennai

Date : 30.07.2008

The Board of Directors

S.I. CAPITAL & FINANCIAL SERVICES LTD., Chennai

We have examined the attached cash flow statement of S.I. Capital & Financial Services Ltd., for the year ended 31.03.2008.

The statement has been prepared by the Company in accordance with the requirement of listing agreement clause 32 with the stock exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the company by our report of 30th July, 2008 to the members of the company.

For Sudhindran & Co.,  
CHARTERED ACCOUNTANTS  
P.SUDHINDRAN  
Partner  
Membership No:32100

Place: Chennai

Date : 30.07.2008

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I REGISTRATION DETAILS**

Registration No.	29151	State Code	18
Balance Sheet Date	31.03.2008		

**II CAPITAL RAISED DURING THE YEAR (AMOUNT Rs. In '000)**

Public Issue	NIL	Rights Issue	NIL
Bonus issue	NIL	Private Placement	NIL

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount Rs. In '000)**

Total Liabilities	30,525.40	Total Assets	30,525.40
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid up Capital	30,000.00	Net Fixed Assets	7,316.30
Reserves & Surplus	509.16	Net Current Assets	13,550.24
Secured Loans	16.24	Investment	3,949.32
Unsecured Loans	-	Misc. Expenditure	-
Accumulated Lossess	4,798.93	Deferred Tax	910.61

**IV PERFORMANCE OF COMPANY (Rs. IN THOUSANDS)**

Turnover	2,568.15	Total Expenditure	1,663.72
Profit / Loss Before Tax	904.43	Profit /Loss After Tax	687.88
Earning per Share	0.23	Dividend Rate	NIL

**V GENERAL NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)**

Item Code No.(ITC Code)	N.A
Product Description	ForeignExchange
Item Code No. (ITC Code)	NIL
Product Description	
Item Code No.(ITC Code)	NIL
Product Description	



**BALANCE SHEET AS AT 31.03.2008**

**BALANCE SHEET AS AT 31.03.2007**

	Sch. No	As At 31.03.2008	As At 31.03.2007
<b><u>SOURCES OF FUNDS</u></b>			
<b>1</b>			
<b><u>SHAREHOLDERS' FUNDS</u></b>			
Share Capital	1		30,000,000.00
			30,000,000.00
Reserve & surplus	2	509,158.02	328,271.44
<b>2</b>			
<b><u>LOAN FUNDS</u></b>			
Secured Loans	3	16,238.00	113,666.00
<b>Total</b>		<b>30,525,396.02</b>	<b>30,441,937.44</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>1</b>			
<b><u>FIXED ASSETS</u></b>			
Gross Block	4	9,481,456.70	9,522,426.70
Less: Depreciation		2,165,158.77	2,038,218.46
Net Block (I)		<b>7,316,297.93</b>	<b>7,484,208.24</b>
<b>2</b>			
INVESTMENTS (II)	5	3,949,315.75	4,097,654.00
<b>3</b>			
CURRENT ASSETS, LOANS, ADVANCES & DEPOSITS	6	14,342,664.34	13,216,005.31
Less: CURRENT LIABILITIES & PROVISIONS	7	792,420.60	738,669.58
Net Current Assets (III)		<b>13,550,243.74</b>	<b>12,477,335.73</b>
<b>4</b>			
Deferred Tax Assets (Net) (IV)		910,611.97	926,435.75
<b>5</b>			
A) MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF	8	4,798,926.63	5,456,303.72
<b>Total</b>		<b>30,525,396.02</b>	<b>30,441,937.44</b>
<b>Notes to Accounts</b>	<b>14</b>		

