



Stock Holding Corporation of India Limited



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MISSION STATEMENT

***“To be a world
class technology
driven and client
focused market
leader in financial
and technical
services”***

BOARD OF DIRECTORS (AS ON JUNE 23, 2008)

R. C. Razdan Chairman and Managing Director

Sanjeev Ghai

S C Jain

S. Viswanathan

N. Balasubramanian

G. M. Ramamurthy

A. R. Sekar

Sushant Kumar

B. Ravindranath

Shashikant L Nayak Company Secretary

Statutory Auditors M/s. Kalyaniwalla & Mistry

Internal Auditors M/s. Sridhar & Santhanam

System Auditors

- M/s. AAA Technology Pvt.Ltd
- M/s. Miel-e Securities Pvt. Ltd

Registered Office : Mittal Court, "B" Wing, 2nd Floor, 224 - Nariman Point, Mumbai- 400021.
Tel: 22045483 / 84 / 85 Fax: 22829035, 22850432
Web:www.shcil.com



Performance Highlights

(Rs. in lakhs)

	2007-08	2006-07	2005-06
Earnings :			
Income from Operations	18840	14170	12410
Interest & Dividend Income	3350	2000	1630
Other Income	270	510	150
Total Income	22460	16680	14190
Expenses:			
Operating Expenses	11200	9810	8500
Interest & Financial Charges	130	70	40
Profit before Depreciation	11120	6810	5650
Depreciation	1020	800	400
Profit before Tax	10100	6010	5250
Provision for Tax	3280	1600	1370
Provision for Deferred Tax	(120)	(110)	60
Profit after Tax	6940	4520	3820
Assets Employed:			
Net Fixed Assets	3670	2770	1950
Capital Work-in-Progress	2440	-	-
Investments	13650	10840	8460
Current Assets, Loans & Advances	35020	57960	33690
Deferred Tax Asset/ (Liability)	680	560	450
Current Liabilities & Provisions	25680	48040	24100
Total Assets	29780	24090	20450
Financed by:			
Share Capital	2110	2110	2110
Reserves & Surplus	27670	21980	18340
Secured loans	-	-	-
Total Funds	29780	24090	20450
Key Indicators			
EPS (Rs.)	32.85	23.17	18.78
Dividend (%)	50.00	50.00	30.00
Networth	29780	24090	20450
Book Value per Share (Rs.)	141.44	114.42	97.11

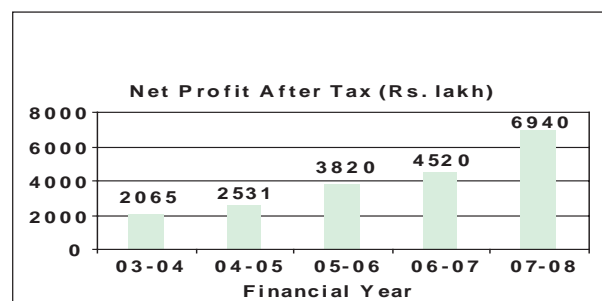
DIRECTORS' REPORT

The Directors are pleased to present the twenty first Annual Report of the Company along with the Audited Statement of Accounts for the financial year ended March 31, 2008.

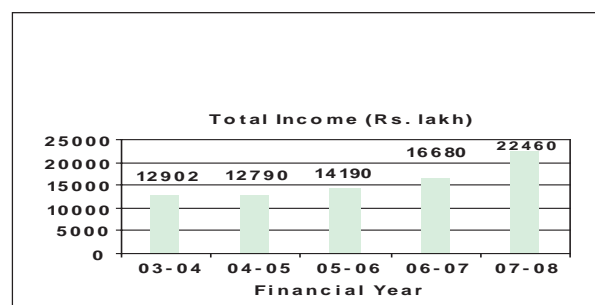
FINANCIAL PERFORMANCE

During the year, the Company has earned Profit Before Tax (PBT) to the tune of Rs.10100 lakh as against Rs.6010 lakh in the previous year, showing a growth by 68%. The Company earned Profit After Tax (PAT) of Rs.6940 lakh after making a provision for tax to the tune of Rs.3080 lakh as against Rs.4520 lakh in 2006-07, showing a growth by 54%. It is noteworthy that the PBT of the Company for the first time ever crossed the figure of Rs.100 Crore, which marked a watershed in its profitability. The Board of Directors has approved the appropriation of net profit as under:

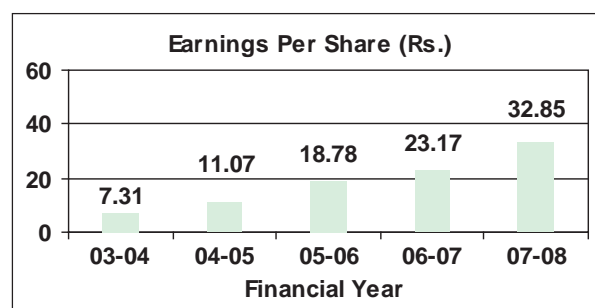
Particulars	(Rs. in lakh)	
	March 31, 2008	March 31, 2007
Profit before Depreciation	11,120	6,810
Depreciation	1,020	800
Profit before Tax	10,100	6,010
Provision for tax	3,280	1,600
Provision for Deferred Tax	(120)	(110)
Profit after Tax	6,940	4,520
Extraordinary item	30	(360)
Surplus Brought Forward	14,440	11,290
Profit available for Appropriation	21,350	16,170
Proposed Final Dividend (At Rs.5/- per share)	1,050	1,050
Tax on Dividend	180	180
Transferred to General Reserves	1,000	500
Transferred to Staff Welfare Fund	100	-
Surplus Carried Forward	19,020	14,440



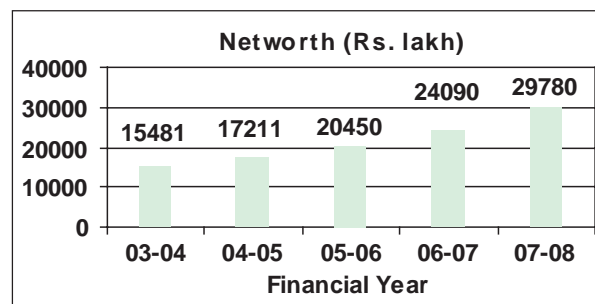
The Company recorded a total income of Rs.22460 lakh, up 35% from 2006-07.



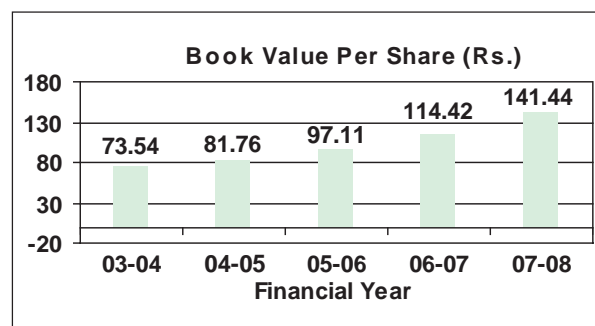
The earnings per share (EPS) came to Rs.32.85, up 41.77% from 2006-07.



The net worth as on March 31, 2008 increased to Rs.29780 lakh as against Rs.24090 lakh as on March 31, 2007.



The book value per share increased from Rs.114.42 as on March 31, 2007 to Rs.141.44 as on March 31, 2008.



**DIVIDEND**

The Board of Directors recommend a final dividend of Rs.5 per share (50%) for the year 2007-08, the same as was paid in 2006-07. This dividend shall be subject to tax to be paid by the Company, but will be tax free in the hands of the shareholders.

OPERATIONS REVIEW

While the Company continued with its existing lines of businesses, viz, custodial services, depository participant services, professional clearing member services, and third party distribution of financial products, it took fresh initiatives in sub-broking and e-Stamping.

Custodial business witnessed robust growth with the acquisition of new clients such as Insurance Companies, Banks, and other Institutions and Corporates, apart from new schemes from existing clients.

DP services comprised of account opening, modification of client details, processing settlement and non-settlement related transactions, execution of pledge instructions and demat of securities, etc.

The Company also provides Professional Clearing Member services to trading members in the futures & options segment.

The Company has continued to forge tie-ups with several agencies for offering various third party financial products to clients.

The Company also provides sub-broking services.

The Company has been authorized by Government of India to act as a Central Record Keeping Agency for Computerization of Stamp Duty Administration System for an initial period of five years. The e-stamping facility is extended in the State of Gujarat since February 2007. Facility has since been extended to state of Delhi from April 1, 2008 and Karnataka in March 2008. Agreement has also been signed with the State of Maharashtra on April 3, 2008.

In order to make the e-Stamping facility easily available to the public at large, the Company has been in talks with several banks to act as Authorised Collection Centres (ACC's). Corporation Bank and IDBI Bank Limited have already given their consent to act as ACCs on a Pan India basis.

INVESTMENT ADVISORY SERVICES / RESEARCH

The Investment Advisory Services Department (IASD) provides support services on mutual fund products and also sub-broking services to clients, based on

wide ranging and in depth research analysis. The Department also provides various types of inputs on stock markets at periodic intervals to internal groups in the organisation, with a special focus on equity markets and mutual fund schemes to enable them to disseminate the information to clients, so that our clients can take informed decisions about investment.

TECHNOLOGY

The Company has in house capability to address its IT needs in the matter of software development and maintenance, back office processing, database administration and network maintenance. The Company has also engaged IDBI Intech Ltd to help it identify gaps in capability and recruitment.

IT being key to success of our operations, the Company has made significant investment in Technology and has strengthened Infrastructure, Network devices & security systems.

The Company has constituted an Advisory Committee comprising experts on Information Technology. The IT Advisory Committee is expected to help the Company to continuously strengthen areas in Information Technology (IT).

HUMAN WEALTH

The Company attaches due importance to its human wealth and takes proactive measures to recruit the required talent & retain it by pursuing progressive policies aimed at providing opportunity for growth, career development and continuous motivation. The Human Wealth Development Department plays a key role in the implementation of various HR initiatives. With a view to rewarding excellent performance and motivating employees, performance linked incentive was disbursed to the employees with a fixed and variable component. The Company also undertook a comprehensive exercise for the rationalization and restructuring of compensation packages of employees across all levels. This was done on the basis of the recommendations of a reputed Human Resource Consulting Agency whose services were engaged for this purpose. The Agency also helped the Company in designing and revamping the Performance Management System so as to make it more result oriented and productivity driven, with a strong emphasis on performance linked pay and incentive. In spite of stiff competition in the job market, the Company's attrition rate in 2007-2008 came down as compared to the previous fiscal. All the new recruits were imparted induction training. Training was also given to a cross-section of existing employees under specialized training programs.

Regional Managers' and Branch Heads' meets were held. The meets helped bring in greater awareness of the Company's goals, foster team spirit, and boost employee morale.

Premises Committee

The Company has constituted an independent Premises Committee to advise it on the acquisition, development, repairs and renovation of properties.

Subsidiary Companies

The Company has four subsidiaries, namely, SHCIL Services Ltd. (SSL), SHCIL Projects Ltd. (SPL), SHCIL Commodities and Derivatives Trading Company Ltd., (SCDTCL) and Unitec Value Solutions Pte. Ltd. Singapore (UVS). The annual reports of these companies are attached.

SHCIL Services Limited (SSL) is a member of Bombay Stock Exchange. The Company has become a sub-broker of SSL. The Company acquired additional 2500000 equity shares of Rs.10/- each in SSL, which was approved by the Board of SSL at its meeting held on October 26, 2007.

SHCIL Projects Limited (SPL), a subsidiary of the Company is in the business of digitization and document management system.

SHCIL Commodities Derivative Trading Company Limited (SCDTCL), a subsidiary of the Company is yet to commence business operations.

During the year, the Company has also purchased all the shares of Unitec Value Solutions Pte Ltd (UVS), Singapore from its subsidiary SHCIL Services Ltd., making UVS a 100% subsidiary of the Company.

BOARD OF DIRECTORS

Shri R. C. Razdan was nominated on the Board of the Company by IDBI Bank Ltd on September 4, 2007. He was appointed as Chairman and Managing Director (CMD) by the Board of Directors on September 10, 2007. Shri Sushant Kumar was nominated by ICICI Bank Limited and appointed as Director of the Company by the Board on February 22, 2008. Shri B.Ravindranath was nominated by IDBI Bank Limited and appointed as Director of the Company by the Board on June 01, 2008.

Shri R. K. Bansal, Wholetime Director, Shri Anup Bagchi, Director and Shri Siby Antony, Director resigned from the Board on September 7, 2007, January 23, 2008 and May 31, 2008 respectively after withdrawal of the nomination by sponsoring institution and their resignations were accepted by the Board.

Shri S. C. Jain and Shri Sanjeev Ghai will retire during the ensuing Annual General Meeting and being eligible offer themselves for appointment.

AUDIT COMMITTEE

The Audit Committee comprises four Directors, viz., Shri N. Balasubramanian-Chairman of ACB, Shri Sanjeev Ghai, Shri S. C. Jain and Shri S. Viswanathan. The Committee met 5 times during the year.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three Directors, viz, Shri S. C. Jain, Shri S. Viswanathan and Shri Sushant Kumar. The Committee met 5 times. Shri Anup Bagchi ceased to be a member of the Committee on January 23, 2008 consequent upon his resignation from the membership of the Board. Shri Sushant Kumar was co-opted as a member of the Remuneration Committee on February 22, 2008.

RISK MANAGEMENT COMMITTEE

The Board constituted a Risk Management Committee on February 22, 2008, comprising three Directors, Shri Sanjeev Ghai, Shri G. M. Ramamurthy and Shri A. R. Sekar. The Committee has since met once during the year.

AUDITORS

The present statutory auditors of the Company, M/s Kalyaniwalla and Mistry, retire at the ensuing Annual General Meeting and are eligible for reappointment.

The Company has an elaborate internal audit system. Internal audit is carried out by a reputed firm of Chartered Accountants.

TRANSFER TO RESERVES

It is proposed to transfer an amount of Rs.1000 lakh to the general reserve.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public. Hence, no information is required to be appended to this report.

BUY BACK OF SHARES

During the financial year 2007-08, the Company has not announced any scheme of buy back of its shares from its shareholders. Accordingly, the requirement as to disclosure of reasons for failure to complete the buy back within the time specified under section 77 A of the Companies Act, 1956 does not arise.

**PARTICULARS OF EMPLOYEES U/S 217 (2A)**

The relevant provisions are not applicable.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988

- a) As the Company does not carry on manufacturing activities, particulars required to be disclosed with respect to conservation of energy and technology absorption in terms of Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.
- b) Foreign exchange earning and outgo during the year under review:
- Foreign Exchange earnings - Rs.0 lakh
(Previous year 6 lakh)
- Foreign Exchange outgo – Rs.230 lakh
(Provision - Rs. 220 lakh) (Previous year Rs.192 lakh) (actual).

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of the Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:

- (i) that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors have 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 at the end of the financial year and of the profit of the Company for that period;

- (iii) that the Directors have 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 have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

The Board places on record its appreciation of the valuable patronage, cooperation and faith of the customers, Banks and other financial institutions. The Board also expresses its sincere thanks to the Central and State Governments, Registrar of Companies, Securities and Exchange Board of India, Reserve Bank of India, Insurance Regulatory and Development Authority, Pension Fund Regulatory Development Authority, National Stock Exchange of India Limited, Bombay Stock Exchange Limited, National Securities Depository Limited, Central Depository Services Limited, Clearing Corporation of India Limited and Association of Mutual Funds and the shareholders for their cooperation and support in various spheres of the Company's activities. The Board of Directors also wishes to place on record its appreciation of the dedication and hard work of the staff and officers of the Company.

For and on behalf of the Board of Directors

June 23, 2008

R. C. Razdan
Chairman and Managing
Director

Report on Corporate Governance

(forming part of Directors' Report)

Company's philosophy on code of Governance

Though the Company is not a listed entity, it endeavours to comply with Corporate Governance norms as specified under clause 49. The Company's philosophy on corporate governance recognizes the accountability of the Board and the importance of its decisions to all constituents, including customers, employees, investors, business associates, regulatory authorities and the Community at large. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value over a period of time.

The Board of the Company at its meeting held on February 22, 2008 has approved the adoption of a Code of Conduct for its Employees and Directors. The objective of this Code is to ensure observance of high ethical standards by the Directors and the Employees of the Company and their commitment to the task of enhancing fairness and integrity of the system both in letter and in spirit.

Board of Directors

The Board sets the strategic goals for the Company, defines its policies and oversees the implementation of these policies to enable actions that would lead to the attainment of the goals. The Board consists of nine members, of which six are nominated by the promoter organizations and two are independent directors. The day-to-day management of the Company vests in the hands of the Chairman and Managing Director.

The composition of the Board as on June 01, 2008 is as follows:

1. Shri R. C. Razdan, Chairman and Managing Director
2. Shri Sanjeev Ghai, Nominee Director of IFCI Limited
3. Shri S. C. Jain, Nominee Director of SU-UTI
4. Shri S. Viswanathan, Nominee Director of LIC of India
5. Shri A. R. Sekar, Nominee Director of General Insurers' (Public Sector) Association (GIPSA) member companies & the GIC
6. Shri Sushant Kumar, Nominee Director of ICICI Bank Limited
7. Shri B. Ravindranath, Nominee Director of IDBI Bank Limited
8. Shri N. Balasubramanian, Independent Director
9. Shri G. M. Ramamurthy, Independent Director

Details of the Board Meeting and Attendance

The Board of Directors meets atleast once in every three months. Nine meetings were held during the year. Details of Board Meetings held are as follows:

Sr. No.	Date of the Board Meeting	Board Strength	No. of Directors present
1	April 25, 2007	9	8
2	June 2, 2007	9	8
3	July 25, 2007	9	7
4	August 23, 2007	9	8
5	September 3, 2007	9	6
6	November 2, 2007	9	9
7	December 21, 2007	9	9
8	February 22, 2008	9	8
9	March 28, 2008	9	8



Attendance of Directors during 2007-08 at each of above meetings is as follows :

Sr. no.	Name of the Director	No. of meetings held	No. of meetings attended	Date of appointment	Date of resignation
1	Shri T. Lakshmanan	9	2 (2)	September 22, 2000	July 19, 2007
2	Shri Sanjeev Ghai	9	8 (9)	July 17, 2004	N.A.
3	Shri R. Jayaraman Iyer	9	– (2)	March 30, 2005	June 15, 2007
4	Shri A. T. Pannir Selvam	9	1 (2)	November 16, 2005	June 10, 2007
5	Dr. T. Narasimha Rao	9	1 (2)	March 10, 2006	June 7, 2007
6	Shri S. C. Jain	9	8 (9)	June 12, 2006	N.A.
7	Shri S. Viswanathan	9	6 (9)	October 19, 2006	N.A.
8	Smt. Vishakha Mulye	9	1 (1)	January 27, 2007	June 1, 2007
9	Shri R. K. Bansal	9	5 (5)	April 13, 2007	September 7, 2007
10	Shri G. M. Ramamurthy	9	8 (8)	May 3, 2007	N.A.
11	Shri N. Balasubramanian	9	6 (8)	May 3, 2007	N.A.
12	Shri Siby Antony	9	8 (8)	June 2, 2007	N.A.
13	Shri Anup Bagchi	9	5 (6)	June 2, 2007	January 23, 2008
14	Shri A. R. Sekar	9	7 (7)	July 25, 2007	N.A.
15	Shri R. C. Razdan	9	4 (4)	September 4, 2007	N.A.
16	Shri Sushant Kumar	9	1 (2)	February 22, 2008	N.A.

