

S.I. CAPITAL & FINANCIAL SERVICES LTD.



Thirteenth Annual Report 2006 - 2007

Board of Directors	:	Mr. V.A. Kurien Mr. Sanjay Arjundas Wadhwa Mr. Laxmi Niwas Sharma Mr. Ranjith Mathan Mrs. Mary Rodrigues
Auditors	:	Sudhindran & Co. Chartered Accountants G/1, Kesari Kutteram 27, West Cott Road, Chennai - 600 014.
Bankers	:	Indian Overseas Bank., Standard Chartered Bank., ABN Amro Bank Ltd., HDFC Bank Limited., Karnataka Bank Ltd. UTI Bank Ltd.,
Registered Office	:	‘Montieth Court’ No.64, Montieth Road, Egmore, Chennai - 600 008. Ph: 28415438, 28415439
Branches	:	Chennai , Cochin & Andaman
Shares listed with	:	1. Madras Stock Exchange 2. The Stock Exchange, Mumbai
Share Transfer Agent	:	KNACK CORPORATE SERVICES Pvt. Ltd New No.97(Old No. 43) 1st Floor Veeraperumal Koil Street, Mylapore, Chennai - 600 004. Phone: 24986257, 65254632

NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the members of the Company will be held on Friday the 28th day of September 2007 at, Tamil Nadu Small And Tiny Industries Association(TANSTIA), No.10, G.S.T.Road, Guindy, Chennai – 600 032 at 11.00 A.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance sheet as at 31st March 2007 and Profit and Loss Account for the year ended 31st March 2007 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of, Mr.Laxmi Niwas Sharma, Director who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company who shall hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s.P. Sudhindran & Co., Chartered Accountants, Chennai, being the retiring auditors are eligible for re-appointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:-

“Resolved that Mrs. Mary Rodrigues, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 31.01.2007 and who holds Office upto the date of this Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 (“Act”) and in respect of whom the Company has received a Notice in writing from a Member under Section 257 of the Act, proposing her candidature for the Office of Director of the Company, be and is hereby appointed a Director of the Company, subject to retirement by rotation.”

for & on behalf of the Board

sd/-

V A Kurien
Director

Place : Chennai

Date : 30.08.2007

NOTES

1. **A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself/herself and the proxy or proxies so appointed need not be a member or members as the case may be of the Company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the company not later than 48 hours before the time fixed for holding the meeting.**
2. The Register of members and the share transfer books of the company will remain closed from 27th September 2007 to 28th September 2007 (both days inclusive.)
3. Members are requested to notify immediately any change in their address to the company.
4. As a measure of economy, copies of the annual report will not be distributed at the annual general meeting. Members are therefore requested to bring their copies of the annual report to the meeting.
5. Members are requested to affix their signature at the space provided on the attendance sheet annexed to the proxy form and hand over the slip at the entrance of the meeting hall.

6. No gifts/refreshments will be provided at the venue of the meeting.
7. The relevant explanatory statement pursuant to section 173(2) of the Companies Act, 1956, relating to the special business to be transacted at the Annual general meeting (AGM) is annexed hereto.
8. Re-Appointment of Director – At the ensuing Annual general meeting, Mr.Laxmi Niwas Sharma retire by rotation and being eligible offers himself for re-appointment.

Appointment of Director: At the ensuing Annual general meeting, Mrs.Mary Rodrigues, is proposed to be appointed as Director of the Company.

The details pertaining to these directors required to be provided pursuant to clause 49 of the listing agreement are furnished in the statement on corporate governance published elsewhere in this report.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO 4

Mrs.Mary Rodrigues, was appointed as Additional Director of the Company during the year. As per the provisions of Section 260 of the Companies Act, 1956, the Director shall hold Office only upto the date of the forthcoming Annual General Meeting of the Company and is eligible for appointment as Director. The Company has received Notices under Section 257 of the Act in respect of the Candidates, proposing their appointment as a Director of the Company, along with a requisite deposit.

This requires approval of shareholders in General Meeting and hence your Directors recommend the proposed resolution to be passed as an Ordinary Resolution.

Mr V.A.Kurien being a relative is deemed to be interested in this resolution.

for & on behalf of the Board

Sd/-

V.A.Kurien
Director

Place : Chennai
Datee : 30.08.2007

DIRECTORS REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

The Directors are pleased to present the 13th Annual Report and the Audited Accounts for the year ended 31.03.2007.

FINANCIAL HIGHLIGHTS

The highlights of the financial performance of the Company are as follows:

(Rs. in Lakhs)

Particulars	Year Ended	Year Ended
	31.03.2007	31.03.2006
Total Income	28.46	29.29
Total Expenditure	17.86	18.15
Profit/(Loss) before depreciation	10.59	11.14
Less: Depreciation	1.93	3.62
Profit/(Loss) after Tax	6.19	5.97
Paid Up Capital	300	300

OPERATIONS

During the year under review the Company has made a total income of Rs.28.46 Lakhs as against Rs.29.29 Lakhs in the previous Year. The Company during the year had earned an income of Rs.0.84 Lakhs from trading in consumables products which is being carried out by the Company as a new diversified business during the year. The Company is taking all possible efforts to improve the performance and achieve better results in future years.

DIVIDEND

In view of insufficient Profits, Your Directors do not recommend any dividend for the financial year ended 31st March 2007.

INDUSTRY STRUCTURE & DEVELOPMENT

The Company's activity is mainly dealing in foreign exchange transactions. The Company is also looking to get in to the areas of Fund management, receivables management and other related areas including debt trading and derivatives. Further the Company is also exploring the opportunities in trading of consumable products.

OPPORTUNITIES & THREATS

Due to heavy competitions in forex market, margins in foreign exchange transactions have been reduced and the Company is taking all possible efforts to perform better and also been very careful and selective when doing sales as creditably factor is of most importance.

INTERNAL CONTROL SYSTEMS & ADEQUACY

Suitable control measure has been put in place and periodic checks are done to ensure norms are followed. The Company has adequate internal control procedures commensurate with the size of the company and the nature of its business.