As per our separate report of even date

for Sudhindran & Co,  
Chartered Accountants,

V. A. KURIEN  
Director

MARY RODRIGUES  
Director

P. SUDHINDRAN  
Partner  
Membership No. 32100

SANJAY ARJUNDAS

**S.I.CAPITAL & FINANCIAL SERVICES LTD.****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2008**

<b>Particulars</b>	<b>Sch No.</b>	<b>31.03.2008 Rs.</b>	<b>31.03.2007 Rs.</b>
<b>I. Income</b>			
Income from Forex Dealings		940,182.84	819,118.83
Other Income	<b>9</b>	1,627,968.02	2,026,871.55
<b>Total</b>		<b>2,568,150.86</b>	<b>2,845,990.38</b>
<b>II. Expenditure</b>			
Admin. & Other Expenses	<b>10</b>	755,304.82	872,368.87
Employees Expenses	<b>11</b>	543,243.99	529,279.38
Financial Expenses	<b>12</b>	24,059.63	57,919.45
Bad Debts & Losses W/off	<b>13</b>	183,577.47	326,937.80
<b>Total</b>		<b>1,506,185.91</b>	<b>1,786,505.50</b>
Profit Before Depreciation		1,061,964.95	1,059,484.88
Less: Depreciation	<b>4</b>	157,532.09	192,735.16
Profit Before Tax		904,432.86	866,749.72
Less: Transfer to Special Reserve		180,886.57	173,349.94
Provision for Taxation			
Income Tax		-	43,500.00
Fringe Benefit Tax		19,845.41	24,563.00
Deferred Tax Liability (Net )		15,823.78	5,899.62
<b>Profit After Tax</b>		<b>687,877.10</b>	<b>619,437.16</b>
Less: Income Tax of earlier years written off		30,500.00	-
Add : Balance Brought Forward	<b>(-)</b>	<b>5,456,303.72 (-)</b>	<b>6,075,740.88</b>
Excess provision for Doubtful debts written back			-
<b>Balance carried to Balance Sheet</b>	<b>(-)</b>	<b>4,798,926.63 (-)</b>	<b>5,456,303.72</b>
Earnings per share (in Rupees)= Profit/(Loss) after Tax and Deferred Tax divided by 30,00,000 equity shares		0.23	0.21
Nominal value per share		Rs.10/-	Rs.10/-
Diluted earning per share		N. A.	N. A.
<b>Notes to Accounts</b>	<b>14</b>		

As per our separate report of even date

for Sudhindran & Co,

## S.I.CAPITAL & FINANCIAL SERVICES LTD.

### SCHEDULES TO BALANCE SHEET

	<b>31.03.2008</b>	<b>31.03.2007</b>
<b><u>Schedule 1</u></b>		Rs.
Rs.		
<u>Share Capital</u>		
Authorised		35,000,000.00
35,000,000.00		
35,00,000 equity shares of		
Rs.10/- Each		35,000,000.00
35,000,000.00		
Issued ,Suscribed & Paid Up		30,000,000.00
30,000,000.00		
30,00,000 Equity shares of		
Rs.10/- Each		<b>30,000,000.00</b>
<b>30,000,000.00</b>		
<b><u>Schedule 2</u></b>		
<b>Reserves and Surplus</b>		
Special Reserve - Opening Balance		328,271.44
154,921.50		
Add: Addition during the year		180,886.57
173,349.94		
	<b>509,158.02</b>	
<b>328,271.44</b>		
<b><u>Schedule 3</u></b>		
<u>LOAN FUNDS</u>		
<u>Secured loan</u>		
Loan from CITI Bank		16,238.00
113,666.00		
(Secured Against hypothecation of Motor Car)		
<b>Total</b>	<b>16,238.00</b>	
<b>113,666.00</b>		

**S. I. CAPITAL & FINANCIAL SERVICES LTD.****BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I REGISTRATION DETAILS**

Registration No.	29151	State Code	18
Balance Sheet Date	31.03.2008		

**II CAPITAL RAISED DURING THE YEAR (AMOUNT Rs. In '000)**

Public Issue	NIL	Rights Issue	NIL
Bonus issue	NIL	Private Placement	NIL

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount Rs. In '000)**

Total Liabilities	30,525.40	Total Assets	30,525.40
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid up Capital	30,000.00	Net Fixed Assets	7,316.30
Reserves & Surplus	509.16	Net Current Assets	13,550.24
Secured Loans	16.24	Investment	3,949.32
Unsecured Loans	-	Misc. Expenditure	-
		Accumulated Lossess	4,798.93
		Deferred Tax	910.61

**IV PERFORMANCE OF COMPANY (Rs. IN THOUSANDS)**

Turnover	2,568.15	Total Expenditure	1,663.72
Profit / Loss Before Tax	904.43	Profit /Loss After Tax	687.88
Earning per Share	0.23	Dividend Rate	NIL

**V GENERAL NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY****(AS PER MONETARY TERMS)**

Item Code No.(ITC Code)	N.A
Product Description	Foreign Exchange
Item Code No. (ITC Code)	NIL
Product Description	
Item Code No.(ITC Code)	NIL
Product Description	