- Shri Iyer had proceeded on leave from April 13, 2007.
- The figure in the bracket indicates the meetings held during the tenure of the Director

The details of Directorships held by some of the Directors in other companies are as follows:

Shri R. C. Razdan

Sr. No.	Name of Company / Institution	Nature of interest
1	Bhandari Export Industries Ltd.,	Nominee Director
2	SHCIL Services Ltd.,	Non-Executive Chairman (Nominee Director)

Shri Sanjeev Ghai

Sr. No.	Name of Company / Institution	Nature of interest
1	Essar Oil	Nominee Director
2	Tourism Finance Company of India Limited	Director & Member – Executive Committee of Directors
3	IFCI Financial Services Limited	Director & Member – Audit Committee of Directors

Shri S. C. Jain

Sr. No.	Name of Company / Institution	Nature of interest
1	Hindustan Motors Ltd.,	Director & Member of Audit Committee
2	Jay Engineering Works Ltd.,	Director

Shri N. Balasubramanian

Sr. No.	Name of Company / Institution	Nature of interest
1	Management Development Institute – Gurgaon	Director
2	ICICI Venture Funds Management Co. Ltd.,	Director
3	JP Morgan Mutual Fund India Pvt. Ltd.,	Director
4	IGTL Infrastructure Ltd.,	Director
5	Brick Work Ratings P. Ltd.,	Director

Shri G. M. Ramamurthy

Sr. No.	Name of Company / Institution	Nature of interest
1	Mangalore Refinery and Petrochemicals Limited	Nominee Director of IDBI Bank Ltd.,
2	PPN Power Generating Co. Pvt. Ltd.,	Nominee Director of IDBI Bank Ltd.,
3	JM Financial Asset Reconstruction Company Pvt. Ltd.,	Director

Shri A. R. Sekar

Sr. No.	Name of company / Institution	Nature of interest
1	The New India Assurance Co. Ltd.,	Director
2	NIA (Trinidad & Co., Tobago) Ltd., Port of Spain	Director
3	The United Insurance Co. Ltd., Jordan	Director
4	SVC Superchem Ltd., Mumbai	Director
5	Saudi Indian Cooperative Insurance, Riyadh	Director

Shri B. Ravindranath

Sr. No.	Name of company / Institution	Nature of interest
1	Lloyds Steel Industries Limited	Nominee Director
2	Videocon Industries Limited	Nominee Director
3	Small Industries Development Bank of India (SIDBI)	Nominee Director
4	Asset Reconstruction Company (India) Ltd.,	Nominee Director

Details of Audit Committee, Composition and the attendance

The scope of internal audit covers audit of Custodial operations, Depository Participant Operations, Derivatives, SGL, GOI bonds, Sub-broking activities, e-Stamping activities, other Products, Administration, Human Wealth Development, etc.

As mandated, the Company conducts a yearly Custodial Audit and reports to SEBI under Regulation 14(2) of the SEBI Custodial Regulations 1996. The Company also conducts audit of its depository activities and reports to SEBI under Regulation 46 of SEBI (Depository Participant) Regulation 1996 and Clause 10.3.1 of byelaws of NSDL and Clause 16.3 of byelaws of CDSL.

The Audit Committee met 5 times during the year. The details of attendance of the Directors at the Audit Committee meeting are as follows :

Sr. No.	Name of the Director	No. of meetings held	No. of meetings attended
1	Dr. T. Narasimha Rao*	5	1 (1)
2	Shri A. T. Pannir Selvam**	5	1 (1)
3	Shri Sanjeev Ghai	5	5 (5)
4	Shri S. Viswanathan	5	4 (5)
5	Shri N. Balasubramanian	5	4 (4)
6	Shri S. C. Jain	5	4 (5)

* resigned on June 7, 2007, ** resigned on June 10, 2007



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

Details of Remuneration Committee, Composition and the attendance

The Remuneration Committee reviews the compensation package and other benefits payable to the employees at various levels, including the Directors, from time to time and recommends changes/ modifications in the same to the Board for its consideration and approval.

The Remuneration Committee met 5 times during the year. The details of attendance of the Directors at the Remuneration Committee meeting were as follows:

Sr. No.	Name of the Director	No. of meetings held	No. of meetings attended
1	Dr. T. Narasimha Rao*	5	1 (1)
2	Shri A. T. Pannir Selvam**	5	1 (1)
3	Shri S. Viswanathan	5	4 (5)
4	Shri S. C. Jain	5	5 (5)
5	Shri Anup Bagchi***	5	3 (4)

* resigned on June 7, 2007, ** resigned on June 10, 2007, *** resigned on January 23, 2008 respectively.

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

Details of Risk Management Committee, Composition and the attendance

The Board constituted a Risk Management Committee to review the various risks the Company was exposed to and consider the mitigation steps suggested by the business heads / departmental heads. The Committee had since met once during the year.

The details of attendance of the Directors at the Risk Management Committee meeting were as follows:

Sr. No.	Name of the Director	No. of meetings held	No. of meetings attended
1	Shri G. M. Ramamurthy	1	1 (1)
2	Shri Sanjeev Ghai	1	1 (1)
3	Shri A. R. Sekar	1	1 (1)

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

Annual General Meetings

AGMs of the Company are held at Mumbai and the details for the past three years are as under :

AGM No.	18	19	20
Year	2004-05	2005-06	2006-07
Venue	44/1, Kalicharan Mehra Estate, Nr. Vikhroli Station Vikhroli West, Mumbai 400 079.	44/1, Kalicharan Mehra Estate, Nr. Vikhroli Station Vikhroli West, Mumbai 400 079.	44/1, Kalicharan Mehra Estate, Nr. Vikhroli Station Vikhroli West, Mumbai 400 079.
Date and Day of AGM	August 31, 2005 Wednesday	September 4, 2006 Monday	September 3, 2007 Monday

The special resolutions passed during the last three AGMs, were as under :

AGM no.	Resolution No.	Resolution
18	5	Appointment of M/s. Kalyaniwalla & Mistry as Statutory Auditors of the Company
18	9	Investments of the Company pursuant to 372(A) of the Companies Act, 1956

AGM no.	Resolution No.	Resolution
19	5	Appointment of M/s. Kalyaniwalla & Mistry as Statutory Auditors of the Company
19	10	Appointment of Shri Partha Sadhak, son of former Director as employee of the Company
19	12	Investments of the Company pursuant to 372(A) of the Companies Act, 1956
20	4	Appointment of M/s. Kalyaniwalla & Mistry as Statutory Auditors of the Company

Disclosures

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

Communication

The accounts of the Company are audited every quarter and the audited quarterly financial results are placed before the Audit Committee for recommendation and the Board for approval.

As the Company is not a listed Company, the quarterly audited financial results are not published in any newspaper. However, the audited financial results for the financial year ended March 31, 2008 were published in leading newspapers.

Dividend history of last five years

Sr. no.	Financial year	Rate of dividend	Date of declaration (AGM)
1	2002-03	8%	September 25, 2003
2	2003-04	20%	August 25, 2004
3	2004-05	25%	August 31, 2005
4	2005-06	30%	September 4, 2006
5	2006-07	50%	September 3, 2007

Pursuant to section 205C of the Companies Act, 1956, dividends that are unclaimed for a period of seven years get transferred to the Investors' Education and Protection Fund administered by the Central Government.

Shareholder Information

- a) Annual General Meeting Date, time & Venue of the Annual General Meeting August 4, 2008 at 1.00 p.m. at 44/1, Kalicharan Mehra Estate, Nr. Vikhroli Station, Vikhroli West, Mumbai 400 079.
- b) Record Date August 4, 2008
- c) Dividend payment dates
Dividend after August 4, 2008 but within the statutory time limit
- d) Listing on Stock Exchange
The Company is a closely held Public Limited Company and its shares are not listed in any stock exchange.
- e) Registrars and Transfer Agents
The Company Secretary
Stock Holding Corporation of India Limited
224, Mittal Court, 'B' Wing, 2nd Floor, Nariman Point,
Mumbai- 400 021.



d) Share Transfer System

The Company has received one request for transfer of shares during the last three years.

e) Distribution of shareholding as on March 31, 2008.

The promoter institutions viz., IDBI Bank Limited, Administrator of the Specified Undertaking of Unit Trust of India, ICICI Bank Limited, IFCI Ltd., LIC of India, IIBI Limited, General Insurance Company of India, The Oriental Insurance Company Limited, The New India Assurance Company Limited, United India Insurance Company Limited, and National Insurance Company Limited hold 99.75% out of 21,054,400 equity shares of Rs.10 each issued and subscribed, the balance 0.25% of the shares are held by others.

f) Address for correspondence

The Company Secretary
Stock Holding Corporation of India Limited
224, Mittal Court, 'B' Wing, 2nd Floor, Nariman Point,
Mumbai - 400 021.

Dated: June 23, 2008

Statement pursuant to section 212 of the Companies Act, 1956 relating to Subsidiary Companies

S.N.	Name of the Subsidiary Company	Name of the Subsidiary Company			
		SHCIL Services Limited	SHCIL Projects Limited	SHCIL Commodities Derivative Trading Company Limited	Unitec Value Solutions, Pte Ltd., Singapore
1	The financial year of the subsidiary company ended on	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008
2	Number of shares held by Stock Holding Corporation of India Limited (SHCIL) along with its nominees in the subsidiary at the end of the financial year of the Subsidiary Companies	2840000 equity shares of face value of Rs.10/- each	750000 equity shares of face value of Rs.10/- each	50007 equity shares of face value of Rs.10/- each	100000 equity shares of face value 1 Singapore Dollar each
3	The net aggregate amount of profits / (losses) of the subsidiary so far as it concerns the members of the SHCIL and is not dealt within the accounts of SHCIL for the financial year ended March 31, 2008	Rs. 1,44,58,327	(Rs. 12,70,060)	(Rs.38,894)	(Singapore Dollar 39,399)
4	The net aggregate amount of the Subsidiary Company's profits / (losses) so far as it concerns the members of SHCIL and is dealt with or provided for in the accounts of SHCIL for the financial year ended March 31, 2008 (Rs. in Thousands)	N.A.	N.A.	N.A.	N.A.

Pursuant to the requirement of Section 212 of the Companies Act, 1956, Annual Accounts, Directors' Report and Auditors' Report of the Subsidiary Companies whose financial year has ended on March 31, 2008 have been attached.

For Stock Holding Corporation of India Limited

R. C. Razdan
Chairman & Managing Director

S. C. Jain
Director

L. Viswanathan
Executive Vice President

Shashikant L. Nayak
Company Secretary

Dated : June 23, 2008

**AUDITORS' REPORT****TO THE MEMBERS OF****STOCK HOLDING CORPORATION OF INDIA LIMITED**

1. We have audited the attached Balance Sheet of **Stock Holding Corporation of India Limited** as at March 31, 2008 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. 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.
2. 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.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) 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.
 - b) 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.
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the other notes thereon, give the information required by the Companies Act, 1956 and in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the directors, other than nominee directors appointed by public financial institutions, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Viraf R. Mehta
Partner
M. No.: 32083

Place : Mumbai
Dated : April 28, 2008

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date on accounts of Stock Holding Corporation of India Limited for the year ended March 31, 2008.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and nature of its assets. The discrepancies reported on such verification were not material and have been properly dealt with in the books of account.
- (c) In our opinion, the fixed assets disposed off during the year do not affect the going concern assumption.
2. The Company does not have any inventory to which the provisions of the said clause are applicable.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms, or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. 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 purchases of fixed assets and sale of services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in the internal control system.
5. According to the information and explanations provided by the management, there are no contracts or arrangements during the year that need to be entered in the register required to be maintained under section 301 of the Companies Act, 1956.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder.
7. The Company has an internal audit system, which in our opinion, is commensurate with the size of the Company and nature of its business.
8. In our opinion and according to the information and explanations given to us, the Central Government has not prescribed for maintenance of the cost records under section 209(1) (d) of the Companies Act, 1956 in respect of the activities carried on by the Company.
9. (a) According to the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees' State Insurance, Income-tax, Wealth-tax, Custom duty, Excise-duty, cess and other statutory dues applicable to it with the appropriate authorities.
- (b) According to the information and explanations given to us, there are no dues of Sales tax, Income tax, Customs Duty, Wealth Tax, Excise duty, Service tax or cess outstanding on account of any dispute, other than those stated hereunder:

Name of Statute	Nature of Dues	Amount (In Lac)	Period to which the amount relates	Forum where dispute is pending
Navi Mumbai Municipal Corporation	Municipal Taxes	518.91	1998-2004	Civil Court, Thane
Income Tax Act, 1961	Income tax	973.00	2004-2005	CIT (A)
10. The Company does not have accumulated losses as at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial years.
11. According to the information and explanations given to us, and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans



- and advances on the basis of security by way of pledge of shares, and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to the chit fund and nidhi/mutual benefit fund/ societies.
 14. In our opinion, the Company has maintained proper records of transactions and contracts in respect of investments purchased and sold during the year and timely entries have been made therein. The investments made by the Company are held in its own name.
 15. According to the information and explanation given to us and the records examined by us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
 16. As per the records examined by us, no term loans were obtained by the Company from banks or financial institutions.
 17. On the basis of overall examination of the balance sheet and cash flows of the Company
- and information and explanations given to us, we report that the Company has not raised any funds on short term basis.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
 19. The Company did not issue any debentures during the year.
 20. The Company has not raised any money through a public issue during the year.
 21. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Viraf R. Mehta
Partner
M. No.: 32083

Place : Mumbai
Dated : April 28, 2008

BALANCE SHEET AS AT MARCH 31, 2008

(Rs. in lakhs)

	Schedules	As at March 31, 2008	As at March 31, 2007
SOURCES OF FUNDS :			
Shareholders' Funds			
Share Capital	1	2,105	2,105
Reserves and Surplus	2	27,670	21,986
		<u>29,775</u>	<u>24,091</u>
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	3	12,039	10,204
Less: Depreciation		8,364	7,432
Net Block		<u>3,675</u>	<u>2,772</u>
Capital Work In Progress		2,436	–
		6,111	2,772
Deferred Tax Asset		676	560
Investments	4	13,646	10,837
Current Assets, Loans and Advances			
Inventories	5	242	335
Sundry Debtors	6	2,889	3,016
Cash and Bank Balances	7	21,285	30,223
Other Current Assets	8	378	3,034
Loans and Advances	9	10,231	21,350
		<u>35,025</u>	<u>57,958</u>
Less: Current Liabilities and Provisions			
Current Liabilities	10	23,051	45,475
Provisions	11	2,632	2,561
		<u>25,683</u>	<u>48,036</u>
Net Current Assets		<u>9,342</u>	<u>9,922</u>
		<u>29,775</u>	<u>24,091</u>
SIGNIFICANT ACCOUNTING POLICIES	16		
NOTES TO ACCOUNTS	17		

The Schedules referred to above form an integral part of the Balance Sheet As per our report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Viraf R. Mehta
Partner

Shashikant L. Nayak
Company Secretary

L. Viswanathan
Executive Vice President
(Finance)

Signatures to Balance Sheet and Schedules 1 to 11, 16 and 17

For and on behalf of the Board
R. C. Razdan
Chairman & Managing Director

N. Balasubramanian
S. C. Jain
S. Viswanathan
Directors

Place : Mumbai
Dated : April 28, 2008



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

(Rs. in lakhs)

Schedules	Year ended March 31, 2008	Year ended March 31, 2007
INCOME :		
Income from Operations	12	14,172
Other Income	13	2,512
	22,461	16,684
EXPENDITURE:		
Operating Expenses	14	9,805
Interest and finance charges	15	71
Depreciation		799
	12,359	10,675
PROFIT BEFORE TAXATION AND EXTRA ORDINARY ITEMS		
	10,102	6,009
Provision for Taxation		
- Current Tax	3,225	1,550
- Deferred Tax	(116)	(115)
- Fringe Benefit Tax	50	52
PROFIT AFTER TAXATION BEFORE EXTRA ORDINARY ITEMS		
	6,943	4,522
Impairment loss on Fixed Assets (Net)	27	-
Increase/(Diminution) in value of Fixed Assets held for disposal	-	356
PROFIT FOR THE YEAR AFTER EXTRA ORDINARY ITEMS		
	6,916	4,878
Surplus brought forward	14,438	11,292
Amount available for appropriation		
	21,354	16,170
APPROPRIATIONS:		
Interim Dividend	-	-
Proposed Final Dividend	1,053	1,053
Tax on distributed profits	179	179
Transfer to General Reserve	1,000	500
Transfer to Staff welfare fund	100	-
Balance carried forward	19,022	14,438
	21,354	16,170
Earnings per share before extraordinary items(Basic & Diluted) in Rupees.	32.98	21.48
Earnings per share after extraordinary items(Basic & Diluted) in Rupees.	32.85	23.17
SIGNIFICANT ACCOUNTING POLICIES	16	
NOTES TO ACCOUNTS	17	

The Schedules referred to above form an integral part of the Profit & Loss Account

As per our report of even date

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

Viraf R. Mehta

Partner

Shashikant L. Nayak

Company Secretary

L. Viswanathan

Executive Vice President
(Finance)

Signatures to Profit & Loss Account and Schedules 12 to 17

For and on behalf of the Board

R. C. Razdan

Chairman & Managing Director

N. Balasubramanian

S. C. Jain

S. Viswanathan
Directors

Place : Mumbai

Dated : April 28, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

(Rs. in lakhs)

	As at March 31, 2008	As at March 31, 2007
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and extraordinary items	10,102	6,009
Adjusted for :		
Depreciation	1,023	799
(Profit)/loss on sale of investments	(42)	(60)
(Profit)/Loss on sale of fixed assets	(1)	(1)
Dividend Income	(1,100)	(1,227)
Interest Income	(2,252)	(777)
Interest Expense	134	71
Bad debts written off	100	103
Provision for Wealth Tax	29	34
Provision for diminution in investment	12	16
Provision for doubtful debts	303	179
Provision for claims	133	(411)
Operating Profit before working capital changes	<u>8,441</u>	<u>4,735</u>
Adjustment for :		
Trade and other receivables	(2,644)	5,379
Trade Payables	(25,789)	21,962
Cash generated from / (used in) operations	(19,992)	32,076
Direct Taxes paid	2,769	(1,915)
Net Cash from / (used in) operating activities	<u>(17,224)</u>	<u>30,161</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,945)	(1,639)
Proceeds from sale of fixed assets	20	20
Proceeds from sale of investments	3,569,476	4,849,378
Purchase of Investments	(3,572,256)	(4,851,713)
Interest received	2,275	588
Dividend received	1,100	1,227
Inter Corporate Deposits received	-	1,000
Inter Corporate Deposits given	-	(700)
Money lent on repo transactions	(226,571)	(346,363)
Money received back on repo transactions	237,553	335,380
Net Cash from / (used in) investing activities	<u>9,651</u>	<u>(12,822)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(134)	(71)
Dividend Paid	(1,053)	(421)
Tax on Distributed Profit	(179)	(59)
Net cash used in financing activities	<u>(1,366)</u>	<u>(551)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(8,938)</u>	<u>16,788</u>
Cash and cash equivalents (Opening Balance)	30,223	13,435
Cash and cash equivalents (Closing Balance)	<u>21,285</u>	<u>30,223</u>

Note :

- (1) The Company's bankers have sanctioned total fund-based limits of Rs. 7,500 lakhs to finance working capital requirements. The entire limits were unutilised as on the March 31, 2008
- (2) Transfer of fixed assets held for disposal from " Other Current Assets" to "Capital Work In Progress" and Increase/ (Diminution) in value of fixed assets held for disposal (previous year) are non-cash adjustments and do not have any impact on the cash flows of the Company.