OUTLOOK

The Management is exploring avenues of diversified lines of business activity as the income generated from Money changing business does not seem attractive due to heavy competition. The Company has looked at consolidating its position and checking various options and avenues for increasing business and improving the performance of the Company.

DIRECTORS

Mr.Laxmi Niiwas Sharma Director liable to retire by rotation and being eligible offers himself for re-appointment.

Mrs.Mary Rodrigues was appointed as Additional Director during the year and shall hold office only upto ensuing Annual general meeting. Keeping in view of her expertise in the food processing industry it has been decided by the Board to appoint her as Director in the ensuing Annual General meeting. Your Directors recommend the proposed resolution as stated in the notice be passed.

AUDITORS

The Auditors of the Company M/s.P.Sudhindran & Co, Chartered Accountants, Chennai retire at the conclusion of this meeting and being eligible offer themselves for re-appointment to hold office till the conclusion of the next Annual General Meeting.

PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) & INFORMATION PURSUANT TO SECTION-217(2AA) OF THE COMPANIES ACT, 1956

There are no employees drawing remuneration in excess of the limits specified under Section-217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. The Company has maintained cordial relationship with its employees throughout the year.

None of the Directors of the company are disqualified from being appointed as a Director under Section-274(1) (g) of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT U/S.217 (2AA) OF THE (COMPANIES AMENDMENT) ACT, 2000, INDICATING THEREIN;

- (i) That in the preparation of the Annual Accounts for the financial year ended 31.03.2007, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the State of affairs of the company as on 31.3.2007 and of the profit or loss of the company for the year financial year ended 31.3.2007.
- (iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors had prepared the annual accounts for the financial year ended 31.03.2007 on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

- A. Conservation of Energy - Not Applicable
- B. Technology Absorption - Not Applicable
- C. Foreign Exchange Earnings and Outgo - Nil

DEPOSITORY SYSTEM

Pursuant to the Directions of the Securities and Exchange Board of India, the company's Securities has been dematerialised and also admitted into National Securities Depository Limited and has been allotted with ISIN – INE417F01017.

CORPORATE GOVERNANCE

The Corporate Governance report as set out in Annexure hereto form an integral part of this report. A Certificate from the auditors of the company certifying compliance of the conditions of corporate governance as stipulated in Clause 49 of the listing agreement with stock exchanges is also annexed to the report on Corporate Governance.

PUBLIC DEPOSITS

The Company has not accepted any Public Deposits during the year.

STATEMENT PURSUANT TO LISTING AGREEMENT

The Company's Shares are listed with Madras Stock Exchange and Stock Exchange Mumbai. Your company has paid the Annual listing Fees up-to-date and there are no arrears with the respective stock exchange(s).

FUTURISTIC STATEMENTS

This analysis may contain certain statements, which are futuristic in nature. Such statements represent the intentions of the management and the efforts being put in by them to realize certain goals. The success in realizing these goals depends on various factors, both internal and external. Therefore the investors are requested to make their own independent judgments by taking into account all relevant factors before any investment decision.

ACKNOWLEDGEMENT

Your director's place on record the valuable services rendered by the Company's Shareholders employees, Bankers and other agencies associated with the company. The Board looks forward to their continued support in our future endeavours.

For & On Behalf of the Board of Directors

Sd/-
V.A. Kurian
Director

Sd/-
Mary Rodrigues
Director

Place: Chennai
Datee : 30.08.2007

ANNEXURE TO DIRECTORS' REPORT
REPORT ON CORPORATE GOVERNANCE

1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy/objective on corporate governance is to comply with the laws of the land, enhance the earnings per share and ensure discipline, transparency and accountability. The Management of the company believes that the corporate performance in the long run is co-related to Corporate Governance and that well governed companies mitigate 'Non –business risks' better. The company endeavours to adopt the best practices in Corporate Governance and thereby aims to increase the value for all its stakeholders.

2. BOARD OF DIRECTORS:

The Present strength of the Board is 5. The Board comprises of Independent & Non Executive Directors. The Board of Directors of the Company during the year are as follows:

Mr. V.A.Kurien	-	Non Executive Director
Mr. Sanjay Arjundas Wadhwa	-	Non Executive Director
Mr. Laxmi Niwas Sharma	-	Non Executive Director
Mr.Ranjith Mathan	-	Non Executive Director
Mrs.Mary Rodrigues*	-	Non Executive Director

(* Appointed w.e.f.31.01.2007)

The Chairman of the Board is elected at each meeting of the Directors, since no Chairman is appointed by the Board so far. The attendance particulars at the Board meetings and Annual General Meeting are as follows:

Name	Category	No of BM (A)	AGM(A)	No of Directorships & Committee member in other Public Limited Companies	
				Directorships	Committee member
V.A.Kurien	NI NE P	5	Y	2	2
Sanjay Arjundas Wadhwa	I NE	4	Y	1	2
Laxmi Niwas Sharma	I NE	4	Y	3	5
Ranjith Mathan	I NE NI	3	Y	—	—
Mary Rodrigues	NE	1	N	1	1

BM (A) – Board Meeting Attendance during the 2006 - 2007, Y-Yes, N-No, AGM (A) – Whether Attended Annual General Meeting held on 30.09.2006, C- Chairman, E- Executive , NE- Non executive, I- Independent, NI- Non Independent.

Five Board Meetings were held during the year 2006 – 2007 and the dates on which the Board meetings were held were as follows: 25/4/2006, 31/07/2006, 05/09/2006, 31/10/2006 and 31/01/2007

The information as required under Annexure I to Clause 49 is being made available to the Board. None of the Non-executive Directors of the Company has any pecuniary relationship or transaction with the Company.

BOARD PROCEDURE

The Company has convened Five Board Meetings during the Financial Year 2006-07. The Notices of the Board meeting were sent a week in advance to all the Directors to enable them to make themselves convenient to attend the Meeting. The detailed Agenda for the meeting along with notes if any, were sent to the Directors about one week to ten days before the Meeting. The Director would give a overview of the performance of the Industry, in general and the Company, in particular. The Board of Directors generally reviewed the following:

- Annual operating plans
- Compliance with statutory and legal requirements.
- Adoption of quarterly un-audited financial results.
- Funding requirements and patterns of the Company.
- Transaction of Capital nature.
- Proceedings of the Committee Meetings.