**Schedule 4 - FIXED ASSETS & DEPRECIATION FOR THE YEAR ENDED 31.03.2008**

Particulars	Net Block		Gross Block		Deletions	As on Rate	As on	On
	Excluding - On	As on	Additions	As on				
year	For the	Upto	As on	As on	31.03.2008	%	As on	Deletions
	01.4.2007	31.03.2008	31.03.2008	31.03.2007			01.04.2007	Deletions
	31.03.2008	31.03.2008	31.03.2008	31.03.2007			31.03.2007	Deletions
Land	6,646,565.50	-	-	-	-	-	6,646,565.50	-
6,646,565.50								6,646,565.50
Building	105,000.00	-	-	-105,000.00	5.33	18,623.93		- 18,623.93
4,603.84	23,227.77	81,772.23	86,376.07					
Plant & Machinery	973,120.19	-	-	-973,120.19	13.91	790,871.75		- 790,871.75
25,350.76	816,222.51	156,897.68		182,248.44				
Electrical Machinery		59,990.85	-	-	59,990.85		13.91	20,078.34
-	20,078.34	5,551.83	25,630.17	34,360.68	39,912.51			
Furniture & Fixtures		931,651.15	-	-	-	-		931,651.15
18.10	750,166.93	-750,166.93			32,848.64			783,015.57
148,635.58	181,484.22							
Air Conditioner	30,000.00	-	-	-30,000.00	13.91	7,943.48		- 7,943.48
3,068.06	11,011.54	18,988.46	22,056.52					
Motor Car	392,669.01	-	-	-392,669.01	25.89	109,424.81		- 109,424.81
73,331.92	182,756.73	209,912.28		283,244.20				
Motor Cycle	40,970.00	-	-	40,970.00		-	25.89	30,591.78
30,591.78								
10,378.22								
Computers	342,460.00	-	-	-342,460.00	40.00	310,517.44		- 310,517.44
12,777.02	323,294.46	19,165.54	31,942.56					
& Peripherals								
<b>Total</b>	<b>9,522,426.70</b>		<b>- 40,970.00</b>	<b>9,481,456.70</b>				<b>2,038,218.46</b>
<b>30,591.78</b>	<b>2,007,626.68</b>		<b>157,532.09</b>	<b>2,165,158.77</b>				<b>7,316,297.93</b>
			<b>7,484,208.24</b>					



**Cash flow statement for the year ended 31.03.2008**

	<u>As on 31.03.2008</u>	<u>As on 31.03.2007</u>
<b>A. Cash Flow From Operating Activities</b>		
Net Profit Before Tax & Extraordinary items		904,432.86
866,749.72		
Add: Depreciation	157,532.09	192,735.16
Loss on Sale of Assets	7,878.22	195,654.85
Loss on Sale of mutual funds	175,699.25	-
Bad Debts written off	-	131,282.95
Interest on Loans	8,539.00	33,624.00
	349,648.56	
553,296.96	1,254,081.42	
1,420,046.68		
Less: Profit on Redumption of Mutual Funds	576,439.22	788,224.91
Interest received	890,236.00	947,863.89
Dividend received	116,878.51	154,263.72
	1,890,352.52	
Income Tax of earlier years written off	30,500.00	1,614,053.73
Operating Profit Before Working Capital Changes		(359,972.31)
(470,305.84)		
Less: Increase in Current Assets	(2,144,315.69)	(2,390,573.85)
Add: Increase in Current Liabilities	33,905.31	360,034.38
	(2,110,410.38)	
(2,030,539.47)		
<b>Net Cash from Operating Activities</b>	<b>(2,470,382.69)</b>	
<b>(2,500,845.31)</b>		
<b>B. Cash Flow From Investing Activities</b>		
Sale of Investments	6,207,455.26	5,995,903.98
Sale of Fixed Assets	2,500.00	400,000.00
Interest Received	890,236.00	947,863.89
Dividend Received	116,878.51	7,217,069.77
154,263.72	7,498,031.59	
Less : Bad debts written off	-	131,282.95
Less : Purchase of Fixed Assets	-	44,300.00