As per our report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Viraf R. Mehta
Partner

Place : Mumbai
Dated : April 28, 2008

Shashikant L. Nayak
Company Secretary

L. Viswanathan
Executive Vice President
(Finance)

For and on behalf of the Board
R. C. Razdan
Chairman & Managing Director

N. Balasubramanian
S. C. Jain
S. Viswanathan
Directors


SCHEDULES FORMING PART OF ACCOUNTS

(Rs. in lakhs)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
50,000,000 Equity shares of Rs. 10/- each	5,000	5,000
Issued, Subscribed and Paid-up		
21,054,400 Equity shares of Rs.10/- each fully paid up	2,105	2,105
	2,105	2,105
SCHEDULE 2		
RESERVES & SURPLUS		
Securities Premium Account		
Balance as per last Balance Sheet	527	527
General Reserve		
Balance as per last Balance Sheet	7,011	6,511
Transfer from Profit and Loss account	1,000	500
	8,011	7,011
Staff Welfare Fund		
Balance as per last Balance Sheet	10	10
Transfer from Profit and Loss account	100	-
	110	10
Profit and Loss Account		
Surplus as per account annexed	19,022	14,438
	27,670	21,986

SCHEDULE 3

(Rs. in lakhs)

FIXED ASSETS :

Particulars	GROSS BLOCK (At Cost)				DEPRECIATION				IMPAIRMENT	NET BLOCK	
	As at 1.04.2007	Additions	Deductions	As at 31.03.2008	Up to 1.04.2007	For the Year	On Deductions	Up to 31.03.2008		As at 31.03.2008	As at 31.03.2007
Tangible Assets											
Leasehold Land **	-	161	-	161	-	20	-	20		141	-
Buildings *	623	900	-	1,523	294	20	-	314		1,209	329
Plant & Machinery	1,433	61	3	1,491	1,055	56	2	1,109		382	378
Computers	5,186	662	6	5,842	3,954	643	5	4,592		1,250	1,232
Furniture & Fixtures	839	49	3	885	688	45	2	731		154	151
Office Equipment	543	21	9	555	379	27	7	399		156	164
Vehicles	318	-	89	229	164	37	75	126		103	154
Intangible Assets											
Computer Software	1,262	91	-	1,353	898	175	-	1,073		280	364
As at 31.03.2008	10,204	1,945	110	12,039	7,432	1,023	91	8,364		3,675	
As at 31.03.2007	8,927	1,639	362	10,204	6,976	799	343	7,432		-	2,772
Capital Work in progress				3,282					846	2,436	-

* Includes Rs.408/- being the cost of 8 shares held in a Co-op Housing society.

** Amortisation of leasehold land includes amortisation for the year 1997-98 to date

SCHEDULES FORMING PART OF ACCOUNTS

	Face Value		Number		Amount (Rs in lakhs)		
	(Rs)	As at April 1, 2007	Acquired during the year	Sold during the year	As at March 31, 2008	As at March 31, 2008	As at March 31, 2007
SCHEDULE 4							
INVESTMENTS							
Long Term Investments							
Trade							
Unquoted							
Equity Shares in Subsidiary Companies							
SHCIL Projects Ltd.	10	250,000	500,000	-	750,000	75	25
SHCIL Commodities and Derivatives Trading Ltd.	10	-	50,000	-	50,000	5	-
Unitech Value Solutions Ltd.	\$1	-	100,000	-	100,000	29	-
SHCIL Services Ltd.	10	239,993	2,500,000	-	2,739,993	274	24
Equity Shares in Other Companies							
National Stock Exchange of India Ltd.	10	3,199,998	-	-	3,199,998	560	560
Investor Services of India Ltd.	10	1,000,001	-	-	1,000,001	100	100
						1,043	709
Current Investments							
Non Trade							
Government Securities							
Quoted							
6.85% Govt. of India 2012	6,000	-	-	-	-	*	*
6.20% Maharashtra SDL 2015	10,000	-	-	-	-	*	*
7.40% Govt. of India 2012	100,000,000	-	-	-	-	-	992
364 days Treasury Bill maturing 11/05/07**	50,000,000	-	-	-	-	-	472
364 days Treasury Bill maturing 18/07/08**	50,000,000	-	-	-	-	470	-
**(deposited as margin with CCIL)							
						470	1,464
Less - Provision for diminution						-	9
						470	1,455
Mutual Funds							
Unquoted							
Liquid/Money Market Schemes							
Standard Chartered Mutual Fund	10	20,005,965	19,342,662	39,348,627	-	-	2001
Birla Mutual Fund	10	10,002,854	2,116,073,863	2,126,076,717	-	-	1001
Reliance Mutual Fund	10	8,989,071	619,127,451	628,116,522	-	-	1001
HDFC Mutual Fund	10	9,600,515	496,983,447	506,583,962	-	-	1001
LICMF Liquid Fund	10	9,111,044	2,816,159,289	2,798,990,492	26,279,841	2885	1000
UTI Liquid Fund Cash Plan	1000	-	96,920,356	96,478,854	441,502	4501	-
UTI Money Market Fund	10	5,691,701	458,397,517	464,089,218	-	-	1000
Prudential ICICI Mutual Fund	10	10,006,202	16,168,146,722	16,133,145,466	45,007,458	4501	1001
						11,887	8,005
Other Schemes							
HDFC Index Fund-Sensex Plus	32	33,863	256,554	241,274	49,143	93	50
HDFC Index Fund-Sensex Plan	32	18,934	47,076	45,328	20,682	32	25
HDFC Index Fund-Nifty Plan	10	-	397,971	184,834	213,137	100	-
Principal Index Fund	10	356,225	33,250	389,475	-	-	100
Canara Robeco Nifty Index Plan	10	-	123,869	-	123,869	34	-
Birla Index Fund Growth Plan	10	-	28,817	-	28,817	15	-
Birla Fixed Term Plan	10	5,000,000	5,000,000	10,000,000	-	-	500
						274	675
Less: Provision for diminution						28	7
						246	668
						13,646	10,837
Aggregate Book Value of Investments							
Quoted						470	1,455
Unquoted						13,176	9,382
						13,646	10,837
Market Value of Quoted Investments							
						490	1,479
* denotes holdings of less than Rs 1 lakh							


SCHEDULES FORMING PART OF ACCOUNTS

	As at March 31, 2008	(Rs. in lakhs) As at March 31, 2007
SCHEDULE 5		
INVENTORIES		
Stock-in-trade		
(At lower of cost and net realisable value)		
Stock of securities	242	335
	<u>242</u>	<u>335</u>
SCHEDULE 6		
SUNDRY DEBTORS		
(Unsecured)		
Outstanding for a period over six months		
Considered good	386	399
Considered doubtful	841	579
	<u>1,227</u>	<u>978</u>
Other debts		
Considered good	2,503	2,617
Considered doubtful	86	45
	<u>2,589</u>	<u>2,662</u>
	<u>3,816</u>	<u>3,640</u>
Less : Provision for doubtful debts	927	624
	<u>2,889</u>	<u>3,016</u>
SCHEDULE 7		
CASH AND BANK BALANCES		
Cash and stamps in hand	361	19
Balances with scheduled banks		
- In current accounts	8,266	16,929
- In deposit accounts	12,658	13,275
	<u>21,285</u>	<u>30,223</u>
SCHEDULE 8		
OTHER CURRENT ASSETS		
Accrued income	378	401
Fixed assets held for disposal	-	2,633
	<u>378</u>	<u>3,034</u>
SCHEDULE 9		
LOANS AND ADVANCES		
((Unsecured and considered good, unless stated otherwise)		
Money lent on Repo transactions (secured by the underlying securities)	-	10,983
Advances recoverable in cash or in kind	381	966
Staff loans	681	632
Advance payment of tax and taxes deducted at source (net of provision for taxation Rs. 7,476 lakhs,) 31.03.07 - Rs. 5,180 lakhs	774	556
Security and other deposits	8,395	8,213
	<u>10,231</u>	<u>21,350</u>

SCHEDULES FORMING PART OF ACCOUNTS

	As at March 31, 2008	(Rs. in lakhs) As at March 31, 2007
SCHEDULE 10		
CURRENT LIABILITIES		
Sundry creditors		
-Total outstanding dues of Micro Enterprises & Small Enterprises	-	-
- Dues of other Creditors	3,080	2,411
Amount due on settlement (net)	2,947	21,103
Advances and deposits	15,474	20,468
Advance depository participant charges	1,550	1,493
	<u>23,051</u>	<u>45,475</u>
SCHEDULE 11		
PROVISIONS		
Proposed final dividend	1,053	1,053
Tax on distributed profits	179	179
Provision for retirement benefits	627	689
Provision for claims	773	640
	<u>2,632</u>	<u>2,561</u>
	Year ended March 31, 2008	Year ended March 31, 2007
SCHEDULE 12		
INCOME FROM OPERATIONS		
Custodial Services	360	394
Depository Services	15,792	12,029
Commission and brokerage (net)	1,224	596
Derivatives	979	763
Others	487	390
	<u>18,842</u>	<u>14,172</u>
SCHEDULE 13		
OTHER INCOME		
Interest (Gross)		
- Govt. securities & bonds	73	48
- Repos & deposits with banks	2,112	713
- Others	67	16
Dividend on long term investments	216	118
Dividend on current investments	884	1,109
Profit on sale of current investments (net)	42	60
Profit from trading in securities (net)	30	-
Profit on sale of fixed assets (net)	1	1
Miscellaneous income	194	36
Provisions for diminution written back	-	411
	<u>3,619</u>	<u>2,512</u>



SCHEDULES FORMING PART OF ACCOUNTS

	Year ended March 31, 2008	Year ended March 31, 2007
(Rs. in lakhs)		
SCHEDULE 14		
OPERATING EXPENSES		
Salaries, allowances & bonus	3,778	3,733
Contribution to provident fund and other funds	317	405
Staff welfare expenses	286	228
Outsourcing expenses	250	255
Depository/custodian fees	961	627
Software expenses	188	238
Rent (including arrears on settlement of dispute. Rs. 401 lacs an exceptional item)	1,550	805
Rates and taxes	181	178
Electricity	434	313
Insurance	168	183
Repairs and maintenance		
- Buildings	170	198
- Plant & machinery	350	279
- Others	20	21
Travelling & conveyance	192	296
Postage & courier	324	320
Telephone & communication	453	492
Printing & stationery	218	231
Legal & professional	142	71
Technical know-how fees	226	121
Claims paid	18	1
Bad debts written off	100	103
Provision for doubtful debts/ advances	303	179
Provision for claims	133	-
Provision for wealth tax	29	34
Provision for diminution in investments	12	16
Loss from trading in securities (net)	-	36
Advertisement & publicity	36	52
Commission and brokerage to selling agents	59	39
Miscellaneous expenses	304	351
	11,202	9,805
SCHEDULE 15		
INTEREST AND FINANCE CHARGES		
Interest on bank overdraft	2	2
Finance charges	132	69
	134	71

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 16

SIGNIFICANT ACCOUNTING POLICIES

a) System of Accounting

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in accordance with the generally accepted accounting principles in India and the accounting standards issued by the Institute of Chartered Accountants of India.

b) Fixed Assets

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes expenses related to acquisition and installation of the concerned asset.

c) Investments

Long term investments are stated at cost of acquisition. Provision for diminution if any, in the value of each long-term investment is made to recognise a decline, other than of temporary nature. Current investments are carried at lower of cost and net realisable value.

d) Stock-in-trade

Securities held for trade and those devolved on the Corporation in the process of settlement are held as stock-in-trade. Securities are valued at lower of cost and net realisable value.

e) Computer Software

Computer software which forms an integral part of the related hardware is capitalised along with the hardware as fixed asset. Softwares which are not an integral part of computer hardware and from which future economic benefits are expected are treated as intangible assets and are amortised over their estimated useful life, namely three years. Costs related to development, upgradation and maintenance of existing software are charged to revenue.

f) Securities on Deposit

Securities on deposit and in the process of transfer are not recorded in the accompanying financial statements.

g) Corporate Actions

Benefits on securities and redemption money collected on behalf of clients are recorded in the financial statements on actual receipt.

h) Revenue recognition

Custodial fees are accrued monthly on the basis of daily/ weekly average holdings in custody on the net asset value of holding in the electronic segment.

Service charges received are recognised as income on completion of post-trading operations. A post trading operation is treated as complete on settlement under the electronic segment and on lodgement/delivery of securities under the paper segment. Service charges for incomplete operations are treated as Advance Service Charges.

The annual maintenance charges received from beneficiary account holders / clearing members for depository services are amortised on time basis over the period of contract.

i) Depreciation

Depreciation is provided on the written down value method at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on assets acquired / disposed during the year is provided on pro rata basis from/upto the month of acquisition/ disposal. Computer software, an intangible asset, is amortised over its estimated useful life, namely, three years.



SCHEDULES FORMING PART OF ACCOUNTS

j) Asset Impairment

The Corporation reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net of selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value based on appropriate discount rate.

k) Employee Benefits:

1. Defined Contribution Plan:

Employee Benefits in the form of Provident Fund, Family Pension Fund and Superannuation Fund are considered as defined contribution plans and the contributions are charged to profit and loss account of the year when the respective contributions are due.

2. Defined Benefit Plan:

Retirement benefit in the form of gratuity is considered as defined benefit obligation and is provided for on the basis of an actuarial valuation using the projected unit credit method, as at the date of the balance sheet.

3. Other long term benefits:

Long term compensated absences are provided for on the basis of an actuarial valuation using the projected credit unit method as at the date of the balance sheet. Actuarial gains/losses, if any, are immediately recognised in the profit & loss account.

l) Taxation

Provision for current income tax is made on the basis of the assessable income under the Income Tax Act, 1961.

Deferred income tax on account of timing differences between taxable income and accounting income for the year is accounted for by applying the tax rates and laws enacted or substantially enacted on the balance sheet date. Deferred tax assets other than unabsorbed depreciation and carried forward losses, subject to the consideration of prudence are recognised and carried forward only to the extent there is reasonable certainty that sufficient taxable income will be available in future, against which the deferred tax assets can be realised.

m) Provision and Contingent Liabilities

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Company.

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 17

NOTES TO ACCOUNTS

1. Background

Stock Holding Corporation of India Ltd. (SHCIL) was promoted by the public financial institutions and incorporated as a limited company on July 28, 1986. SHCIL provides custodial and depository services to institutional investors, mutual funds and retail investors. SHCIL is also India's largest depository participant having 189 offices/facilitation centers across the country.

2. Contingent Liabilities

(Rs. in lakhs)

	As at March 31, 2008	As at March 31, 2007
A) Claims against the Company not acknowledged as debts		
i) Income Tax matters decided in favour of the Company against which the department has preferred appeals	-	651
ii) Income Tax demands against which the Company has preferred appeals.	973	754
iii) Claims by a bank in respect of cheques issued under the cash on payout scheme, refer to note 7 below	2,445	2,445
iv) Other claims not acknowledged	182	313
B) Bank Guarantees provided to stock exchanges (backed by counter guarantees, cash collateral and securities)	32,305	27,335

3. Estimated amount of contracts to be executed on capital account, not provided for – Rs. 245 lakhs. (As at March 31, 2007- Rs. 458.66 lakhs).

4. The company had constructed a property at Vashi during the years 1997 and 1998 keeping in view the likelihood of immobilisation of securities pursuant to the introduction of the depository system. However, with the adoption of dematerialisation as against immobilisation, the Vashi property became redundant and the Company decided to dispose off the property in the semi-finished stage. Consequently, the fixed assets pertaining to the Vashi property amounting to Rs. 3452 lacs were not capitalised and included under "Other Current Assets". The assets were carried in the accounts from year to year at net realisable value ascertained on the basis of valuations by an approved valuer.

During the year, the Company decided to occupy the premises after completion of remaining work and consequently, the assets have been transferred to "Capital work-in-progress" at their original cost. The provision for diminution amounting to Rs. 819 lakhs released on transfer of the assets at original cost has been adjusted against the provision for impairment of Rs. 846 lakhs, ascertained on the basis of the valuation by the approved valuer and the net impairment loss of Rs. 27 lakh has been charged to the Profit and Loss account.