Bio – Data of Directors proposed to be appointed / re-appointed:

Name of the Director	Mr. Laxmi Niwas Sharma
Date of Birth	17.02.1947
Qualification	B.Com, FCA
Nature of Expertise	Chartered Accountant
Date of First Appointment	28.10.1998
Name of the other Companies in which he holds Directorship	M/s. Sirupur Paper Mills Limited M/s. Swastic Olichem Limited M/s. B.N.Rathi Securities Limited
Name of the Director	Mrs.Mary Rodrigues
Date of Birth	14.12.1959
Qualification	B.A., Certificate in Business Management USA
Nature of Expertise	Wide Business Experience in Food Processing Industry
Date of First Appointment	31.01.2007
Name of the other Companies in which she holds Directorship	M/s. SSF Limited

3. CODE OF CONDUCT

The Company has put in place a Code of Conduct for its Directors and Senior management Officials to be adhered to in Conduct of the affairs of the Company. The said code of conduct has been circulated among the Directors and Senior Management Officials and also uploaded in the official website of the Company.

4. REMUNERATION TO DIRECTORS

The Company pays sitting fees of Rs. 1000 per meeting for each meeting attended by the members of the Board plus reimbursement of actual expenses and out of pocket expenses incurred by them.

5. AUDIT COMMITTEE

The Committee had held four Meetings during the financial year 2006-07 and the details of Compositions of the Audit Committee and the meetings attended by the Directors are given below:

Name of Members	No of Meetings attended during the year 2006 – 2007
Mr.Laxmi Niwas Sharma, Chairman	4
Mr.Sanjay Arjundas Wadhwa	4
Mr.Ranjith Mathan	3
Mr.V.A.Kurien	3

The necessary quorum was present at the meeting. Mr.Laxmi Niwas Sharma is Chairman of Audit Committee. The Audit Committee acts in accordance with the terms of reference specified by the Board. The representatives of the Statutory Auditors attended the audit committee meetings. The Terms of reference of the Audit committee broadly are as under:

- To review compliance with the internal control systems
- To review the quarterly, half yearly and Annual financial results of the company before submission to the Board
- To make recommendations to the Board on any matter relating to the financial management of the company including the Audit Report.

6. SHAREHOLDERS COMMITTEE

An Investors grievance committee specifically looks into the redressal of investors complaints like transfer of shares, non receipt of balance sheet etc. The Compositions of the Shareholders Committee are given below:

Mr. V.A.Kurien	-	Non Executive Director
Mr. Sanjay Arjundas Wadhwa	-	Non Executive Director
Mr.Ranjith Mathan	-	Non Executive Director

Name, Designation and Address of Compliance Officer: Mr.V.A.Kurien, Director
No – 64, Montieth Road, Egmore, Chennai – 600 008

No of Complaints received from Shareholders from 01.04.2006 – 31.03.2007 - 7
 No. Complaints not solved to the satisfaction of shareholders as on 31.03.2007 - Nil
 No of Pending Share Transfers as on 31.03.2007 - Nil

The Committee looks after the Share transfers and no Shares Transfers are pending as on 31.03.2007.

7. DISCLOSURES.

a). Related party Transactions

There are no transactions of material nature with the Promoters, Directors or the management or their subsidiaries or relatives, etc., potentially conflicting with Company's interest at large, during the year. Transactions with related parties during the year are disclosed in Notes forming part of Accounts in the Annual Report.

b). Compliance by the company

There were no instances of Non compliance of listing agreement requirements of the Stock Exchanges, Securities & Exchange Board of India and other statutory authorities on any matters relating to the capital markets during the last 3 years.

c). Secretarial Audit

A qualified practicing Company Secretary carried out a Secretarial Audit to reconcile the Total admitted capital with National Securities Depository Limited (NSDL) and Central Securities Depositories Services (India) Limited (CDSL) and the total issued and listed capital. The Audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held in NSDL and CDSL.

8. GENERAL BODY MEETINGS.

Last Three Annual General Meetings were held as under:

Year	Date & Time	Place
2004	29.09.2004 at 12.00 Noon	TANSTIA, No.10, G.S.T.Road, Guindy, Chennai – 600 032
2005	30.09.2005 at 11.00 a.m	TANSTIA, No.10, G.S.T.Road, Guindy, Chennai – 600 032
2006	30.09.2006 at 11.00 a.m	TANSTIA, No.10, G.S.T.Road, Guindy, Chennai – 600 032

There were no resolution(s) required to be passed through postal ballot during the previous year.

9. MEANS OF COMMUNICATION.

The Company's quarterly un-audited financial results are Generally published in News Today (English language) and Malai Sudar (Tamil language). The quarterly results are not displayed on the web site. The Management discussion and Analysis report is enclosed and forms part of Directors report.

GENERAL SHAREHOLDER INFORMATION

• Annual General Meeting

- Date, time and venue - 28.09.2007, 11.00 A.M,
at TANSTIA, No-10, G.S.T.Road,
Guindy, Chennai – 600 032

Financial Calendar

Financial reporting for

- Quarter ending June 30, 2007 - July 2007
- Quarter ending September 30, 2007 - October 2007
- Quarter ending December 31, 2007 - January 2008
- Quarter ending March 31, 2008 - April 2008
- Annual General meeting for the year
ended 31.03.2007 - 28th September 2007
-Date of Book closure - 27.09.2007 - 28.09.2007
-Dividend Payment Date - N.A
- Listing on Stock Exchanges - Madras Stock Exchange,
The Stock Exchange, Mumbai.
- Stock Code - BSE – Scrip Code – 530907 – Scrip Name
– SICAP & FINA

Market Price Data :

There has been no trading in the shares on any of the stock exchanges during the year under review and hence this data has not been provided.