Less: Purchase of Mututal Fund	5,658,376.75	5,658,376.75
5,407,679.07	5,583,262.02	
<b>Net Cash from Investing Activities</b>	<b>1,558,693.02</b>	
<b>1,914,769.57</b>		
<b>C. Cash Flow from Financing Activities</b>		
Decrease in Secured Loans	(97,428.00)	(416,828.00)
Interest on Loans	(8,539.00)	(105,967.00)
(33,624.00)	(450,452.00)	
<b>Net Cash from Financing Activities</b>	<b>(105,967.00)</b>	
<b>(450,452.00)</b>		
<b>D. Net Increase/(Decrease in) Cash &amp; Cash Equivalents</b>		
(A + B + C) or (F - E)	(1,017,656.67)	
(1,036,527.74)		
E. Cash & Cash Equivalent at the start of the year		1,931,072.96
2,967,600.70		
F. Cash & Cash Equivalent at the end of the year		913,416.29
1,931,072.96		
	(1,017,656.67)	
(1,036,527.74)		

**NOTES:**

1. The above Cash Flow statement has been prepared by using Indirect Method as per Accounting Standard 3 - Cash Flow Statement, issued by the Institute of Chartered Accountants of India.

2. Previous year's figures have been regrouped/rearranged wherever necessary to conform to current year's presentation

V.A. KURIEN  
ARJUNDAS WADHWA  
Director

MARY RODRIGUES  
Director

SANJAY  
Director

Place : Chennai  
Date : 30.07.2008

The Board of Directors

S.I. CAPITAL & FINANCIAL SERVICES LTD., Chennai

We have examined the attached cash flow statement of S.I. Capital & Financial Services Ltd., for the year ended 31.03.2008.

The statement has been prepared by the Company in accordance with the requirement of listing agreement clause 32 with the stock exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the company by our report of 30th July, 2008 to the members of the company.

for Sudhindran & Co,

## Schedule 14

### Notes Forming Parts of Accounts

#### **A SIGNIFICANT ACCOUNTING POLICIES:**

##### **1 General**

The financial statements are prepared under the historical cost convention, on the basis of a going concern and as per the applicable accounting standards. The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis.

The company has followed prudential norms prescribed by the R.B.I in respect of Income Recognition, capital Adequacy and Provision for Bad and Doubtful Debts.

##### **2 Inter Branch Transfers**

Inter Branch Transfers of currency are at cost.

##### **3 Valuation of Inventories**

Currencies in stock are valued at cost.  
Consumables in stock are valued at cost.

##### **4 Fixed Assets and Depreciation**

Fixed assets are stated at cost less Depreciation on Written Down Value Method at the rates and in the manner specified in the Schedule XIV to the Companies Act, 1956. No depreciation is provided on assets sold during the year.

##### **5 Investments**

Investments are held on long term basis and valued at cost. Diminution in the value of investments is not provided for, as the management is of the opinion that the diminution is of temporary nature.

##### **6 Revenue Recognition**

Interest on loans and advances are recognised on accrual basis. In respect of loans under litigation, it is the company's policy to recognise interest on realisation basis.

##### **7 Retirement Benefits**

Contribution to Provident Fund is funded as a percentage of salary. Adequate provisions have been made in the accounts for the liability for Gratuity of employees.

## 8 Impairment of Assets

The Company has not provided for impairment of any assets.

## B. NOTES TO ACCOUNTS

9 Land shown in fixed assets is at Thevara, Cochin and is on equal co-ownership basis with M/s. SSF Ltd.

10 The balance in various accounts in Sundry Debtors and Sundry Creditors are subject to confirmation and reconciliation. They have been shown as per values appearing in the books of accounts.

11 Sundry Debtors include Debtor from Company under the same management.

12 Loans and Advances are subject to confirmation. The secured loans are sufficiently covered by securities. As regards Un-secured loans, though the management is confident of realising the loans recoverable, and for which necessary efforts are already in process, as a matter of abundant caution provision for doubtful loans has been created for the whole amount on these loans.

13 Advances for Land as stated in the schedules to accounts is for the purchase of lands at Thenkasi. The registration of the land having not been finalised, the amounts advanced towards the purchase of these lands remain as advances and is stated as such in the schedules to the accounts.

14 Related Parties disclosure as per Accounting Standard 18:

a) List of Parties - Group concerns and Associates.

- i) Si Cap Insurance Agency (P) Ltd.
- ii) SSF Ltd.
- iii) Southern Holdings & Investments
- iv) Southern Warehousing Co, Pvt Ltd

b) Related Party Transactions

Name of the Associate Concerns	Amount taken 01.04.2007)	Amount 31.03.2007	(Incl. O/s on O/s as on
i) Si Cap Insurance Agency (P) Ltd.			25,868