5. Staff loans includes housing loan to the Company Secretary - Rs. 5.89 lakhs (As at March 31, 2007- Rs.6.31 lakhs). Maximum balance outstanding during the period is Rs 6.31 lakhs.

6. Security and other deposits include deposits of Rs. 790 lakhs (as at March 31, 2007 - Rs. 790 lakhs) placed with the licensors of premises taken on leave and licence basis. The said deposits are secured by way of mortgage by deposit of the title deeds of the said premises with the Corporation.

7. The Company had during the year 2000-01 undertaken a transaction of Rs.2,445 lakhs with a client through the Calcutta Stock Exchange (CSE) under the 'Cash on Payout' scheme for the sale of 7,20,000 equity shares of DSQ Industries Limited. The said transaction was confirmed by CSE based on which



post dated cheques were issued. The cheques were stopped for payment before their due date by the Corporation as the underlying trade transaction was contended to be non-bonafide and disallowed by CSE. A Bank, which appears to have granted financial assistance against the said cheques, has issued a notice of demand against the Corporation under Section 138 of the Negotiable Instrument Act, 1881. The Company has disputed the claim of the Bank and the matter is subjudice.

8. The movement in provision for contingencies/claims is as under :

(Rs. in lakhs)

	As at March 31, 2008	As at March 31, 2007	
	Provision for claims	Provisions for contingencies	Provision for claims
Opening Balance	640	1,051	-
Additions during the period	164	-	169
Reversed during the period	31	(580)	-
Transferred to claims	-	(471)	471
Closing balance	773	-	640

9. **Deferred Tax**

The major components of deferred tax assets and liabilities arising on account of timing differences are as under: -

(Rs. in lakhs)

	As at March 31, 2008	As at March 31, 2007
Deferred Tax Assets		
Provision for doubtful debts/advances	315	211
Provision for claims	263	218
Retirement benefits	213	235
Municipal taxes	181	164
	<u>972</u>	<u>828</u>
Deferred Tax Liabilities		
Depreciation	296	268
Net Deferred Tax Asset	<u>676</u>	<u>560</u>

10. **Balances with Co-operative Banks :**

(Rs. in lakhs)

Name of the Bank	As at March 31, 2008		As at March 31, 2007	
	Outstanding Bal	Max Bal	Outstanding Bal	Max Bal
Veraval People Co-op Bank	0.56	1.07	0.24	1.03
Amanath Co-op Bank	0.05	0.05	0.05	0.05

11. The Company is in the process of compiling the information regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act 2006". Based on the information available with the Company, the amount overdue as on March 31, 2008 on account of principal amount together with interest aggregate to Rs. Nil

12. Amount due on settlement (net) represents amounts payable to clearing house, clients and brokers, net of provision for doubtful advances

Rs. Nil (As at March 31, 2007 Rs.0.44 lakhs), as under :

(Rs.in lakhs)

	As at March 31, 2008		As at March 31, 2007	
	Due to	Due from	Due to	Due from
Clearing House	19,641	-	16,071	1,452
GOI-Relief Bonds	15	1081	48	1397
Clients	9,972	26,060	24,190	16,770
Brokers	460	-	439	26
	<u>30,088</u>	<u>27,141</u>	<u>40,748</u>	<u>19,645</u>
Net (Receivable)/Payable	<u>2,947</u>		<u>21,103</u>	

13. Disclosure pursuant to Accounting Standard - 15 (Revised) ' Employee Benefits':

- a) Effective April 1, 2007, the Company adopted accounting standard 15 (revised 2005) on "Employee Benefits" issued by ICAI .
- b) The company has recognised the following amounts in the profit and loss Account for the year:

(Rs.in lakhs)

A) Defined Contribution Plan	As at March 31, 2008
Contribution to Employees' Provident Fund	245
Contribution to Employees' Superannuation Fund	26

B) Defined Benefit Plans & other Long Term Employee Benefit

Valuations in respect of Gratuity has been carried out by an independent actuary as at the balance sheet date based on the following assumptions:

Actuarial Assumptions:	As at March 31, 2008	As at March 31, 2007
a) Discount Rate	8.00%	8.00%
b) Rate of Return on Plan Assets	8.00%	8.00%
c) Salary Escalation	5.00%	5.00%
i) Change in Benefit Obligation		
Liability at the beginning of the year	40,792,526	-
Interest Cost	3,250,500	-
Current Service Cost	6,932,730	-
Benefit Paid	(14,188,007)	-
Actuarial (gain)/loss on obligations	(4,387,496)	-
Liability at the end of the year	<u>32,400,253</u>	-
ii) Fair value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	10,534,172	-
Expected Return on Plan Assets	1,211,252	-
Contributions	11,700,482	-
Benefit Paid	(14,188,007)	-
Actuarial gain/(loss) on Plan Assets	(770,203)	-
Fair Value of Plan Assets at the end of the year	<u>8,487,696</u>	-
Total Actuarial Gain/(Loss) to be recognised	<u>3,617,293</u>	-
iii) Actual Return on Plan Assets		
Expected Return on Plan Assets	1,211,252	-
Actuarial gain/(loss) on Plan Assets	(770,203)	-
Actual Return on Plan Assets	<u>441,049</u>	-



Actuarial Assumptions:	As at March 31, 2008	As at March 31, 2007
iv) Amount Recognised in the Balance Sheet :		
Liability at the end of the year	32,400,253	-
Fair Value of Plan Assets at the end of the year	8,487,696	-
Difference	(23,912,557)	-
Unrecognised Past Service Cost	-	-
Unrecognised Transition Liability	-	-
Amount Recognised in the Balance Sheet	(23,912,557)	-
v) Expenses Recognised in the Income Statement :		
Current Service Cost	6,932,730	-
Interest Cost	3,250,500	-
Expected Return on Plan Assets	(1,211,252)	-
Recognition of Transition Liability	-	-
Acturial Gain or Loss	(3,617,293)	-
Expense Recognised in P& L	5,354,685	-

vi) Basis used to determine expected rate of return on assets :

Expected rate of return on investments is determined based on the assessment made by the Company at the beginning of the year on the return expected on its existing portfolio since these are generally held to maturity, along with the estimated incremental investments to be made during the year.

vii) General descriptions of significant defined plans

Gratuity is payable to all eligible employees of the Company on superannuation, death, and resignation in terms of provisions of the payment of Gratuity Act or as per the Company's scheme whichever is more beneficial. Benefit would be paid at the time of separation based on the last drawn base salary.

14. Disclosure in respect of Operating Leases :-

The Company has taken various premises on leave and license basis. The leave and license agreements are not non-cancellable and range between 1 year to 5 years and are renewable by mutual consent. Leave and license agreements being similar in substance to operating leases, the particulars of the significant leasing arrangements are as under

	(Rs.in lakhs)	
	Year ended March 31, 2008	Year ended March 31, 2007
i) Total of minimum lease payments for a period not later than 1 year	356	340
later than 1 year and not later than 5 years	523	38
ii) Lease payments recognised in profit and loss for the period	760	416

In absence of any agreements for license fees for Mittal Court premises, the same have been included only in (ii) above.

15 Managerial Remuneration

(Rs.in lakhs)

	Year ended March 31, 2008	Year ended March 31, 2007
Salary and allowances	12	27
Contribution to provident fund and other funds	1	2
Perquisites (estimated monetary value)	4	6
	<u>17</u>	<u>35</u>

Remuneration paid to the Chairman & Managing Director for the period September 4, 2007 to March 31, 2008 amounting to Rs. 8.11 lakh, included above, is subject to the approval of the members at the ensuing General Body Meeting.

16. Particulars of Stock- in- trade Holdings

(Rs. in lakhs)

	Number of Units				Amount		
	Face Value	As on 1.4.07	Acquired during the period	Sold during the period	As on 31.03.08	As on 31.03.08	As on 31.3.07
ABB	10	0	2190	1190	1000	12	-
ACC	10	0	10500	10500	0	-	0
Aditya birla nuvo	10	0	300	300	0	-	0
Albrigh & wilson chem	10	300	0	300	0	-	*
Allahabad bank	10	0	7500	6000	1500	1	0
Andhra bank	10	3419	17000	6419	14000	10	3
Ashok leyland	1	0	59000	55000	4000	1	0
Bajaj auto	10	0	2225	2225	0	-	0
Ballarpur industries	10	2000	43425	28925	16500	5	2
Bank of Baroda	10	2250	2100	4350	0	-	5
BEML	10	0	600	0	600	6	-
Bharat forge	2	0	1600	1600	0	-	-
Bharati tele	10	0	10741	10741	0	-	-
BHEL	10	200	1388	1588	0	-	5
Birla corp.	10	0	2200	2200	0	-	-
Bongaigaon refinery	10	0	2500	2500	0	-	-
BPCL	10	0	6200	6200	0	-	-
Britannia ind	10	90	773	290	573	8	1
Canara bank	10	0	3500	3500	0	-	-
Central Bank of India	10	0	15850	15850	0	-	-
Century textiles	10	3450	6600	8450	1600	12	18
Cipla	2	1526	12300	13826	0	-	4
Colgate palmolive	10	2500	0	2500	0	-	8
Container corp	10	0	763	163	600	10	-
Corporation bank	10	0	500	500	0	-	-
Crompton greaves	2	0	4700	4500	200	1	-
Dabur	1	0	16500	16500	0	-	-
Dena bank	10	0	3500	3500	0	-	-
DLF	2	0	8300	6600	1700	11	-



(Rs. in lakhs)

	Face Value	As on 1.4.07	Number of Units		Amount		
			Acquired during the period	Sold during the period	As on 31.03.08	As on 31.03.08	As on 31.3.07
Dr. Reddy's lab	5	2800	1900	4700	0	-	20
East India Hotels	2	0	300	300	0	-	
Engineers India	10	3500	850	4350	0	-	16
Essel propack	2	6400	0	6400	0	-	4
Financial techno	2	0	100	100	0	-	-
Gail	10	0	13540	13540	0	-	-
Glaxosmith (GNS)	10	1000	200	1200	0	-	11
GMR infrastructure	10	0	2000	2000	0	-	-
GNFC	10	0	12000	12000	0	-	-
Grasim	10	475	490	965	0	-	10
Gujar in Power	10	2000	0	2000	0	-	1
Gujarat ambuja cements	2	8505	27584	28089	8000	10	9
Hcl technology	2	0	4730	4730	0	-	-
Hdfc bank	10	0	1750	1750	0	-	-
Herohonda motors	2	0	5851	5851	0	-	-
Hind lever	1	19000	29865	48865	0	-	39
Hind zinc	10	2801	6900	8701	1000	5	16
Hindalco industries	1	4500	17011	21511	0	-	6
Hindustan petroleum corp	10	0	12500	12500	0	-	-
Idea celluar	10	0	14400	9500	4900	5	-
IDFC	10	0	10850	10850	0	-	-
I-Flex sol	5	0	300	300	0	-	-
India cement	10	0	9300	7300	2000	4	-
Indian hotels com	1	2700	21300	19500	4500	5	4
Infosys technology	5	865	6630	7495	0	-	17
IOCL	10	0	1900	1900	0	-	-
ITC	1	7500	56267	63767	0	-	11
Jaiprakash asso.	2	0	2100	2100	0	-	-
Jet airways	10	0	3710	3710	0	-	-
Kotak mahindra	10	0	2900	2900	0	-	-
Larsen & toubro	2	0	3490	3490	0	-	-
Mahindra & mahindra	10	0	5465	4665	800	5	-
Mangalore Refiney and Petroch	10	12000	49000	54000	7000	5	4
Maruti udyog	5	600	3100	3700	0	-	5
Moser baer india	10	0	2100	2100	0	-	-
MTNL	10	7400	16475	16875	7000	7	11
NALCO	10	0	5200	5200	0	-	-
Nestle	10	410	0	410	0	-	4
Neyveli lignite	10	4100	0	4100	0	-	2
Nirma	5	800	0	800	0	-	1

(Rs. in lakhs)

	Face Value	As on 1.4.07	Number of Units		Amount		
			Acquired during the period	Sold during the period	As on 31.03.08	As on 31.03.08	As on 31.3.07
ONGC	10	0	23533	23033	500	5	-
Paper product	2	0	3255	3255	0	-	-
Parvsnath Developers	10	0	2500	2500	0	-	-
Power finance	10	0	12670	12670	0	-	-
Power grid	10	0	9500	5500	4000	4	-
Proctor and gamble	10	0	400	0	400	3	-
Punj lloyd	2	0	4200	4200	0	-	-
Punjab national bank	10	0	9460	9460	0	-	-
Punjab tractors	10	0	751	751	0	-	-
Ranbaxy lab	5	0	11077	11077	0	-	-
Raymond	10	0	3827	3827	0	-	-
Reliance capital	10	8	3397	3397	8	-	-
Reliance comm ventures	5	2976	23600	24900	1676	8	12
Reliance energy	10	2613	12237	14837	13	-	13
Reliance industries	10	176	13715	12215	1676	34	1
Reliance Natural	5	176	0	0	176	-	-
Reliance petroleum limited	10	0	31950	29900	2050	3	-
Reliance power	10	0	700	700	0	-	-
SAIL	10	0	28485	28485	0	-	-
Satyam computers	2	0	8323	8323	0	-	-
SBI	10	1400	8615	8275	1740	28	14
Shipping corporation	10	16000	6314	19014	3300	7	28
Siemens	2	300	3490	3790	0	-	3
Sterlite ind	2	0	4650	4650	0	-	-
Sun pharma	1	0	167	167	0	-	-
Suzlon Energy	10	450	8625	4675	4400	12	5
Tata chemicals limited	10	0	6936	6936	0	-	-
Tata motors	10	0	8256	8256	0	-	-
Tata power	10	300	5935	6235	0	-	2
Tata steel	10	1100	1450	2550	0	-	5
Tata tea	10	1800	700	2500	0	-	11
TCS	1	0	2950	2950	0	-	-
Titan Ind	10	0	650	650	0	-	-
VSNL	10	1500	5074	6574	0	-	6
Wipro limited	2	0	6006	6006	0	-	-
Wockhard	5	0	1300	1300	0	-	-
Zee telefilms	1	0	9000	8100	900	2	-
Zicom elec	10	0	3422	3422	0	-	-
		131890	916133	942211	105812	242	336

* denotes amounts of less than Rs 1 lakh


17. Particulars of securities purchased and sold during the year

(Rs.in lakhs)

	Year ended March 31, 2008		Year ended March 31, 2007	
	No of Units	Amount	No of Units	Amount
Government Securities				
6.65% GS 2009	-	1969	-	-
8.07% GS 2017	-	-	-	509
7.40% GS 2012	-	-	-	1470
	-	1,969	-	1,979
Mutual Fund Units				
Liquid/Money Market Schemes				
Canbank Mutual Fund	-	-	240059574	24100
Chola Mutual Fund	-	-	134616346	13500
DSP Merrill Lynch Mutual Fund	-	-	2646760	26465
Franklin Templeton Mutual Fund	1,650,396	16,505	14324505	143244
HSBC Mutual Fund	-	-	370893489	37100
IDBI Principal Mutual Fund	168,335,119	16,830	1560426471	156017
ING Mutual Fund	-	-	752467636	75250
JM Mutual Fund	-	-	19975628	2000
Kotak Mahindra Mutual Fund	117,219,926	14,330	895307654	109450
Standard Chartered Mutual Fund	-	-	77270520	772621
Sundaram Mutual Fund	31,703,514	3,200	602183206	60780
SBI Mutual Fund	-	-	241285376	24200
UTI Mutual Fund	-	-	80825383	708601
HDFC Index Fund: Nifty Plan	-	-	138689	50
Reliance Diversified Power Sector Fund	83,917	25	99618	25
Canbank Index Fund	128,276	35	245318	50
UTI Nifty Index Fund	-	-	1677482	340
	319,121,148	50,925	4,994,443,655	2,153,793

18. Auditor's Remuneration

(Rs.in lakhs)

	Year ended March 31, 2008	Year ended March 31, 2007
Audit fees	21	17
Tax Audit fees	2	1
Taxation matters	3	3
Certification charges	*	*
Reimbursement of out of pocket expenses	*	*
	26	21

* denotes amounts of less than Rs 1 lakh

19. Expenditure in foreign currency

(Rs.in lakhs)

	Year ended March 31, 2008	Year ended March 31, 2007
Travelling expenses	2	30
Technical know-how fees	215	116
Others	13	46
Total	<u>230</u>	<u>192</u>

20. Earnings in foreign currency

(Rs.in lakhs)

	Year ended March 31, 2008	Year ended March 31, 2007
Service Charges	-	6

21. Earnings Per Share

	Year ended March 31, 2008	Year ended March 31, 2007
Weighted average number of shares outstanding during the year (Nos)	21,054,400	21,054,400
Net profit before extra ordinary items (Rs. in lakhs)	6,943	4,522
Net profit after extra ordinary item (Rs. in lakhs)	6,916	4,878
Basic and diluted earnings per share of Rs 10/- each excluding extra ordinary items (Rs.)	32.98	21.48
Basic and diluted earnings per share of Rs 10/- each including extra ordinary items (Rs.)	32.85	23.17

22. Segment Reporting

The Corporation's main business is to provide custodial and depository participant services to its clients. All other activities of the Corporation revolve around the main business. As such, there are no separate reportable segments, as per the Accounting Standard on 'Segment Reporting' (AS 17) issued by the Institute of Chartered Accountants of India.

23. Related Parties**a. List of Related Parties****Subsidiary Companies**

SHCIL Services Limited

SHCIL Projects Limited

SHCIL Commodities and Derivatives Trading Ltd.

Unitech Value Solutions Pte Ltd.

Associates

IDBI Ltd

Industrial Finance Corporation of India Ltd.

ICICI Bank Ltd.

UTI 1 (Administrator of the Specified Undertaking of Unit Trust of India)

Life Insurance Corporation of India Ltd.