Outstanding GDR/ADR/ Warrants or any convertible instruments, conversion date and likely impact on Equity. The Company has not issued any GDR/ ADR and the Company does not have any outstanding warrants or other convertible instruments.

Distribution of shareholding as on 31.03.2007

No. of Shares held	Shareholders	Shares	
	Number	Number	%
Upto – 500	1394	296770	9.90
501 – 1000	199	165700	5.52
1001 – 2000	91	139900	4.66
2001 – 3000	81	207100	6.90
3001 – 4000	18	60200	2.01
4001 – 5000	17	80500	2.68
5001 – 10000	24	181330	6.04
10001 and above	24	1868500	62.29
TOTAL	1848	30,00,000	100.00

Shareholding pattern as on 31.03.2007

Category	No. of Shares held	Percentage of share holding
A. PROMOTER'S HOLDING		
1. <i>Promoters</i>		
Indian Promoters	688920	22.96
Foreign Promoters		
2. Persons acting in Concert	—	—
Sub –Total	688920	22.96
B. NON – PROMOTER'S HOLDING		
3. Institutional Investors		
a. Mutual Funds and UTI	—	—
b. Banks, Financial Institutions, Insurance Companies(Central / State Govt. Institutions / Non- Government Institutions)	9200	0.31
c.Foreign Institutional Investors	—	—
Sub - Total	9200	0.31
4.Others		
a.Private Corporate Bodies	844900	28.16
b.Indian Public	1456980	48.57
c.NRIs / OCBs	—	—
d. Any other	—	—
Sub – Total	2301880	76.73
GRAND TOTAL	3000000	100.00

Registrar and Transfer Agents - M/s Knack Corporate Services Private Limited,
No – 97,(Old No 43) 1st Floor, Veeraperumal Kovil Street,
Mylapore, Chennai 600 004.

Share Transfer System - Share Transfers in physical form can be lodged with
M/s Knack Corporate Services Private Limited,
No – 97,(Old No 43) 1st Floor, Veeraperumal Kovil Street,
Mylapore, Chennai 600 004.

The Transfer of shares are normally processed within 10-15 days from the date of receipt. Transfers of Shares are effected and Share Certificates are despatched within 25-30 days from the date of receipt if the documents are complete in all respects. The Company also offers transfer cum demat facility for the convenience of the investors.

Dematerialisation of shares

The Shares of the Company are in compulsory Demat System. As on 31/03/2007, the total number of Dematerialized Shares are 350800 The Company's shares are available for Demat with both National Securities Depository Limited (NSDL) and Central Depository (India) Limited (CDSL). International Securities Identification Number (ISIN) allotted to the Equity shares of the company is ISIN INE417F01017.

Address for correspondence

Secretarial Department, Si Capital and Financial Services Limited, 'Montieth Court', No – 64, Montieth Road, Egmore, Chennai – 600 008.

DECLARATION

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company.

It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March 2007, as envisaged in clause 49 of the Listing Agreement with Stock Exchanges.

For & On Behalf of the Board of Directors

Sd/-
V.A. Kurian
Director

Sd/-
Mary Rodrigues
Director

Place: Chennai

Datee : 30.08.2007

AUDITORS ' REPORT ON CORPORATE GOVERNANCE

To the Members,

S.I. Capital & Financial Services Ltd.

We have examined the compliance of conditions of Corporate Governance by S.I. Capital & Financial Services Ltd., for the year ended on 31st March ' 2007 as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the guidance note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period of one month against the company as per the records maintained by the shareholders/Investor's grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Chennai
Date : 30.08.2007

for SUDHINDRAN & CO.
Chartered Accountants

Sd/-
P. SUDHINDRAN
Partner.
Membership No - 32100

AUDITOR'S REPORT
TO THE MEMBERS OF M/s. S.I.CAPITAL & FINANCIAL SERVICES LTD

We have audited the attached Balance Sheet of M/s. S.I. CAPITAL & FINANCIAL SERVICES LTD, Chennai, as at 31st March 2007 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 sections (3C) of section 211 of the Companies Act, 1956.
- v) On the basis of written representations received from the Directors, as on 31st March 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2007 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 31st March 2007.
 - 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 : 30.08.2007

for SUDHINDRAN & CO.
Chartered Accountants
Sd/-
P. SUDHINDRAN
Partner.
Membership No - 32100

**Annexure referred to in paragraph 1 of our audit report of even date to the members
of M/s. S.I.CAPITAL & FINACIAL SERVICES LTD. 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 not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- 3.2 As informed to us, the company has not taken any loan, secured or unsecured from 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 and the sale of consumable goods. 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 no 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 31st March 2007 for a period of more than six months from the date they became payable except fringe Benefit Tax to the tune of Rs.24,563/-.
- 9.3 According to the information and explanation given to us, there are no dues in respect of 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
Date : 30.08.2007

for SUDHINDRAN & CO.
Chartered Accountants

Sd/-
P. SUDHINDRAN
Partner.
Membership No - 32100

BALANCE SHEET AS AT 31.03.2007

	SCH. NO	AS AT 31.03.2007 RS.	AS AT 31.03.2006 RS.
<u>SOURCES OF FUNDS</u>			
1	<u>SHAREHOLDERS' FUNDS</u>		
SHARE CAPITAL	1	30,000,000.00	30,000,000.00
RESERVE & SURPLUS	2	328,271.44	154,921.50
2	<u>LOAN FUNDS</u>		
SECURED LOANS	3	113,666.00	530,494.00
UNSECURED LOAN		-	-
	TOTAL	<u>30,441,937.44</u>	<u>30,685,415.50</u>
<u>APPLICATION OF FUNDS</u>			
1	<u>FIXED ASSETS</u>		
GROSS BLOCK	4	9,522,426.70	10,350,125.70
LESS: DEPRECIATION		2,038,218.46	2,121,827.45
NET BLOCK	(I)	<u>7,484,208.24</u>	<u>8,228,298.25</u>
2	(II)	5	4,097,654.00
INVESTMENTS			3,897,654.00
3	CURRENT ASSETS, LOANS, ADVANCES & DEPOSITS		
	6	13,216,005.30	11,861,959.20
LESS: CURRENT LIABILITIES & PROVISIONS	7	738,669.58	310,572.20
NET CURRENT ASSETS	(III)	<u>12,477,335.72</u>	<u>11,551,387.00</u>
4	(IV)	926,435.75	932,335.37
DEFERRED TAX ASSETS (NET)			
5	(V)	8	5,456,303.73
A) MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF			6,075,740.88
	TOTAL	<u>30,441,937.44</u>	<u>30,685,415.50</u>

Notes to Accounts**14**

As per our separate report of even date

Place : Chennai
Date : 30.08.2007
Sd/-V.A. KURIEN
DirectorSd/-
MARY RODRIGUES
DirectorSd/-
SANJAY ARJUNDAS WADHWA
DirectorFor Sudhindran & Co.
CHARTERED ACCOUNTANTSSd/-
P. SUDHINDRAN
Partner
Membership No:32100

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2007

Particulars	Sch No.	31.03.2007 Rs.	31.03.2006 Rs.
<u>I. Income</u>			
Income from Forex Dealings		819,118.83	643,392.34
Income from Trading in consumables		84,838.72	-
Other Income	9	1,942,032.83	2,285,840.72
Total		<u>2,845,990.38</u>	<u>2,929,233.06</u>
<u>II. Expenditure</u>			
Admin. & Other Expenses	10	872,368.87	864,436.22
Employees Expenses	11	529,279.38	460,844.47
Financial Expenses	12	57,919.45	46,549.67
Bad Debts & Losses W/off	13	326,937.80	443,232.00
Total		<u>1,786,505.50</u>	<u>1,815,062.36</u>
Profit Before Depreciation		1,059,484.88	1,114,170.70
Less : Depreciation	4	192,735.16	361,679.19
Profit Before Tax		866,749.72	752,491.51
Less : Transfer to Special Reserve		173,349.94	150,498.30
Provision for Taxation		-	-
Income Tax		43,500.00	-
Fringe Benefit Tax		24,563.00	32,943.00
Deferred Tax Asset (Net)		-	28,483.10
Deferred Tax Liability (Net)		5,899.62	-
Profit After Tax		<u>619,437.16</u>	<u>597,533.31</u>
Add : Balance Brought Forward		(6,075,740.88)	(7,753,274.19)
Excess provision for Doubtful debts written back		-	1,080,000.00
Balance carried to Balance Sheet		<u>(5,456,303.73)</u>	<u>(6,075,740.88)</u>
Earnings per share (in Rupees)= Profit/(Loss) after Tax and Deferred Tax divided by 30,00,000 equity shares		0.21	0.20
Nominal value per share		Rs.10/-	Rs.10/-
Diluted earning per share		N.A.	N.A.

Notes to Accounts

14

As per our separate report of even date

Place : Chennai
Date : 30.08.2007

Sd/-
V.A. KURIEN
Director

Sd/-
MARY RODRIGUES
Director

Sd/-
SANJAY ARJUNDAS WADHWA
Director

For Sudhindran & Co.
CHARTERED ACCOUNTANTS

Sd/-
P. SUDHINDRAN
Partner
Membership No:32100

SCHEDULES TO BALANCE SHEET

<u>Schedule No.1</u>	31.03.2007	31.03.2006
	Rs.	Rs.
<u>Share Capital</u>		
Authorised 35,00,000 equity shares of Rs.10/- Each	<u>35,000,000.00</u>	<u>35,000,000.00</u>
Issued ,Subscribed & Paid Up 30,00,000 Equity shares of Rs.10/- Each	<u>30,000,000.00</u>	<u>30,000,000.00</u>
 <u>Schedule No.2</u>		
<u>Reserves and Surplus</u>		
Special Reserve - Opening Balance	154,921.50	4,423.20
Add: Addition during the year	173,349.94	150,498.30
	<u>328,271.44</u>	<u>154,921.50</u>
 <u>Schedule No.3</u>		
<u>LOAN FUNDS</u>		
<u>Secured loan</u>		
Loan from CITI Bank (Secured Against hypothecation of Motor Car)	113,666.00	319,400.00
Loan from CITI Bank (Secured Against hypothecation of Motor Car)	-	211,094.00
	<u>113,666.00</u>	<u>530,494.00</u>

Schedule 4 - FIXED ASSETS

Particulars	Gross Block		Rate %	As on 01.04.2006	On Deletions	Excluding - On Deletions	Depreciation For the year	Upto 31.03.2007	Net Block	
	As on 01.4.2006	Additions							Deletions	As on 31.03.2006
Land	6,646,565.50		0.00	0.00		0.00	0.00	0.00	6,646,565.50	6,646,565.50
Building	105,000.00		5.33	13,760.89		13,760.89	4,863.04	18,623.93	86,376.07	91,239.11
Plant & Machinery	973,120.19		13.91	761,424.94		761,424.94	29,446.81	790,871.75	182,248.44	211,695.25
Electrical Machinery	40,990.85	19,000.00	13.91	15,362.10		15,362.10	4,716.24	20,078.34	39,912.51	25,628.75
Furniture & Fixtures	931,651.15		18.10	710,058.69		710,058.69	40,108.24	750,166.93	181,484.22	221,592.46
Air Conditioner	30,000.00		13.91	4,379.69		4,379.69	3,563.79	7,943.48	22,056.52	25,620.31
Motor Car	1,264,668.01		25.89	286,928.15	276,344.15	10,584.00	98,840.81	109,424.81	283,244.20	977,739.86
Motor Cycle	40,970.00		25.89	26,966.20		26,966.20	3,625.58	30,591.78	10,378.22	14,003.80
Computers & Peripherals	317,160.00	25,300.00	40.00	302,946.79		302,946.79	7,570.65	310,517.44	31,942.56	14,213.21
Total	10,350,125.70	44,300.00		2,121,827.45	276,344.15	1,845,483.30	192,735.16	2,038,218.46	7,484,208.24	8,228,298.25