General Insurance Corporation of India Ltd. and its subsidiaries



Key Management Personnel

R. Jayaraman Iyer, Chairman and Managing Director - upto May 28, 2007

R. K. Bansal - Whole - Time Director, from April 13, 2007 to September 7, 2007

R. C. Razdan - Chairman and Managing Director, w.e.f. September 4, 2007

b. Transactions with Related Parties during the year (Rs. in lakhs)

Particulars	Year ended March 31, 2008			Year ended March 31, 2007		
	Subsidiaries	Associates	Key management personnel;	Associates	Key management personnel;	
Service charges received	-	6,374	-	4,814	-	-
Rent & Maintenance paid	76	460	-	372	-	-
Dividend paid	-	1,050	-	420	-	-
Managerial Remuneration (reimbursed to IDBI)	-	-	17	-	35	-
Brokerage received	1,002	-	-	241	-	-
License fees paid for sub-broking terminals	9	-	-	27	-	-
Sale of fixed assets	11	-	-	19	-	-
Purchase of Fixed Assets	28	-	-	900	-	-
Renovation expenses	31	-	-	-	-	-
Software Development expenses	-	-	-	10	-	-
Transaction charges received	38	-	-	10	-	-
Investments made	334	-	-	49	-	-
Outstanding balances						
Trade and other Receivables	81	2,895	-	6,099	-	-
Deposits placed	563	-	-	1,071	-	-
Amount payable	-	-	-	4,483	-	-

c. The Significant Related Party Transaction are as under : (Rs. in lakhs)

Nature of Transaction	As at March 31, 2008	As at March 31, 2007
Service Charges received		
LIC	4,510	3,223
GICI & its subsidiaries	1,456	1,254
Rent & Maintainance paid		
IDBI Ltd	427	256
SHCIL Services ltd	76	76
UTI1	33	40
Dividend Paid		
LIC	158	63
ICICI Ltd	179	71
UTI 1	179	71
GICI & its Subsidiaries	158	63
IFCI Ltd	179	71
IDBI Ltd	179	71

Nature of Transaction	As at March 31, 2008	As at March 31, 2007
Managerial Remuneration		
R. Jayaraman Iyer	3	35
R. K. Bansal	6	-
R. C. Razdan	8	-
Brokerage received		
SHCIL Services Ltd	1,002	241
License fees paid for sub-broking terminals		
SHCIL Services Ltd	9	27
Sale of fixed assets		
SHCIL Services Ltd	11	19
Purchase of Fixed Assets		
SHCIL Services Ltd	28	-
Renovation Expenses		
SHCIL Services Ltd	31	-
Software Development expenses		
SHCIL Projects Limited	-	10
Transaction charges received		
SHCIL Services Ltd	38	10
Investments made		
SHCIL Projects Ltd	50	25
SHCIL Services Ltd	250	24
Outstanding Balances		
Trade & other Receivable		
LIC	2,478	3,921
GICI & its Subsidiaries	341	1,421
SHCIL Services Limited	76	484
Deposit Placed		
UTI 1	-	200
SHCIL Services Ltd	563	863

24. Figures for the previous year have been regrouped wherever necessary, so as to make them comparable with those of the current year.



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI PART (IV) OF THE COMPANIES ACT, 1956

I Registration Details	
Registration Number	40506
State Code	11
Balance Sheet Date	31.03.08
II Capital Raised during the year (Amount in Rs. Lakhs)	
Public issue	Nil
Right issue	Nil
Bonus issue	Nil
Private Placement	Nil
III Position of mobilisation and deployment of Funds (Amount in Rs. Lakhs)	
Total Liabilities	29,775
Total Assets	29,775
Sources of Funds	
Paid Up Capital	2105
Reserves and Surplus	27,670
Secured Loans	Nil
Unsecured Loans	Nil
Application of Funds	
Net Fixed Assets	6,111
Investments	13,646
Net current Asset	9,342
Deferred Tax Asset	676
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil
IV Performance of the Company (Amount in Rs. Lakhs)	
Turnover	22,461
Total Expenditure	12,359
Profit Before Tax	10,102
Profit After Tax before extraordinary items	6,943
Profit After Tax and extraordinary items	6,916
Dividend Rate %	50%
V Generic Names of Three Principal Products/	Custody and Depository Services
Services of the Company (as per monetary Terms)	

SUBSIDIARIES

SHCIL SERVICES LIMITED

SHCIL PROJECTS LIMITED

SHCIL COMMODITIES AND DERIVATIVES TRADING COMPANY LIMITED

UNITEC VALUE SOLUTIONS PTE. LIMITED, SINGAPORE

BOARD OF DIRECTORS

R. C. Razdan	Non Executive Chairman
P. H. Kutumbe	
M. Ramaprasad	
V. S. Nair	
Nitin Jog	
Dinesh Shah	Wholetime Director
Statutory Auditor	M/s. Kalyaniwalla & Mistry

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DIRECTORS' REPORT

The Directors have pleasure in presenting their Thirteenth Report on the business and operations of the Company and the Financial Accounts for the year ending 31st March, 2008.

BUSINESS:

The Company is in the Business of Stock Broking and member of BSE Cash Segment. The Stock Broking service is offered to individual investors and institutional clients.

OPERATIONS:

During the year, the company has earned a profit before tax of Rs. 1,07,76,909/-. The profit after tax is Rs. 1,44,58,326/-. The financial results are summarized below:

Particulars	2006-07 (Rs.)	2007-08 (Rs.)
Total Income	6,54,28,682	21,51,42,462
Profit / (Loss) Before Tax	(1,58,04,369)	1,07,76,910
Profit / (Loss) After Tax	(1,54,89,474)	1,44,58,327

DIVIDEND:

Your Directors have not declared Dividend for Financial Year 2007-08.

SUBSIDIARIES AND ASSOCIATES:

During the financial year 2007-08 the company has sold off its stake in the subsidiary companies viz. Unitec Value solutions Pte. Ltd.(UVS), SHCIL Projects Ltd.(SPL), SHCIL Commodities and Derivatives Trading Ltd. (SCDTL) to its holding Company Stock Holding Corporation of India Ltd.(SHCIL). The Company is also in the process of completion of sale of its entire stake in G.K.Manangement (India) Ltd.(GKM).

DIRECTORS:

Mr. S. Ramanathan resigned from the directorship w.e.f. 07th September 2007.

Mr. R.K.Bansal resigned from the directorship w.e.f. 07th September 2007.

Mr. Quek Jin Oon who retired by rotation, was not reappointed in the Annual General Meeting held on 31.08.2007.

Mr. Lee Keen Whye who was appointed as an Additional Director was not confirmed as a Director in the Annual General Meeting held on 31.08.2007.

Mr. Vivek Vaishnav who was appointed as an Additional Director was not confirmed as a Director in the Annual General Meeting held on 31.08.2007.

Mr. R.C. Razdan representing SHCIL joined the Board of SSL as additional director and Non Executive

Chairman on 18.10.07.

Mr. S.P.Gupta resigned from the directorship w.e.f. 30th November 2007. In his place Mr. V.S. Nair, was appointed on 9.01.08.

Mr. Nitin Jog, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for appointment.

AUDIT COMMITTEE

Your Company has constituted an Audit Committee which consists of Mr.P.H.Kutumbe, Mr. Nitin Jog and Mr.V.S.Nair as the Committee members. The Audit Committee had Five meetings during the Financial Year.

PARTICULARS OF THE EMPLOYEES :

None of the employees of the Company were in receipt of remuneration exceeding the limits (i.e Rs. 2400000/- per annum in a year or part of the year) with whom the particulars are required to be given in the Director's Report U/S. 217 (2A) of the Companies Act, 1956 to this report.

INFUSION OF CAPITAL BY STOCK HOLDING CORPORATION OF INDIA LTD.

On 26th October, 2007, SHCIL infused Equity Share Capital to the extent of Rs.2,50,00,000/- comprised of 25,00,000 Equity Shares of Rs.10/- each fully paid up.

FIXED DEPOSITS:

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

BUY BACK OF SHARES

During the financial year 2007-08, the Company has not announced any scheme of buy back of its shares from its shareholders. Accordingly, the requirement as to disclosure of reasons for failure to complete the buy back within the time specified under section 77 A of the Companies Act, 1956 does not arise.

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

Information required under Sec 217(1)e of the Companies Act 1956 read with the Companies (Disclosure of Particular in the Report Directors) Rules 1988.

- A) Conservation of Energy : Nil
- B) Technology Absorption : Nil
- C) Research & Development : Nil
- D) Foreign Exchange Earnings Outgo : Nil

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

(i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

(ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

(iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the Directors had prepared the annual accounts on a going concern basis.

Acknowledgements:

The Board places on record its appreciation of the valuable patronage, cooperation and goodwill of Clients, banks, Securities and Exchange Board of India, Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd., Financial Institutions, Stock Holding Corporation of India Ltd. and the staff and officers of the Company,

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

**Sd/-
Dinesh Shah
Whole Time Director**

**Nitin Jog
Director**

Place : Mumbai
Date : June 20, 2008

AUDITORS' REPORT

To
The Members of SHCIL Services Ltd.

1. We have audited the attached Balance Sheet of SHCIL Services Limited as at March 31, 2008 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. 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.
2. We conducted our audit in accordance with the 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.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, 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, where applicable.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the 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:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008, and
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - iii) In case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the directors as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Kalyaniwalla and Mistry
Chartered Accountants

Vinayak M Padwal
Partner
M. No. (F) 49639

Place: Mumbai
Date : 19th June, 2008

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date on the accounts of **SHCIL Services India Limited** for the year ended March 31, 2008.

- 1) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the Company during the year. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were reported on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets have not been disposed of by the Company during the year which could affect the going concern assumption.
- 2) (a) The Company has not granted any loans, secured or unsecured to a company listed in the register maintained under Section 301 of the Companies Act, 1956.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- 3) 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 fixed assets and sale of services.
- 4) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of all the contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanation given to us, the transactions recorded in register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder.
- 6) The Company has an internal audit system, which is commensurate with the size and nature of its business.
- 7) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed for maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of the activities carried on by the Company.
- 8) (a) According to the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Customs Duty, Excise Duty, cess and other statutory dues applicable to it with the appropriate authorities.
- (b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax or cess outstanding on account of any dispute.
- 9) *The Company have accumulated losses, as at the end of the financial year and it has not incurred cash losses in the current financial year. However has incurred cash losses in immediately preceding financial year.*
- 10) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- 11) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
- 12) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.

- 13) In our opinion, the Company has maintained proper records of the transactions and contracts in respect of investments purchased and sold during the year and timely entries have been made therein. The investments made by the Company are held in its own name.
- 14) According to the information and explanations given to us and the records examined by us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 15) As per the records examined by us, no term loans were obtained by the Company from banks or financial institutions.
- 16) On the basis of an overall examination of the balance sheet and cash flows of the Company and the information and explanations given to us, we report that the Company has not utilized the funds raised on short-term basis for long-term investment.
- 17) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956. During the year
- the Company has made preferential allotment of 25,00,000 fully paid equity shares of Rs. 10/- each to Stock Holding Corporation of India Limited.
- 18) The Company did not issue any debentures during the year.
- 19) The Company has not raised any money through a public issue during the year.
- 20) Based on the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For and on behalf of
Kalyaniwalla and Mistry**
Chartered Accountants

Vinayak M. Padwal
Partner
M. No. (F) 49639

Mumbai, June 19, 2008.

Balance Sheet As At 31st March, 2008

Schedules		As at March 31, 2008 Rs.	As at March 31, 2007 Rs.
SOURCES OF FUNDS:			
Shareholder's Funds			
Share Capital	1	53,862,500	28,862,500
Reserve & Surplus		-	-
		<u>53,862,500</u>	<u>28,862,500</u>
APPLICATION OF FUNDS:			
Fixed Asset			
Gross Block	2	66,264,182	38,879,457
Less: Depreciation		24,976,798	6,823,965
Net Block		41,287,384	32,055,492
Capital work-in progress		1,762,962	-
Deferred Tax Assets		5,497,312	365,895
Investments	3	1,667,800	21,490,002
Currents Assets, Loans and Advances			
Sundry Debtors	4	26,112,209	51,020,874
Cash & Bank Balances	5	407,523,420	115,753,579
Other Current Assets	6	2,942,271	789,788
Loans and Advances	7	39,171,583	43,100,084
		<u>475,749,483</u>	<u>210,664,325</u>
Less: Current Liabilities and Provisions			
Current Liabilities	8	471,850,829	250,427,638
Provisions	9	885,236	377,527
		<u>472,736,065</u>	<u>250,805,165</u>
Net Current Assets		3,013,418	(40,140,840)
Profit & Loss Account		633,624	15,091,951
		<u>53,862,500</u>	<u>28,862,500</u>
Significant Accounting Policies	15		
Notes to Accounts	16		

The Schedules referred to above form an integral part of the Balance Sheet As per our report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Vinayak M. Padwal
Partner
Mumbai : June 19, 2008

Rameshkumar Jain
Head -Finance &
Chief Compliance Officer

Signature to Balance Sheet and Schedules 1 to 9 ,15 and 16

For and on behalf of the Board

R. C. Razdan
Non Executive Chairman
Dinesh Shah
Whole Time Director
P. H. Kutumbe
V. S. Nair
Nitin Jog
Directors

Profit And Loss Account For the Year Ended 31st March, 2008

	Schedules	Year ended March 31, 2008 Rs.	Yearended March 31, 2007 Rs.
INCOME :			
Income from operations	10	208,672,373	64,056,309
Other income	11	6,470,090	1,372,373
		<u>215,142,463</u>	<u>65,428,682</u>
EXPENDITURE:			
Employee cost	12	28,295,267	12,620,578
Sub - brokerage expenses		100,502,241	23,872,856
Other operating & administrative expenses	13	55,898,140	35,090,615
Interest & financial charges	14	663,600	2,861,787
Depreciation		19,006,305	6,787,216
		<u>204,365,553</u>	<u>81,233,052</u>
PROFIT / (LOSS) BEFORE TAXATION		10,776,910	(15,804,370)
Provision for Taxation			
- Current Tax		1,000,000	-
- Fringe Benefit Tax		450,000	150,000
- Deferred Tax (Assets)		(5,131,417)	(464,895)
PROFIT / (LOSS) FOR THE YEAR CARRIED FORWARD		14,458,327	(15,489,475)
Surplus Brought Forward		(15,091,951)	397,524
Profit / (Loss) carried forward		(633,624)	(15,091,951)
Earning per share before extraordinary items (Basic & diluted) in Rs.		6.93	(15.49)

Significant Accounting Policies 15
Notes to Accounts 16

The Schedules referred to above form
an integral part of the Profit & Loss Account
As per our report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Vinayak M. Padwal
Partner
Mumbai : June 19, 2008

Rameshkumar Jain
Head -Finance &
Chief Compliance Officer

Signature to Profit & Loss Accounts
and Schedules 10 to 16

For and on behalf of the Board

R. C. Razdan
Non Executive Chairman
Dinesh Shah
Whole Time Director
P. H. Kutumbe
V. S. Nair
Nitin Jog
Directors

Cash Flow statement for the year ended 31st March, 2008

	Year ended 31st March 2008
A. Cash Flow from operating activities	
Net Profit before tax	10,776,910
Adjusted for :	
Depreciation	19,006,305
Profit on sale of Investment	(724,744)
Loss on sale/discard of fixed assets	47,160
Income from Dividends	(155,619)
Interest earned	(5,984,562)
Interest expense	9,996
Provision for Doubtful Debts	(805,491)
Provision for Doubtful Deposits	375,000
Provision for Diminution in Investments	(161,427)
Preliminary & Operative expenses written off	
Operating profit before working capital changes	<u>22,383,528</u>
Adjustment for :	
Trade & other receivables	33,955,860
Trade payables	<u>220,267,328</u>
Cash generated from operations	<u>276,606,716</u>
Direct taxes (paid)/refund	<u>(4,313,204)</u>
Net cash generated from operating activities	<u><u>272,293,512</u></u>
B Cash flow from Investing activities	
Purchase of Fixed assets	(31,831,309)
Proceeds on Sale of Fixed assets	1,782,991
Purchase of Investments	(30,310,407)
Proceeds from Sale of Investments	50,857,351
Dividend received	155,619
Interest earned	3,832,079
Interest expense	(9,996)
Net Cash used in investing activities	<u><u>(5,523,672)</u></u>
C Cash flow from financing activities	
Proceeds from issue of share capital	<u>25,000,000</u>
Net cash generated from financing activities	<u><u>25,000,000</u></u>
Net Increase/(decrease) in cash and cash equivalents	<u>291,769,841</u>
Cash and cash equivalents at the beginning of the year	115,753,579
Cash and cash equivalents at the end of the year	407,523,420

As per our report of even date
For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Vinayak M. Padwal
Partner
Mumbai : June 19, 2008

Rameshkumar Jain
Head -Finance &
Chief Compliance Officer

For and on behalf of the Board

R. C. Razdan
Non Executive Chairman
Dinesh Shah
Whole Time Director
P. H. Kutumbe
V. S. Nair
Nitinand
Directors

Schedules forming part of Balance Sheet as at 31st March, 2008

	As at March 31, 2008 Rs.	As at March 31, 2007 Rs.
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
5,000,000 (Previous Year 1,500,000) Equity shares of Rs. 10/- each	50,000,000	50,000,000
5,000,000 (Previous Year 8,500,000) 7% Non Cumulative Convertible Preferences Share of Rs. 10/- each	50,000,000	50,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
Issued, Subscribed and Paid-up		
3,500,000 (Previous year 1,000,000) Equity shares of Rs.10/- each fully paid up	35,000,000	10,000,000
1,886,250 (Previous year 1,886,250) 7% Non Cumulative Convertible Preferences Share of Rs. 10/- each	18,862,500	18,862,500
	<u>53,862,500</u>	<u>28,862,500</u>

(2,500,000 equity share of Rs. 10/- each fully paid issued during the year) of the above 2,739,993 equity shares are held by Stock Holding Corporation of India Ltd. a Holding Company.

Schedule forming part of the Balance Sheet as at 31st March 2008.

SCHEDULE 2 : Fixed Asset

Particulars	Gross Block		Depreciation				Net Block		
	As on 01.04.2007	Additions	Deductions	As at 31.03.2008	As at 01.04.2007	Depreciation for the year	For 07 - 08 on Deductions	As at March 31 2008	As at March 31 2007
Tangible Assets									
Leasehold Improvements	5,630,155	1,067,433	185,704	6,511,884	904,846	1,438,009	56,474	4,225,503	4,725,309
Furniture & Fixtures	1,006,652	1,239,982	387,890	1,858,744	116,620	505,862	71,009	1,307,271	890,032
Office Equipments	1,178,521	536,075	23,500	1,691,096	91,735	108,867	492	1,490,986	1,086,786
Plant & Machinery	699,962	-	-	699,962	22,135	33,248	-	644,579	677,827
Motor Car	106,546	781,000	-	887,546	1,886	51,882	-	833,778	104,660
Computer Hardware	14,809,299	25,687,910	-	40,497,209	2,442,172	12,210,974	-	25,844,063	12,367,127
Intangible Asstes									
Computer Software	15,448,322	755,947	2,086,528	14,117,741	3,244,570	4,657,463	725,496	6,941,204	12,203,752
Grand Total	38,879,457	30,068,347	2,683,622	66,264,182	6,823,964	19,006,305	853,471	41,287,384	32,055,493
Previous Year	1,303,400	37,595,107	19,050	38,879,457	37,322	6,787,216	574	32,055,493	1,226,078

Schedule forming part of the Balance Sheet as at 31st March 2008.

SCHEDULE 3: INVESTMENTS

Scrip Name	Face Value	Qty As on 01/04/2007	Acquired During the Year	Sold During the Year	Qty As on 31/03/2008	(Amount Rs.) as on 31/03/2008	(Amount Rs.) as on 31/03/2007
Long Term Investment At Cost							
Unquoted							
SHCIL Projects Ltd.	10	250,000	205,000	500,000	-	-	2,500,000
SHCIL Commodities & Derivatives Trading Co. Ltd.	10	50,000	-	50,000	-	-	500,000
G K Management Services (India) Ltd.	10	540,000	-	390,000	150,000	1,500,000	5,400,000
Unitec Value Singapore Pte. Ltd.	SGD 1	100,000	-	100,000	-	-	2,888,104
						1,500,000	11,288,104
Current Investment							
Quoted							
3I Infotech Ltd.	10	50	-	50	-	-	9,371
ACC Ltd.	10	100	-	100	-	-	98,058
AIA Engineering	10	-	100	-	100	169,074	-
Allahabad Bank	10	-	2,000	2,000	-	-	-
Ambuja Cement Ltd.	2	20	-	20	-	-	2,499
Arrow Webtex Ltd.	10	700	-	700	-	-	109,312
Arvind Mills Ltd.	10	100	-	100	-	-	6,841
Arvind Product	10	100	-	100	-	-	717
Aztec Soft Ltd.	3	79	100	79	100	10,186	11,879
Baffin Engineering Projects Ltd	1	500	-	500	-	-	455
Ballarpur Industries Ltd	10	100	-	100	-	-	12,762
Balrampur Chinni Mills Ltd	1	250	500	750	-	-	22,105
Bank Of Baroda	10	103	-	103	-	-	26,154
Bartronics Ind	10	-	500	500	-	-	-
Bell Ceramics Ltd	10	100	-	100	-	-	1,641
Bharti Airtel	10	-	100	100	-	-	-
BHEL	10	-	100	100	-	-	-
Binani Industries Ltd	10	325	-	325	-	-	75,407
Birla Power Solutions Ltd	10	100	-	100	-	-	3,100
Blue Star Infotech Ltd	10	14	-	14	-	-	1,261
Blue Star Ltd	2	75	-	75	-	-	10,373
Caim Ind	10	-	500	500	-	-	-
Cambridge Solutions Ltd	10	200	-	200	-	-	26,310
Century Textiles Industries Ltd	10	75	-	75	-	-	53,779
Cipla	2	-	1,700	1,700	-	-	-
DLF Ltd	2	-	800	800	-	-	-
Dr Reddy Labs	5	100	-	100	-	-	75,285
Era Constructions (India) Ltd	10	50	-	50	-	-	24,006
Essel Propack Ltd	2	400	-	400	-	-	33,292
Garware Offshore Services Ltd	10	375	-	375	-	-	69,708
Gayatri Sugar Complex Ltd	10	1,000	-	1,000	-	-	10,270
GMR Infrastructure	2	-	100	100	-	-	-
GNFC	2	-	100	100	-	-	-

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Scrip Name	Face Value	Qty As on 01/04/2007	Acquired During the Year	Sold During the Year	Qty As on 31/03/2008	(Amount Rs.) as on 31/03/2008	(Amount Rs.) as on 31/03/2007
Greaves Cotton Ltd	10	7	-	7	-	-	2,474
HDFC Bank	10	-	50	50	-	-	-
Hindalco Industries	1	-	125	125	-	-	-
Hindustan Unilever Ltd	1	600	-	600	-	-	125,331
Hotel Leela Venture Ltd	2	250	-	250	-	-	14,650
Hov Services Ltd	10	50	-	50	-	-	9,229
I C S A India	2	-	100	100	-	-	-
ICICI Bank	10	-	675	675	-	-	-
IDBI	10	-	1,250	1,250	-	-	-
IDFC	10	-	2	2	-	-	-
IFCI	10	-	3,000	3,000	-	-	-
Indian Hotels Co. Ltd	1	100	-	100	-	-	14,600
Indian Oil Corporation Ltd	10	300	-	300	-	-	131,697
Info Edge (India) Ltd	10	50	-	50	-	-	35,973
Infosys Technologies	5	-	250	250	-	-	-
IPCL	10	100	-	100	-	-	29,542
Ivrc Infrastructure Projects Ltd	2	300	-	300	-	-	108,105
Jindal Stain	1	-	100	100	-	-	-
Jmc Projects	10	-	100	100	-	-	-
Kewal Kiran	10	-	534	534	-	-	-
Kotak Mahindra	10	-	100	100	-	-	-
L & T	2	-	160	160	-	-	-
Lactose India	10	-	1,000	1,000	-	-	-
Litl	10	-	1,000	1,000	-	-	-
Lyka Labs	10	-	40	40	-	-	-
M & M	10	-	250	250	-	-	-
Mahanagar Telephone Nigam Ltd	10	300	-	300	-	-	48,836
Marico Industries	1	-	1,000	1,000	-	-	-
Maruti Udyog Ltd	5	4	50	54	-	-	3,699
Mindtree	10	-	100	100	-	-	-
Nalco	10	-	200	200	-	-	-
Nicolas Piramal Ind	10	-	50	50	-	-	-
Ntpc Ltd	10	-	3,500	3,500	-	-	-
Oil Natural Gas Corporation Ltd	10	100	-	100	-	-	79,596
Orbitco	10	-	1,200	1,200	-	-	-
Orchid Chemical & Pharma	10	-	250	250	-	-	-
Other	-	-	-	-	496	-	-
Patel Engineering	1	-	550	550	-	-	-
Power Gride	10	-	2,400	2,400	-	-	-
Pratibha Industries Ltd	10	100	200	300	-	-	23,700
Punj Lloyd	2	-	200	200	-	-	-
Punjab National Bank	10	-	200	200	-	-	-
Radha Madhav	10	-	3,000	3,000	-	-	-
Raj Television Network Ltd	10	400	-	400	-	-	102,800
Ranbaxy Laboratories	5	-	15	15	-	-	-
Reliance Petrochemicals	10	-	6,000	6,000	-	-	-

SHCIL SERVICES LIMITED

Scrip Name	Face Value	Qty As on 01/04/2007	Acquired During the Year	Sold During the Year	Qty As on 31/03/2008	(Amount Rs.) as on 31/03/2008	(Amount Rs.) as on 31/03/2007
Reliance Capital	10	-	150	150	-	-	-
Reliance Communications Ltd	5	300	1,300	1,600	-	-	119,777
Reliance Energy	5	-	700	700	-	-	-
Reliance Industries	10	-	703	703	-	-	-
Reliance Natural Resources	5	-	9,096	9,000	96	22,093	-
Rolta	10	-	100	100	-	-	-
SAIL	10	-	700	700	-	-	-
Seche	10	-	1,000	1,000	-	-	-
Sesa Goa	10	-	200	200	-	-	-
Shipping Corporation Of India Ltd	10	100	-	100	-	-	17,000
SRF Ltd	10	-	15	-	15	2,997	-
State Bank Of India	10	200	-	200	-	-	222,370
Sterlite Industries Ltd	2	200	-	200	-	-	110,838
Sun Tv	5	-	480	480	-	-	-
Suzlon Energy	2	-	150	150	-	-	-
Tata Consultancy	1	-	655	655	-	-	-
Tata Motor	10	-	50	50	-	-	-
Tata Power Company	10	-	550	550	-	-	-
Tata Tele Services	10	-	2,500	2,500	-	-	-
Thermax	2	-	50	50	-	-	-
Tata Steel	10	-	300	300	-	-	-
Union Bank	10	-	1,500	1,500	-	-	-
Vishal Retail	10	-	100	100	-	-	-
Welspun Gujrat	5	-	1,000	1,000	-	-	-
Wipro	2	-	100	100	-	-	-
Zee Entertainment	1	-	500	500	-	-	-
						204,842	1,884,798
Less : Provision For Diminution						37,042	198,468
						167800	1,686,330
Unquoted							
HDFC Cash Management Fund - Saving Plan	10	194,231	499,112	693,343	-	-	3,000,000
LIC MF Liquid Fund - Growth Fund	10	223,015	-	223,015	-	-	3,000,000
Reliance Liquid Fund - Treasury Plan	10	243,114	241,546	484,660	-	-	2,515,568
SBI Magnum Insta Cash Fund	10		469,686	469,686	-	-	-
							8,515,568
Total						1,667,800	21,490,002

Aggregate Book Value Of Investment

Quoted	204,842	1,884,798
Unquoted	1,500,000	19,803,672
	<u>1,704,842</u>	<u>21,688,470</u>
Market Value of Quoted Investment	167,800	1,686,330

Schedules forming part of Balance Sheet as at 31st March, 2008

	As at March 31, 2008 Rs.	As at March 31, 2007 Rs.
SCHEDULE 4		
SUNDRY DEBTORS		
(Unsecured)		
Outstanding for a period over 6 months		
Considered good	579,820	506,064
Considered doubtful	1,438,556	4,112,240
	<u>2,018,376</u>	<u>4,618,304</u>
Other debts	-	
Considered good	25,532,389	50,514,810
Considered doubtful	1,868,194	-
	<u>29,418,959</u>	<u>55,133,114</u>
Less : Provision for doubtful debts	3,306,750	4,112,240
	<u><u>26,112,209</u></u>	<u><u>51,020,874</u></u>
SCHEDULE 5		
CASH AND BANK BALANCES		
Cash on hand	5,619	7,011
Balances with Scheduled Banks		
In current account	320,981,231	59,146,568
In deposit account	86,536,570	53,000,000
Stamp in hand	-	3,600,000
	<u>407,523,420</u>	<u>115,753,579</u>
SCHEDULE 6		
OTHER CURRENT ASSETS		
Accrued Interest on Fixed Deposit	2,942,271	789,788
	<u>2,942,271</u>	<u>789,788</u>

Schedules forming part of Balance Sheet as at 31st March, 2008

	As at March 31, 2008 Rs.	As at March 31, 2007 Rs.
SCHEDULE 7		
LOANS AND ADVANCES		
(Unsecured and considered good ,unless stated otherwise)		
Inter Corporate Deposit	-	7,500,000
Base Capital Deposit	16,000,000	16,000,000
Security Deposit - Premises and Utilities	5,364,021	6,213,621
Advances recoverable in cash or in kind	3,334,509	2,965,050
Advance payment of taxes (net of provisions for taxes 1,968,528; previous year 1,065,000)	7,734,738	4,882,098
Advance to employees	-	32,550
Duties and Taxes	727,674	3,580,655
PMS	3,889,198	-
Other Advances	2,121,443	1,926,110
	39,171,583	43,100,084
SCHEDULE 8		
CURRENT LIABILITIES		
Sundry Creditors		
-Total outstanding dues of micro Enterprises & small Enterprises	-	-
-Dues to client	380,663,038	118,054,638
-Dues to other creditors	30,998,593	46,073,000
PMS	3,889,198	-
Deposits	56,300,000	86,300,000
	471,850,829	250,427,638
SCHEDULE 9		
PROVISIONS		
Other Provisions	885,236	377,527
	885,236	377,527

**Schedules forming part of Profit and Loss Account for the year ended
31st March, 2008**

	Year ended March 31, 2008 Rs.	Year ended March 31, 2007 Rs.
SCHEDULE 10		
INCOME FROM OPERATIONS		
Brokerage	206,066,339	50,221,708
Account opening charges	1,682,747	8,210,611
Advisory services fees	-	1,500,000
ODIN charges	195,000	2,760,000
Profit on sale of current Investments	724,744	883,080
Commission	3,543	70,910
Service charges	-	410,000
	<u>208,672,373</u>	<u>64,056,309</u>
SCHEDULE 11		
OTHER INCOME		
Dividend from Mututal Funds & others	155,619	15,568
Interest on Fixed Deposits (TDS: CY. Rs 12,14,225/- PY - 133,328/-)	5,926,343	897,899
Interest on Deposits with others(TDS : CY. Rs 13,064/- PY - 82,536/-)	58,219	367,808
Misc Income	329,909	91,098
	<u>6,470,090</u>	<u>1,372,373</u>

**Schedules forming part of Profit and Loss Account for the year ended
31st March, 2008**

	Year ended March 31, 2008 Rs.	Year ended March 31, 2007 Rs.
SCHEDULE 12		
EMPLOYEE COST		
Salaries, allowance & bonus	25,006,140	11,589,774
Contribution to Provident fund and other funds	1,776,246	352,927
Staff Welfare expenses	1,269,881	481,377
Directors Sitting fees	243,000	196,500
	<u>28,295,267</u>	<u>12,620,578</u>
SCHEDULE 13		
OTHER OPERATING EXPENSES		
Advertisement	514,948	391,617
Depository charges	4,250,995	1,072,208
Electricity	1,514,917	243,732
Franking charges	2,300,464	10,143,400
Insurance	187,274	134,869
Legal & Professional fees	9,976,175	2,938,826
Miscellaneous expenses	1,022,273	509,760
Office expenses	1,280,893	1,480,329
Outsourcing expenses	795,850	247,795
Postage & Courier	283,227	332,918
Printing & Stationery	1,241,979	1,028,957
Rent	10,890,988	9,370,908
Repairs & Maintenance	2,138,389	275,614
Telephone & Communication	4,971,945	1,232,354
Travelling & Conveyance	2,970,034	1,367,518
Advances / bad debts written off	3,102,546	-
Loss on sale of Assets	47,160	9,101
Provision for doubtful deposits	375,000	-
Provision for differences in Bank Reconciliation	9,000,000	-
Provision for diminution in value of Investments	(161,427)	198,469
Provision for doubtful debts	(805,490)	4,112,240
	<u>55,898,140</u>	<u>35,090,615</u>
SCHEDULE 14		
INTEREST & FINANCIAL CHARGES		
Interest	9,996	2,595,337
Bank & financial charges	653,604	266,450
	<u>663,600</u>	<u>2,861,787</u>

SCHEDULE 15

SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Convention:

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in accordance with the generally accepted accounting principles in India and the Accounting standards issued by the Institute of Chartered Accountants of India.

b) Use of Estimates:

The presentation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

c) Revenue Recognition:

Brokerage income is recognised on accrual basis.

Interest Income is recognized on accrual basis.

d) Fixed Assets:

Fixed assets are stated at cost of acquisition less accumulated depreciation, Cost includes expenses related to acquisition and installation of the concerned asset.

e) Depreciation

Depreciation is provided on the straight-line method at rates specified schedule XIV of the companies Act, 1956 except leasehold improvements, computer hardware and software. The leasehold improvements are amortized over the period of lease and computer hardware is written off over the period of three years. Depreciation on assets acquired / disposed during the year is provided on pro rata basis from / upto the date of acquisition/ disposal. Computer software, an intangible asset, is amortized over its estimated useful life namely, of three years.

f) Asset Impairment

The Company reviews the carrying value of the tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized when carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value based on appropriate discount rate.

g) Investments:

Investments are classified in to current and long- term investments. Current investments are stated at lower of cost or market value. Long terms investments are stated at cost. Provisions, if any, in the value of each long term investment is made to recognized a decline, other than temporary nature.

h) Taxation:

Provision for current income tax is made on the basis of the assessable income under the Income Tax Act, 1961.

Deferred income tax on account of timing difference between taxable income and accounting income for the year is accounted for by applying the tax rates and laws enacted or substantially enacted on the balance sheet date. Deferred tax assets subject to the consideration of prudence are recognised and carried forward only to the extent these are reasonably certain that sufficient taxable profits will be available in future against which the deferred tax assets can be realised.

i) Provision & Contingent Liabilities

Provisions are recognised in the accounts in respect of present probable obligations, the amount of

which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligation that arise from past events but their existence is confirmed on the occurrence of one or more uncertain future events not within the control of the company

j) Securities on Deposit

Securities on deposit and in the process of transfer to / from client / exchange are not recorded in the accompanying financial statements.

k) Employee Benefits:

1. Defined Contribution Plan:

Employee Benefits in the form of Provident Fund, Family Pension Fund and Superannuation Fund are considered as defined contribution plans and the contributions are charged to profit and loss account of the year when the respective contributions are due.

2. Defined Benefit Plan:

Retirement benefit in the form of gratuity is considered as defined benefit obligation and is provided for on the basis of an actuarial valuation using the projected unit credit method, as at the date of the balance sheet.

3. Other long term benefits:

Long term compensated absences are provided for on the basis of an actuarial valuation using the projected credit unit method as at the date of the balance sheet. Actuarial gains/losses, if any, are immediately recognised in the profit & loss account.

SCHEDULE 16**NOTES TO ACCOUNTS****1. Background**

SHCIL Services Limited (formerly National Depository Corporation of India Ltd.) was incorporated in the year 1995, and is engaged in the business of broking and advisory service. The Company has 8 branches / offices across the country.

2. Contingent Liabilities

- a) Counter guarantees given to the schedule banks – Rs. NIL (Previous Year Rs. 10,00,00,000)
 b) Claims against the Company – Rs Nil (Previous Year Rs. 11,917,955)

3. Estimated amount of contracts remaining to be executed on capital account Rs. 2,080,000 (Previous Year Rs. 17,00,000)**4. Fixed Deposits**

Fixed Deposit amounting to Rs.4,00,00,000/- with Corporation Bank has been pledged with the Corporation Bank Ltd. towards Margin money against Bank Guarantees issued by the said Bank in favour of Bombay Stock Exchange Ltd.