LOSS ON SALE OF MOTOR CAR	
WDV AS ON 1.4.2006	595,654.85
Less: Sale Value	400,000.00
Loss on Sale	195,654.85

Schedule No.5

Investments- at cost Quoted Name of the Scrip	No of Shares	31.03.2007	31.03.2006
		Rs. Amount	Rs. Amount
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
Saravana Estates & Plantation Ltd	20,000	200,000.00	200,000.00
SI Property Development limited	1,950	43,195.00	43,195.00
Skandam Farms & Plantations Ltd.	50,000	470,000.00	470,000.00
Southern Iron and Steel Co Ltd	300	6,000.00	6,000.00
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
Sub Total		<u>1,597,654.00</u>	<u>1,597,654.00</u>
Mutual funds:			
HSBC Advantage Fund		-	1,300,000.00
Franklin India Smaller Companies Fund		-	500,000.00
Prudential ICICI Dynamic Plan Fund		-	500,000.00
Optimix - Advanced Investment solutions		500,000.00	-
Franklin India Smaller Companies fund		500,000.00	-
Reliance Liquid Fund		1,500,000.00	-
Sub Total		<u>2,500,000.00</u>	<u>2,300,000.00</u>
Total		<u>4,097,654.00</u>	<u>3,897,654.00</u>
Market value of above Investments as on 31.03.2007 is Rs.		2,937,606.40	

Schedule No.6	31.03.2007	31.03.2006
	Rs.	Rs.
CURRENT ASSETS, LOANS, ADVANCES & DEPOSITS		
A. CURRENT ASSETS		
Stock in trade	318,260.75	228,240.55
Sub Total	I <u>318,260.75</u>	<u>228,240.55</u>
Sundry Debtors		
(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	4,104,538.88	2,383,028.95
b) Other Debts	155,184.34	348,472.00
Sub Total	II <u>4,259,723.22</u>	<u>2,731,500.95</u>
Cash & Bank Balances		
Cash in hand	565,140.03	274,087.60
Balance with Scheduled Banks in Current Account	<u>1,365,932.92</u>	<u>2,693,513.10</u>
Sub Total	III <u>1,931,072.95</u>	<u>2,967,600.70</u>
Other Current Assets		
Interest Receivable	79,333.00	49,431.00
Interest Suspense on Motor Car Loan	9,962.00	46,238.00
Sub Total	IV <u>89,295.00</u>	<u>95,669.00</u>
B. LOANS & ADVANCES		
I) Loans Recoverable		
Secured - Efficiency Aids Agencies	5,000,000.00	5,000,000.00
Best India Marine Harvest	500,000.00	-
Unsecured - Considered Doubtful	<u>909,674.65</u>	<u>909,674.65</u>
	6,409,674.65	5,909,674.65
Less : Provision for Doubtful Loans	909,674.65	909,674.65
Sub Total	V <u>5,500,000.00</u>	<u>5,000,000.00</u>
II) Advances recoverable in cash or in kind or for value to be received and considered good		
Advance for Land	430,000.00	430,000.00
Southern Holdings & Investments	50,000.00	-
AFL Recivable	5,620.38	3,311.00
Staff advance	26,500.00	-
Rent Deposit	60,000.00	50,000.00
Telephone Deposit	37,139.00	37,139.00
Tax Deducted at Source AY 2005-06	128,218.00	128,218.00
Tax Deducted at Source AY 2006-07	190,280.00	190,280.00
Tax Deducted at Source AY 2007-08	<u>189,896.00</u>	-
Sub Total	VI <u>1,117,653.38</u>	<u>838,948.00</u>
Total (I+II+III+IV+V+VI)	<u>13,216,005.30</u>	<u>11,861,959.20</u>

Schedule No.7Current Liabilities & Provisions**31.03.2007**

Rs.

31.03.2006

Rs.

A. Current LiabilitiesSundry CreditorsFor Expenses

Expenses Payable	57,514.00	41,045.30
Mahesh & Associates	12,000.00	10,000.00
Sudhindran & Co.	41,709.00	46,060.00

Sub Total	I	<u>111,223.00</u>	<u>97,105.30</u>
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For Others		500,000.00	132,000.00
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Sub Total	II	<u>500,000.00</u>	<u>132,000.00</u>
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B. Provisions

Provision for Gratuity		59,383.58	57,357.90
Provision for Taxation		43,500.00	
Fringe Benefit Tax Payable		24,563.00	24,109.00
Sub Total	III	<u>127,446.58</u>	<u>81,466.90</u>

Total (I+II+III)		<u>738,669.58</u>	<u>310,572.20</u>
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Schedule No.8Miscellaneous Expenditure to the extent not written off / adjusted

Profit And Loss Account		5,456,303.73	6,075,740.88
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Total		<u>5,456,303.73</u>	<u>6,075,740.88</u>
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31.03.2007

Rs.

31.03.2006

Rs.

SCHEDULES TO PROFIT AND LOSS ACCOUNT**Schedule No.9****Other Income**

Commission Received on Money Transfer Services	51,440.31	51,873.00
Dividend Received - Shares	18,366.37	19,312.50
Dividend Received -Mutual Fund	135,897.35	415,791.76
Interest Received	947,863.89	751,500.00
Profit on Redemption of Mutual Funds	788,224.91	645,153.82
Profit on sale of shares	-	384212.5
Profit on sale of Assets	-	17997.14
Miscellaneous Income	240.00	-
Total	<u>1,942,032.83</u>	<u>2,285,840.72</u>