5. Amount receivable / payable from / to clients / exchanges on account of broking transactions are accounted in the books on the date of settlement instead of on the date of transaction.**6. The bank accounts, client accounts and sub-broker accounts balances are subject to reconciliation, adjustments and confirmation.****7. Deferred Tax**

The break-up of net deferred tax asset is as under:

Particulars	Current Year 2007-08 (Rs.)	Previous Year 2006-07 (Rs.)
Deferred Tax Assets		
Provision for difference in bank reconciliation	3,029,400	
Provision for doubtful debts / advances	1,239,277	1,270,682
Diminution in value of investments	12,468	61,327
Provision for leave encashment	208,087	-
Business loss of P.Y. carried forward	942,012	-
Unabsorbed depreciation of P.Y. carried forward	5,048,720	-
	10,479,964	1,332,009
Deferred Tax Liabilities		
Difference in Net Block	4,982,652	844,818
Preliminary expenses	-	22,296
	4,982,652	867,114
Net Deferred Tax Assets	5,497,312	365,895

8. Expenditure in Foreign Currency

Particulars	Current Year as on 31.03.08	Previous Year as on 31.03.07
Directors Travelling Expenditure	-	381,261
Managers Travelling	-	-
Directors Sitting Fees	5,000	40,000
Investment in shares of unitec value singapore pte		2,888,104
Total	5,000	3,400,273

9. Earning Per Share

Particulars	Current Year as on 31.03.08	Previous Year as on 31.03.07
Number of Shares at the beginning of the year	1,000,000	1,000,000
No. of Shares at the end of the Year	3,500,000	1,000,000
Weighted average of Shares outstanding during the year	2,086,066	1,000,000
Net Profit / (Loss) for the year	14,458,326	(15,489,475)
Less : Preference dividend on Non-cumulative shares provided for.	-	-
Net Profit / (Loss) Available for equity shareholders	14,458,326	(15,489,475)
Basic & Diluted earnings per shares	6.93	(15.49)

10. The Company is in the process of compiling the information regarding the status of the suppliers as defined under the "Micro, small and Medium Enterprises Development Act 2006". Based on the information available with the Company, the amount overdue as on March 31, 2008 on account of principal amount together with interest aggregate to Rs. Nil.

11. Auditors Remuneration

Particular	Current Year as on 31.03.08	Previous Year as on 31.03.07
Audit Fees	100,000	100,000
Tax Audit Fees	50,000	-
Other Services	75,000	-
Total	225,000	100,000

12. Disclosure pursuant to Accounting Standard -15 (Revised) 'Employee Benefits'

- a) Effective April 1, 2007, the company adopted accounting standard 15(revised 2005) on "Employee Benefits" issued by ICAI.
- b) The Company has recognized the following amounts in the profit and loss Account for the year.

A) Defined contribution Plan**As at March 31, 2008**

Contribution to Employees' Provident Fund	934,024
Contribution to Employees' Superannuation Fund	127,422
Contribution to Employees' Pension Scheme	532,668

B) Defined Benefit Plans & other Long Term Employee Benefit

Valuations in respect of Gratuity has been carried out by an independent actuary as at the Balance sheet date based on the following assumption :

Actuarial Assumption	As at March 31, 2008
a) Discount Rate	8.00%
b) Rate of Return on plan Assets	8.00%
c) Salary Escalation	5.00%
i) Change in Benefit Obligation	
Liability at the beginning of the year	113,017
Interest Cost	29,425
Current Service Cost	254,793
Actuarial (gain)/loss on obligations	<u>(162,027)</u>
Liability at the end of the year	235,209
ii) Fair value of Plan Assets	
Fair Value of Plan Assets at the beginning of the year	79,549
Expected Return on Plan Assets	24,990
Contributions	232,824
Actuarial gain/(loss) on Plan Assets	<u>(24,990)</u>
Fair Value of Plan Assets at the end of the year	312,373
Total Actuarial Gain/(Loss) To Be Recognised	137,037
iii) Actual Return on Plan Assets	
Expected Return on Plan Assets	24,990
Actuarial gain/(loss) on Plan Assets	<u>(24,990)</u>
Actual Return on Plan Assets	-
iv) Amount Recognised in the Balance Sheet	
Liability at the end of the year	235,209
Fair Value of Plan Assets at the end of the year	312,373
Difference	77,164
Unrecognised Past Service Cost	-
Un recognised Transition Liability	-
Amount Recognised in the Balance Sheet	<u>77,164</u>
v) Expenses Recognised in the Income Statement	
Current Service Cost	254,793
Interest Cost	29,425
Expected Return on Plan Assets	(24,990)
Actuarial Gain or Loss	<u>(137,037)</u>
Expense Recognised in P& L	122,192

- vi)** Basis used to determine expected rate of return on assets:
Expected rate of return on investments is determined based on the assessment made by the company at the beginning of the year on the return expected on its existing portfolio since these are generally held to maturity, along with the estimated incremental investments to be made during the year.
- vii)** General descriptions of significant defined plans
Gratuity is payable to all eligible employees of the company on superannuation, death and resignation in terms of provisions of the payment of Gratuity Act or as per the Company's scheme whichever is more beneficial. Benefit would be paid at the time of separation based on the last drawn base salary.

13. Related Parties

List of Related Parties

Holding Company

Stock Holding Corporation of India Ltd from 25.10.2007

Associates

Stock Holding Corporation of India Ltd till 24.10.2007
 SHCIL Projects Ltd. till 08.07.2007.
 G.K. Management Services Limited till 29.08.2007

Subsidiaries

Unitec Value Solutions Pvt Ltd (Singapore) till 06.07.2007
 SHCIL Commodities and Derivatives Trading Ltd. till 08.07.2007

Key Management Personal

S Ramanathan - Chief Executive Officer & Director till 07.09.2007
 Dinesh Shah - Whole Time Director from 08.09.2007

Transactions with related party during the year

Nature of transaction	Holding Company	Subsidiary Company	Fellow Subsidiary	Associate/Firm	Key Managerial Personnel	Total
Service charges received.	3,315,584					3,315,584
				1,158,626	1679	1,160,305
Service charges paid.	104,339,774					104,339,774
				21,388,020		21,388,020
Interest Income				58,219		58,219
				367,808		367,808
Interest Expense						
				2,575,890		2,575,890
Reimbursement of Expenses (Net)	11,337,139		30,000	815,850		12,182,989
				8,385,778		8,385,778
Managerial Remuneration	504,747				544,738	1,049,485
					985,838	985,838
Purchase of Fixed Assets	781,000					781,000
				1,367,131		1,367,131
Sale of Fixed Assets	5,512,500					5,512,500
Placement of Deposits	290,000,000					290,000,000
				87,500,000		87,500,000
Repayment of Deposits	260,000,000			7,500,000		267,500,000
Sale of Investments	8,388,104					8,388,104
Subscription to Share Capital	25,000,000					25,000,000
				7,900,000		7,900,000
Outstanding balances						
Trade and other receivables/(payable)	871,994		38,532	862		911,388
				(21,388,020)		(21,388,020)
Deposits payable	56,300,000					56,300,000
				7,500,000		7,500,000

14. Leases:

The Companies significant leasing agreements are in respect of operating lease for office premises and residential premises. These leasing agreements are cancelable and renewable by mutual consent on mutually acceptable terms. The aggregate lease rental payable by the Company are charged to Profit and Loss account as rent amounting to Rs.29, 179,158 /- (Previous Year Rs. 93,70,908/-). The future minimum lease payments under non cancelable operating leases due within a period of one year are estimated at Rs. 29,180,000(previous year Rs. 97,11,000/-)

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15. Managerial Remuneration

Managerial Remuneration paid /payable to Directors for the year is as follows:

Particulars	Current Year as on 31.03.08	Previous Year as on 31.03.07
Salaries and Allowances	975,296	853,200
Contribution to Provident Fund	55,483	53,240
Gratuity	-	30,577
Estimated money value of perquisites	18,706	48,821
Total	1,049,485	985,838

Remuneration paid to the Mr. Dinesh Shah (Whole Time Director) for the period September 7,2007 to March 31, 2008 amounting to Rs.5.09 lac, included above, is subject to the approval of the members at the ensuing General Body Meeting.

16. Segment Reporting

The Company's main business is to provide broking services to its clients. As such, there are no separate reportable segments, as per the Accounting Standard on 'Segment Reporting (AS 17) issued by the Institute of Chartered Accountants of India.

17. Additional information required under Schedule VI, Part II of the Companies Act, 1956 to the extent not applicable has not been given.
18. Figures for the corresponding previous year have been regrouped, recast and rearranged to conform to those of current year.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI PART (IV) OF THE COMPANIES ACT, 1956

I REGISTRATION DETAILS	
REGISTRATION NUMBER	85602
STATE CODE	11
BALANCE SHEET DATE	31/03/2008
II CAPITAL RAISED DURING THE YEAR (AMT. IN RS. LACS)	
PUBLIC ISSUE	NIL
RIGHT ISSUE	NIL
BONUS ISSUE	NIL
PRIVATE PLACEMENT	NIL
III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN LAKHS)	
TOTAL LIABILITIES	538
TOTAL ASSETS	538
<u>SOURCES OF FUNDS</u>	
PAID UP CAPITAL	539
RESERVES AND SURPLUS	NIL
SECURED LOANS	NIL
UNSECURED LOANS	NIL
<u>APPLICATION OF FUNDS</u>	
NET FIXED ASSETS	413
INVESTMENTS	17
NET CURRENT ASSET	30
DEFERRED TAX ASSET	55
MISC. EXPENDITURE (Capital Work in Progress)	NIL
ACCUMULATED LOSSES	- 151
IV PERFORMANCE OF THE COMPANY (AMOUNT IN LAKHS)	
TURNOVER	2,151
TOTAL EXPENDITURE	2,044
PROFIT BEFORE TAX	108
PROFIT AFTER TAX	145
EARNING PER SHARE IN RS.	7
DIVIDEND RATE %	NIL
V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICES OF THE COMPANY	Stock Broking
(AS PER MONETARY TERMS)	

BOARD OF DIRECTORS

G. S. P. Sinha

L. Viswanathan

R. H. Mewawala

J. S. Narang

Manoj Borkar

Statutory Auditors

M/s Sridhar & Santhanam, Mumbai

Whole time Practicing Company Secretary

M/s D. A. Kamat & Co, Mumbai

Performance Highlights

	For the Period ended March 31, 2008 (Amt in Rs)
Earnings:	
Income From Operations	1,413,760
Dividend Income	321,215
Expenses:	
Operating Expenses	2,944,246
Preliminary Expenses w/o	-
Depreciation	54,408
Loss before Taxation	(1,263,679)
Provision for Deferred Tax	1,081
Provision for FBT	5,300
Loss After Taxation	(1,270,060)
Assets Employed:	
Net Fixed Assets	81,613
Investments	5,326,423
Current Assets, Loans & Advances	566,712
Profit & Loss Account	(1,922,402)
Current Liabilities & Provisions	382,369
Total Assets	75,14,781
Financed by:	
Share Capital	75,00,000
Deferred Tax Liabilities	14,781
Total Funds	75,14,781

DIRECTORS' REPORT

The Directors are pleased to present the Second Annual Report of the Company along with the audited Statement of Accounts for the period ended March 31, 2008.

FINANCIAL RESULTS

(Rs Lakh)

Particulars	March 31, 2008	March 31, 2007
Income from Operations	14.13	32.78
Other Income	03.21	02.05
Expenditure	29.98	41.08
Loss before Tax	(12.64)	(06.25)
Provision for FBT & Deferred Tax	00.06	00.27
Loss after Tax	(12.70)	(06.52)

OPERATIONS

The Company is currently operating from SHCIL's office at Mittal Court, Nariman Point, Mumbai. The main business is document digitization; the company over a period of 19 months has digitized approx 2 million pages belonging to some of the well known companies of the country in Financial Services, FMCG, Shipping etc.

SPL intends to provide complete spectrum of document management solution using Enterprise Content Management (ECM) Software with implementation support services like scanning, tagging, uploading, repurposing, de-duplication and physical document storage/record keeping.

DIVIDEND

In view of operational loss of Rs 12.70 Lakhs the Directors do not recommend any dividend for the period ended March 31, 2008.

BOARD OF DIRECTORS

Shri G.S.P. Sinha, Shri L. Viswanathan, Shri R.H.Mewawala, Shri Manoj Borkar and Shri J.S.Narang were the Directors of the Company.

Shri R. H. Mewawala and Shri G. S. P. Sinha, Directors will retire at the ensuing Annual General Meeting and are eligible for re-appointment.

STATUTORY AUDITORS

The present Statutory Auditors of the Company M/s Sridhar & Santhanam, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment.

COMPLIANCE CERTIFICATE

The Company has appointed M/s D. A. Kamat & Co. whole time practicing Company Secretary to issue compliance certificate for the financial year 2007-08. Pursuant thereto, SPL is in receipt of compliance certificate dated May 26, 2008.

TRANSFER TO RESERVES

As the Company has incurred a loss there is no need to transfer any amount to general reserve.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from public. Hence no information is required to be appended to this report.

BUY BACK OF SHARES

During the financial year 2007-08, the Company has not announced any scheme of buy back of its shares from its shareholders. Accordingly the requirement as to disclosure of reasons for failure to complete the buy back within the time specified under Section 77A of the Companies Act, 1956 does not arise.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

Since none of the employees of the Company earned income in excess of the amount specified under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the relevant provisions are not applicable.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) - RULES 1988

a) As the Company does not carry out manufacturing activities, particulars required to be disclosed with respect to conservation of energy and technology absorption in terms of Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

b) Foreign Exchange earning and outgoing during the year under review:

Foreign Exchange earnings-	NIL
Foreign Exchange outgo-	NIL

DIRECTOR'S RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, Directors state that,

- In the preparation of annual accounts the applicable accounting standards have been followed;
- Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2008 and of the Company for the period ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for the preventing and detecting frauds and other irregularities;

- The annual accounts of the Company have been prepared on going concern basis.

ACKNOWLEDGEMENTS

The Board places on record its appreciation of the valuable cooperation and goodwill of the customers & banks. The Board also expresses its sincere thanks to the Central and State Governments and the shareholders for their cooperation and support in various spheres of the Companies activities. The Board of Directors also wishes to place on record its appreciation of the dedication and hard work of the staff and officers of the Company.

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

Place : Mumbai
Date : June 06, 2008

G. S. P. Sinha
Chairman of the Meeting

AUDITORS' REPORT

TO THE MEMBERS OF SHCIL PROJECTS LTD.

1. We have audited the attached balance sheet of **SHCIL Projects Ltd.** as at 31st March 2008, the profit and loss account for the period ended on that date annexed thereto. 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.
 2. We conducted our audit in accordance with the 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.
 3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 4. 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 those books.
- (iii) The balance sheet, profit and loss account dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the balance sheet, profit and loss account and Notes to accounts 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 31st March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a 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 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, 2008;
 - (b) In case of the profit and loss account, of the loss for the period ended on that date;

For Sridhar & Santhanam
Chartered Accountants

S. Prasana Kumar
Partner

Place : Mumbai
Date : April 10, 2008

Membership No. 212354

Annexure to the Auditors' Report

Re : SHCIL Projects Ltd.

Referred to in paragraph 3 of our report of even date,

In terms of the information and explanations given to us and the books and records examined by us in the course of audit and to the best of our knowledge and belief, we state that:

1. a) The Company is maintaining proper records for all major assets showing full particulars including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the management at the year end; no material discrepancies were noticed on such verification.
- c) The Company has not sold or disposed off any assets during the year.
2. The Company has not granted or taken any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act 1956.
3. There is adequate internal control procedure commensurate with the size of the company and the nature of its business for fixed assets; and for sale of goods and services. During the course of our audit, we have not observed any continuing failures to correct major weaknesses in internal controls.
4. a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, investor education protection fund, Employees' State Insurance, Income tax, Sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty were in arrears, as on 31.03.2008 for a period of more than six months from the date they become payable.
- c) There are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess, which have not been deposited on account of any dispute.
5. On an overall examination of the Balance sheet of the Company funds raised on short term have not been used for long-term uses.
6. No fraud on or by the Company has been noticed or reported during the year
7. Clauses (ii), (v), (vi), (vii), (viii), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company during the year under review.

For Sridhar & Santhanam.
Chartered Accountants

Place : Mumbai
Date : April 10, 2008

S. Prasana Kumar
Partner
Membership No. 212354

**FORM
(S E E R U L E 3)
Compliance Certificate**

Registration No. 11- 163728

Nominal Capital Rs. 10, 00, 00,000/-

To,
The Members of
SHCIL PROJECTS LIMITED

I have examined the registers, records, books and papers of SHCIL PROJECTS LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2008. In my opinion and to the best of my information and according to the examinations carried by me and explanations furnished to me/us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies or other authorities under the Act and the rules made hereunder.
3. The Company is a Public Limited Company with an Authorised Share Capital of Rs. 100,000,000.
4. The Board of Directors duly met 4 (Four) times respectively on 25/06/2007, 12/09/2007, 13/12/2007, 10/03/2007 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company has not closed its Register of members during the financial year.
6. This being the first year of Company, there was no previous Annual General Meeting held, and the first Annual General Meeting of the Company is required to be held before the end of eighteen months from the date of incorporation of the Company.
7. No Extra ordinary meeting was held during the financial year.
8. The company has NOT advanced any loan to its Directors and/or persons or firms or companies

referred to in Section 295 of the Act after complying with the provisions of the Act.

9. The company has duly complied with the provisions of sec 297 of the act in respect of contracts specified in that Section wherever it is required.
10. The company has made the necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, regarding appointment of directors of the Company has not obtained any approvals from the Board of Directors, Members, or Central Government.
12. The Company has not issued any duplicate Share Certificates during the financial year.
13. The Company:
 - i. Has delivered all the certificates of securities on allotment thereof for transfer/ transmission or any other purpose in accordance with the provisions of the Act.
 - ii. Was not required to deposit any amount in a separate bank account as no dividend was declared during the financial year under scrutiny.
 - iii. Was not required to post warrants for dividends to any members of the Company as no dividend was declared during the financial year under scrutiny.
 - iv. Was not required to transfer any amount in the unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to investor Education and Protection Fund.
 - v. Had duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the appointment of Directors, Additional Directors, Alternate Directors and Directors to fill casual vacancies, have been duly made.