Schedule No.10**Administrative & Other Expenses**

Directors' Remuneration	-	60,500.00
Rent	135,120.00	120,400.00
Rates & Taxes	4,471.48	6,684.01
Electricity Charges	70,246.00	32,197.00
Telephone Charges	68,323.00	52,664.30
Postage & Telegram	12,152.00	4,598.00
Printing & Stationery	26,136.54	31,974.00
Travelling & Conveyance Expenses	63,934.00	55,772.00
Vehicle Maintenance	76,570.00	185,606.85
Office Maintenance expenses	30,891.00	18,128.70
Property Maintenance Expenses	12,302.00	29,567.00
Business Promotion Expenses	21,691.00	9,090.00
Insurance Charges	6,940.00	18,750.00
Books & Periodicals	576.66	98.00
AGM & Publishing Expenses	29,082.00	30,476.00
Advertisement Expenses	810.00	31,044.00
Annual Maintenance Charges	7,450.00	8,600.00
Repairs and Maintenance	116,526.00	-
Listing & Filing Fee	30,790.00	27,400.36
Sitting Fees	10,000.00	3,500.00
Share transfer fee	18,010.00	15,000.00
Professional Charges	82,250.00	75,000.00
Profession Tax	4,146.00	-
Legal Charges	-	5,843.00
Miscellaneous Expenses	10,243.19	13,483.00
Auditor's Remuneration	33,708.00	28,060.00
Total	<u>872,368.87</u>	<u>864,436.22</u>

<u>Schedule No.11</u>	31.03.2007	31.03.2006
<u>Employees Expenses</u>	Rs.	Rs.
Salary, Bonus & Allowances including PF Contributions	513091.38	444380.47
Staff- Coffee & Tea expenses	16188.00	16464.00
Total	<u>529,279.38</u>	<u>460,844.47</u>

Schedule No.12
Financial Expenses

Finance charges on Motor cars	33,624.00	16,562.00
Bank charges	24,295.45	29,987.67
Total	<u>57,919.45</u>	<u>46,549.67</u>

Schedule No.13
Bad Debts & Losses W/off

Bad Debts written off	131,282.95	305,000.00
Loss on Sale of Asset	195,654.85	138,232.00
Total	<u>326,937.80</u>	<u>443,232.00</u>

Schedule No.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) Farm Suzanne (P) Ltd.
- iv) Century Entertainments (P) Ltd.
- v) Southern Holdings & Investments

b) Related Party Transactions

Name of the Asspicate Concerns	Amount taken (Incl. O/s on 01.04.2007)	Amount O/s as on 31.03.2006
i) Si Cap Insurance Agency (P) Ltd.	25,868.00	43,868.00
ii) SSF Ltd.	212,602.00	215,491.00
iii) Farm Suzanne (P) Ltd.	Nil	48,000.00
iv) Century Entertainments (P) Ltd.	Nil	10,921.00
v) Southern Holdings & Investments	50,000.00	Nil

iii) The Maintenance expenses of Rs. 12,302/- 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)	31.03.2007	31.03.2006
Net Profit / (Loss) in Rupees	866,749.72	752,491.51
Earning Per Share	0.21	0.20
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		932,335.37
Deferred Tax for the Year		
Depreciation as per Income Tax Act	202,480.04	
Depreciation as per Company Act	192,735.16	
Difference	9,744.88	
Deferred Tax Asset @ 33.66%		3,280.13
Provision for Gratuity	17,945.68	
Provision for Bonus	9,326.30	
Total	27,271.98	
Deferred Tax Liability @ 33.66%		9,179.75
Current year deferred Tax Liability debited to P&L a/c		5,899.62
Net Deferred Tax Asset shown in the Balance Sheet		926,435.75

18 Bad debts written off to the extent of Rs.131,282.95.

19 Income from Forex Business Rs.819,118.83 has been arrived at as follows.

	<u>31.03.2007</u>	<u>31.03.2006</u>
Income from Forex Business		
Sales of Currencies & Travellers Cheque	56,311,527.40	49,384,116.93
Less.Purchase of Currencies & Travellers Cheques	55,516,899.07	48,505,737.25
Commission paid		

Sub Total - A	794,628.33	878,379.68
Add: Increase / (Decrease) in Stock		
Closing Stock	252,733.75	228,240.55
Less: Opening Stock	228,243.25	463,227.48
Sub Total - B	24,490.50	(234,986.93)
Total (A+B)	819,118.83	643,392.75

20 Income from Trading in Consumable Products Rs.84,838.72 has been arrived at as follows.

	<u>31.03.2007</u>	<u>31.03.2006</u>
Income from Trading in Consumable Products		
Total Sales	198,640.96	-
Less.Purchases	179,329.24	-
Sub Total - A	19,311.72	-
Add: Increase / (Decrease) in Stock		
Closing Stock	65,527.00	-
Less: Opening Stock	-	-
Sub Total - B	65,527.00	-
Total A+B	84,838.72	-

21 Managerial Remuneration

Salaries and Allowances	-	60,500.00
Sitting Fee	<u>10,000.00</u>	<u>3,500.00</u>
Total	10,000.00	64,000.00

22 Auditor's Remuneration

As Audit Fee	20,000.00	20,000.00
As Tax Audit Fee including service Taxes	13,708.00	8,060.00
Total	<u>33,708.00</u>	<u>28,060.00</u>

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

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

Place : Chennai
Date : 30.08.2007
Sd/-

V.A. KURIEN
Director

Sd/-
MARY RODRIGUES
Director

Sd/-
SANJAY ARJUNDAS WADHWA
Director

For Sudhindran & Co.
CHARTERED ACCOUNTANTS

Sd/-
P. SUDHINDRAN
Partner
Membership No:32100

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

Registration NO:	29151	State Code	18
Balance Sheet Date	31.03.2007		

II CAPITAL RAISED DURING THE YEAR (AMOUNT Rs. In THOUSANDS)

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

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

(Rs. in Thousands)

Total Liabilities	30,441.94	Total Assets	30,441.94
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Sources of Funds

Paid up Capital	30,000.00
Reserves & Surplus	328.27
Secured Loans	113.67
Unsecured Loans	-

Application of Funds

Net Fixed Assets	7,484.21
Net Current Assets	12,477.34
Investment	4,097.65
Misc. Expenditure	-
Accumulated Losses	5,456.30
Deferred Tax	926.44

IV PERFORMANCE OF COMPANY (Rs. IN THOUSANDS)

Turnover	2,845.99	Total Expenditure	1,979.24
Profit / Loss Before Tax	866.75	Profit /Loss After Tax	823.45
Earning per Share	0.21	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	

Cash flow Statement For The Year Ended 31.03.2007

	As on 31.03.2007		As on 31.03.2006	
A. Cash Flow From Operating Activities				
Net Profit Before Tax & Extraordinary items		866,749.72		752,491.51
Add: Depreciation	192,735.16		361,679.19	
Loss on Sale of Assets	195,654.85		138,232.00	
Bad Debts written off	131,282.95		305,000.00	
Interest on Loans	<u>33,624.00</u>		16,562.00	
		<u>553,296.96</u>		<u>821,473.19</u>
		1,420,046.68		1,573,964.70
Less: Profit on Sale of Shares	-		384,212.50	
Profit on Redumption of Mutual Funds	788,224.91		645,153.82	
Profit on Sale of Assets	-		17,997.14	
Interest received	947,863.89		751,500.00	
Dividend Received	<u>154,263.72</u>		<u>435,104.26</u>	
Operating Profit Before Working Capital Changes		<u>1,890,352.52</u>		<u>2,233,967.72</u>
Add: Decrease in Current Assets		(470,305.84)		(660,003.02)
Less: Increase in Current Assets	(2,390,573.85)		554,684.43	
Add: Increase in Current Liabilities	360,034.38		176,494.42	
Less: Decrease in Current Liabilities				
		<u>(2,030,559.47)</u>		731,128.85
Net Cash from Operating Activities		(2,500,845.31)		71,175.83
B. Cash Flow From Investing Activities				
Sale of Investments	5,995,903.98		3,745,153.82	
Sale of Shares	-		706,952.50	
Sale of Fixed Assets	400,000.00		125,000.00	
Interest Received	947,863.89		751,500.00	
Dividend Received	<u>154,263.72</u>	7,498,031.59	<u>435,104.26</u>	5,763,710.58
Less: Bad Debts written off	131,282.95		489,646.50	
Less: Purchase of Fixed Assets	44,300.00		<u>3,300,000.00</u>	
Less: Increase in Investments	<u>5,407,679.07</u>	5,583,262.02	<u>3,789,646.50</u>	<u>3,789,646.50</u>
Net Cash from Investing Activities		1,914,769.57		1,974,064.08
C. Cash Flow from Financing Activities				
Decrease in secured Loans	(416,828.00)			
Increase in Secured Loans	-			28,574.00
Decrease in Unsecured Loans	-		150,000.00	
Increase in Unsecured Loans	-		-	
Less: Decrease in bank borrowings	-		-	
Interest on Loans	<u>(33,624.00)</u>	(450,452.00)	<u>16,562.00</u>	166,562.00
Net Cash from Financing Activities		(450,452.00)		(137,988.00)
D. Net Increase/(Decrease in) Cash & Cash Equivalents				
(A + B + C) or (F - E)		(1,036,527.74)		1,907,251.91
E. Cash & Cash Equivalent at the start of the year		2,967,600.70		1,060,348.79
F. Cash & Cash Equivalent at the end of the year		1,931,072.95		2,967,600.70

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.

Place : Chennai
Date : 30.08.2007

sd/-
V.A. KURIEN
Director

sd/-
MARY RODRIGUES
Director

sd/-
SANJAY ARJUNDAS WADHWA
Director

For Sudhindran & Co.
CHARTERED ACCOUNTANTS
sd/-
P.SUDHINDRAN
Partner
Membership No:32100

AUDITORS CERTIFICATE

The Board of Directors
S.I Capital & Financial Services Limited, Chennai
We have examined the attached Cash Flow Statement of S.I Capital & Financial Services Limited, for the year ended 31st March 2007. The Statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company by our report of 30th August 2007 to the Members of the Company.

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

S.I. CAPITAL & FINANCIAL SERVICES LTD.

Registered Office :

'Montieth Court' 64, Montieth Road, Egmore, Chennai - 600 008.

PROXY FORM

I/We
.....being member(s)
of the above named company, hereby appoint or failing her
.....of
.....as my/ our proxy to vote
for me/us on my/our behalf at the 13th Annual General Meeting of the Company to be held on Friday, the 28th
September 2007 at 11.00 A.M. at Tamilnadu Small and Tiny Industries Association (TANSTIA), II Floor, No. 10,
G.S.T. Road, Guindy, Chennai - 600 032.

Signed at(Place) thisday of2007.

Membership Folio No.

No. of Shares held

Note :

- (a) The Form should be signed across the stamp as per specimen signature registered with the company
- (b) The Companies Act, 1956 lays down that an instrument appointing a proxy shall be deposited at the Registered office of the company, not less than FOURTY EIGHT HOURS before the time fixed for holding the meeting.
- (c) A Proxy need not be a Member

Affix
1 Rupee
Stamp

S.I. CAPITAL & FINANCIAL SERVICES LTD.

Registered Office :

'Montieth Court' 64, Montieth Road, Egmore, Chennai - 600 008.

ATTENDANCE SLIP

I hereby record my presence at the 13th Annual General Meeting of the Company being held on Friday, the 28th
September 2007, at 11.00 A.M. at Tamil Nadu Small and Tiny Industries Association (TANSTIA), II Floor, No. 10,
G.S.T. Road, Guindy, Chennai - 600 032.

- 1. Full Name of the Member (in Block Letters) :
- 2. Full Name of the Proxy (in Block Letters) :
- 3. Ledger Folio of Shares held :
- 4. Number of Shares held :
- 5. Signature of the Member/Proxy Attending :
- 6. To be used only when Member, first named is not attending. Please give full name of the first holder

Mr. / Mrs.

Note :

Members attending must fill in this attendance slip and hand it over at the entrance of the venue of the meeting.
Members are requested to bring their copy of the Annual Report for the meeting.
No gifts / refreshments will be provided at the Venue of the meeting.

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S.I. Capital & Financial Services Ltd.
Montieth Court
64, Montieth Road,
Egmore,
Chennai - 600 008.