15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Companies Act, 1956.
18. The directors have disclosed their interest in other firms/companies to the Board or Directors pursuant to the provisions of the Act and the rules made hereunder.
19. The company has not issued any shares, debentures or any security during the financial year.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, Rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The Company has not made any borrowings during the financial year and hence do not attract provisions of Section 293(1)(d) of the Companies Act, 1956.
25. The company has not issued any loans and investments, or given guarantees or provided securities to other bodies corporate during the year outside the purview of the provisions of Section 372A of the Companies Act.
26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its Articles of Association during the financial year under scrutiny.
31. There were no prosecutions initiated against or show cause notices received by the Company during the financial year under scrutiny.
32. The company has not received any money as security from its employees during the financial year under scrutiny.
33. The company has not constituted a separate provident fund trust for its employees or class of its employees as contemplated under section 418 of the Act.

Signature
Name of Company Secretary

Place: Mumbai
Date : May 26, 2008

D. A. Kamat
C. P. No. : 4965

BALANCE SHEET AS AT MARCH 31, 2008

(Amt in Rs.)

	Schedules	As at March 31, 2008	As at March 31, 2007
SOURCES OF FUNDS :			
Shareholders' Funds			
Share Capital	1	7,500,000	7,500,000
Deferred Tax Liability		14,781	13,700
		<u>7,514,781</u>	<u>7,513,700</u>
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	2	136,170	136,170
Less: Depreciation		54,557	149
Net Block		81,613	136,021
Investments	3	5,326,423	6,705,208
Current Assets, Loans and Advances			
Sundry Debtors	4	-	157,733
Cash and Bank Balances	5	3,698	96,820
Loans and Advances	6	563,014	2,201,548
		<u>566,712</u>	<u>2,456,101</u>
Less: Current Liabilities and Provisions			
Current Liabilities	7	382,369	2,435,972
Provisions		-	-
		<u>382,369</u>	<u>2,435,972</u>
Net Current Assets		184,344	20,129
Profit & Loss Account		1,922,402	652,342
		<u>7,514,781</u>	<u>7,513,700</u>
SIGNIFICANT ACCOUNTING POLICIES	10		
NOTES TO ACCOUNTS	11		

The Schedules referred to above form
an integral part of the Balance Sheet

As per our report of even date

For and on behalf of

SRIDHAR & SANTHANAM
CHARTERED ACCOUNTANTS

S. Prasana Kumar

(M.No-212354)

Partner

Place : Mumbai

Date : April 10, 2008

Signatures to Balance Sheet
and Schedules 1 to 7,10 & 11

G. S. P. Sinha
L. Viswanathan
R. H. Mewawala
J. S. Narang

Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	Schedules	Year ended March 31, 2008	(Amt in Rs.) Year ended March 31, 2007
INCOME :			
Income from Operations	8	1,413,760	3,278,015
Dividend Income From Investments		321,215	205,208
		<u>1,734,975</u>	<u>3,483,223</u>
EXPENDITURE:			
Operating Expenses	9	2,944,246	3,233,418
Preliminary Expenses Written Off		-	875,298
Depreciation	2	54,408	149
		<u>2,998,654</u>	<u>4,108,865</u>
LOSS BEFORE TAXATION		(1,263,679)	(625,642)
Provision for Taxation			
- Current Tax		-	-
- Deferred Tax		1,081	13,700
- Fringe Benefit Tax		5,300	13,000
LOSS AFTER TAXATION		(1,270,060)	(652,342)
Balance brought forward		(652,342)	-
Amount available for appropriation		(1,922,402)	(652,342)
APPROPRIATIONS:			
Proposed Dividend		-	-
Tax on distributed profits		-	-
Transfer to General Reserve		-	-
Balance carried forward		(1,922,402)	(652,342)
SIGNIFICANT ACCOUNTING POLICIES	10		
NOTES TO ACCOUNTS	11		

The Schedules referred to above form
an integral part of the Profit & Loss account

As per our report of even date

For and on behalf of

SRIDHAR & SANTHANAM
CHARTERED ACCOUNTANTS

S. Prasana Kumar
(M.No-212354)
Partner

Place : Mumbai
Date : April 10, 2008

Signatures to Profit & Loss account
and Schedules 2 & 8 to 11

G. S. P. Sinha
L. Viswanathan
R. H. Mewawala
J. S. Narang

Directors

SCHEDULES FORMING PART OF ACCOUNTS

	As at March 31, 2008	(Amt in Rs.) As at March 31, 2007
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
50,00,000 Preference shares of Rs. 10/ each	50,000,000	50,000,000
50,00,000 Equity shares of Rs 10/- each	50,000,000	50,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
Issued, Subscribed and Paid-up		
7,50,000 Equity shares of Rs.10/- each fully paid up, with Stock Holding Corporation of India Ltd (previous year 33.33%)	7,500,000	7,500,000
	<u>7,500,000</u>	<u>7,500,000</u>

SCHEDULE 2
FIXED ASSETS :

Particulars	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As at 1.04.2007	Additions	Deductions	As at 31.03.2008	Up to 31.3.2007	For the period 2007-08	On deductions	Up to 31.03.2008	As at 31.03.2008	As at 31.03.2007
Computers	136,170	-	-	136,170	149	54,408	-	54,557	81,613	136,021
As at 31.03.2008	136,170	-	-	136,170	149	54,408	-	54,557	81,613	136,021

	Face Value	As at March 31, 2008	(Amt in Rs.) As at March 31, 2007
SCHEDULE 3			
INVESTMENTS			
Trade-Unquoted			
Current Investments			
Mutual Funds			
Unquoted			
5,325.305 Standard Chartered Liquidity Manager - Plus - Daily Dividend	1,000.21	5,326,423	6,705,208
(1520.181 units purchased during the year including 320.433 units being dividend reinvested. 2899.414 units redeemed during the year)		<u>5,326,423</u>	<u>6,705,208</u>

SCHEDULES FORMING PART OF ACCOUNTS

	(Amt in Rs.)	
	As at March 31, 2008	As at March 31, 2007
SCHEDULE 4		
SUNDRY DEBTORS		
(Unsecured & Considered Good)		
Outstanding for a period less than six months	-	157,733
	<u>-</u>	<u>157,733</u>
SCHEDULE 5		
CASH AND BANK BALANCES		
Cash and stamps in hand	2,290	-
Balances with scheduled banks - In current accounts	1,408	96,820
	<u>3,698</u>	<u>96,820</u>
SCHEDULE 6		
LOANS AND ADVANCES		
(Unsecured and considered good, unless stated otherwise)		
Advances recoverable in cash or in kind	82,077	875,041
Advance Payment of Tax ,Tax Deducted at Source (net of Provision for Fringe Benefit Tax Rs.18300/-)	480,437	326,007
Security and other deposits	500	1,000,500
	<u>563,014</u>	<u>2,201,548</u>
SCHEDULE 7		
CURRENT LIABILITIES		
Sundry creditors		
Due to SHCIL	287,702	2,217,871
Due to Others	94,667	218,101
	<u>382,369</u>	<u>2,435,972</u>

SCHEDULES FORMING PART OF ACCOUNTS

	Year ended March 31, 2008	(Amt in Rs.) Year ended March 31, 2007
SCHEDULE 8		
INCOME FROM OPERATIONS		
Income from Digitalisation Services and related Software Sales	1,413,760	3,174,212
Income from Consulting & Marketing Services	-	103,803
	<u>1,413,760</u>	<u>3,278,015</u>
SCHEDULE 9		
OPERATING EXPENSES		
Software Expenses	44,000	750,125
Salaries & Staff welfare	1,187,244	489,450
Service Charges	681,756	750,897
Legal & Professional Charges	30,825	48,500
Accountancy Charges	32,500	30,000
Director's Sitting Fees	145,000	115,000
Traveling & Conveyance Others	122,094	280,749
Consulting Fees	127,053	455,516
Advertisement	6,000	10,000
Rent, Rates & Taxes	41,737	23,642
Telephone & Telecommunication	43,797	12,273
Postage, Printing & Stationery	10,157	21,832
Repairs & Maintenance	15,486	41
Audit Fee	35,000	25,000
Interest and Bank Charges	3,098	3,978
Advances Written Off	-	214,186
Commission paid	159,639	-
Deposit Written Off	250,000	-
Other Expenses	8,860	2,229
	<u>2,944,246</u>	<u>3,233,418</u>

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 10

SIGNIFICANT ACCOUNTING POLICIES

A) System of Accounting

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in accordance with the generally accepted accounting principles in India.

B) Fixed Assets

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes expenses related to acquisition and installation of the concerned asset.

C) Investments

Current investments are stated at cost of acquisition or market value whichever is lower.

D) Revenue recognition

Service revenue are recognized for completed work as per agreement with customers.

Dividend income from investment is recognized as and when right to receive the income is established.

E) Depreciation

Depreciation is provided on the written down value method at the rates specified in Schedule XIV to the Companies Act, 1956.

F) Taxation

Provisions for current income tax is made on the basis of the assessable income under the Income Tax Act, 1961. Deferred income tax on account of timing difference between taxable income & accounting income for the year is accounted for by applying tax rates & laws enacted or substantially enacted on the balance sheet date. Deferred Tax asset is recognized only when there is a virtual certainty of future available taxable profit for set off if the company has a carried forward loss as per Income Tax Act.

G) Provision and Contingent Liabilities

Provisions are recognized when there is a present obligation as a result of past events where it is probable that there will be outflow of resource to settle the obligation and when a reliable estimate of the amount of the obligation can be made. When any such present obligation cannot be measured or where a realistic estimate of the obligation cannot be made Contingent liabilities are recognized. Contingent liabilities are also recognized when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more certain future events not wholly within the control of the company.

SCHEDULE 11

NOTES TO ACCOUNTS

1 Background

SHCIL Projects Ltd.(SPL), promoted by Stock Holding Corporation of India Ltd as a limited company was incorporated on August 10, 2006. The company commenced its operation from 21st September 2006 with an objective to provide project facilitation, data conversion and digitalization. SHCIL has acquired 500,000 shares from other shareholders and by virtue of which SHCIL becomes the 100% holding company of SHCIL Projects Ltd.

SCHEDULES FORMING PART OF ACCOUNTS

2 Deferred Tax

The deferred tax liability is on account of timing difference in accounting treatment, as under

(Amt in Rs.)

	As at March 31, 2008	As at March 31, 2007
Deferred Tax Liabilities		
Depreciation	14,781	13,700
Deferred Tax Liability	14,781	13,700

- 3 The Company is a signatory to the Memorandum and Articles of Association of SHCIL Hannobe Technologies Private Limited (SHTPL) including therein a subscription of 40,000 shares of Rs.10/- each on 2nd January 2007. SHTPL was incorporated on 22nd February 2007. However as per Board Resolution passed on 25th June 2007, the Company decided not to subscribe these shares and hence no payments were made towards the same. Further in the Board meeting held on December 13, 2007, it was decided to complete the legal formalities of subscribing these shares and disposing of the same immediately thereof. Consequently, this has not been shown under Investments.

4 Payment to Auditors

(Amt in Rs.)

	Year ended March 31, 2008	Year ended March 31, 2007
Audit Fees (Excluding Service Tax)	35,000	25,000
Reimbursement of out of pocket expenses (included under traveling & Conveyance Others)	-	12,012
	35,000	37,012

- 5 Based on the transactions during the accounting period, the Company qualifies as a Small and Medium Sized Enterprise ("SME") and has availed the exemption / relaxation permitted for SMEs from the disclosure requirements under the accounting standards applicable in India.
- 6 Figures for the previous period have been regrouped wherever necessary, so as to make them comparable with those of the current year.

As per our report of even date

SRIDHAR & SANTHANAM
CHARTERED ACCOUNTANTS

S. Prasana Kumar
(M.No-212354)
Partner

Place : Mumbai
Date : April 10, 2008

For and on behalf of

G. S. P. Sinha
L. Viswanathan
R. H. Mewawala
J. S. Narang

Directors

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI PART (IV) OF THE COMPANIES ACT, 1956

I Registration Details	
Corporate Identity Number:	U7414MH2006PLC163728-2006-2007
State Code	11
Balance Sheet Date	31.03.2008
II Capital Raised during the year (Amt in Rs. Thousands)	
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	7,500
III Position of mobilization and deployment of Funds (Amt in Thousands)	
Total Liabilities	7,515
Total Assets	7,515
Sources of Funds	
Paid Up Capital	7,500
Reserves & Surplus	-
Secured & Unsecured Loans	-
Deferred Tax Liability	-
Application of Funds	
Net Fixed Assets	82
Investments	5,326
Net Current Assets	184
Profit and Loss Account	1,923
IV Performance of the Company (Amt in Rs. Thousands)	
Turnover	1,735
Total Expenditure	2,999
Loss Before Tax	1,264
Loss After Tax before extraordinary items	1,270
Loss After Tax and extraordinary items	1,270
Dividend Rate %	NIL
V Generic Names of Three Principal Products/ System and Services of the Company	Document Management Service, Project facilitation Service

BOARD OF DIRECTORS

Manoj Borkar

Umesh Punde

R. Anand

Statutory Auditors

M/s Kalyaniwalla & Mistry, Mumbai

Whole time Practicing Company Secretary

M/s D. A. Kamat & Co, Mumbai

DIRECTORS' REPORT

The Directors are pleased to present the 13th Annual Report of your Company along with the audited Statement of Accounts for the year ended March 31,2008.

The Company has not commenced operations or any activities.

DIVIDEND

The Directors do not recommend any dividend for the year ended March 31, 2008.

BOARD OF DIRECTORS

Shri Umesh Punde will retire at the ensuing Annual General Meeting and is eligible for reappointment.

STATUTORY AUDITORS

The present Statutory Auditors of the Company Kalyaniwalla & Mistry, retire at the ensuing Annual General Meeting and are eligible for reappointment.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from public. Hence, no information is required to be appended to this report.

BUY BACK OF SHARES

During the financial year 2007-08, the Company has not announced any scheme of buy back of its shares from its shareholders. Accordingly, the requirement as to disclosure of reasons for failure to complete the buy back within the time specified under Section 77A of the Companies Act,1956 does not arise.

TRANSFER OF SHARES

During the financial year, the Board of Directors approved the transfer of 1 equity share in favour of Umesh Punde, Nominee Director of SHCIL.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

Since none of the employees of the Company earned income in excess of the amount specified under the provisions of Section 217(2A) of the Companies Act,1956 read with the Companies(Particulars of Employees) Rules,1975, the relevant provisions are not applicable.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) - RULES 1988

a) As the Company does not carry out manufacturing activities, particulars required to be disclosed with respect to conservation of energy and technology absorption in terms of

Section 217(1) (e) of the Companies Act,1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules,1988 are not applicable.

b) Foreign Exchange earning and outgoing during the year under review:

Foreign Exchange earnings-	NIL
Foreign Exchange outgo-	NIL

DIRECTOR'S RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act,1956, Directors state that

- In the preparation of accounts, the applicable accounting standards have been followed.
- Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31,2007 and of the profit of the Company for the year ended on that date.
- Proper and sufficient care has been taken for the maintenance of adequate accounting record in accordance with the provisions of the Companies Act,1956 for safeguarding the assets of the Company and the preventing and detecting frauds and other irregularities.
- The annual accounts of the Company have been prepared on going concern basis.

As the Company has not commenced operations, there is no internal audit system.

REPLY TO THE COMMENTS ON AUDITORS REPORT

The Auditors have made a comment in the Annexure to the Auditors Report relating to the annual accounts of the company, in Point No.4 and Point No. 7.

In reply to the comments made by the Auditors in Point No.4, the Directors would like to state that since the company is yet to commence any business, the need for an internal audit system for the company, has not risen.

The comments made by the Auditors in Point No.7 are true as the Company does not have any income during the period.

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

Place : Mumbai
Date : June 16, 2008

Manoj Borkar
Chairman of the Meeting

AUDITORS' REPORT

To
**THE MEMBERS OF
SHCIL COMMODITIES AND DERIVATIVES TRADING
LIMITED**

1. We have audited the attached Balance Sheet of **SHCIL Commodities and Derivatives Trading Limited** (formerly Indian Securities Depository Nominee Company Limited) as at March 31, 2008 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto. 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.
2. 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.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) 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 the books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet and Profit and Loss Account comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, where applicable.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the 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:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008, and
 - ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date.
5. On the basis of written representations received from the directors of the Company as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Vinayak M. Padwal
Partner
M. No. F049639

Place: Mumbai
Date : April 21, 2008

SHCIL COMMODITIES AND DERIVATIVES TRADING COMPANY LIMITED

Annexure to the Auditors' Report

Referred to in Paragraph 3 of our report of even date on the accounts for the year ended March 31, 2008 of SHCIL Commodities and Derivatives Trading Limited (formerly Indian Securities Depository Nominee Company Limited).

1. (a) The Company has not granted or taken any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause iii(b) to iii(d) are not applicable to the Company.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause iii(f) and iii(g) are not applicable to the Company.
- 2) In our opinion and according to the information and explanations given to us, there are no transactions that needs to be entered in the register in pursuance of Section 301 of the Act. Accordingly, clause v(b) is not applicable to the Company.
- 3) The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under.
- 4) The Company did not have an internal audit system.
- 5) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed for maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of the activities carried on by the Company.
- 6) (a) According to the records examined by us, the Company did not have any liability in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Customs Duty, Excise Duty, cess and other statutory dues.
- (b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax or cess outstanding on account of any dispute.
- 7) The Company has accumulated losses as at the end of the financial year which exceeds the fifty percent of its net worth. The Company has incurred cash losses in the current and immediately preceding financial year.
- 8) Based on the records examined by us, the Company has no dues payable to any financial institution, bank or debenture holders.
- 9) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 10) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
- 11) According to the information and explanations given to us and the records examined by us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 12) As per the records examined by us, no term loans were obtained by the Company from banks or financial institutions.
- 13) On the basis of an overall examination of the balance sheet of the Company and the information and explanations given to us, we report that the Company has not raised any funds on short-term basis.
- 14) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 15) The Company did not issue any debentures during the year.
- 16) The Company has not raised any money through a public issue during the year.
- 17) Based on the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.
- 18) In our opinion clauses i (a) to i(c), ii(a) to ii(c), iv and clause xiv of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the company for the current period, since in our opinion there is no matter which arises to be reported in the aforesaid order.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Vinayak M. Padwal
Partner

Place: Mumbai
Date : April 21, 2008

M. No. F049639

BALANCE SHEET AS AT MARCH 31, 2008

		(Amt in Rs.)	
	Schedules	As at March 31, 2008	As at March 31, 2007
SOURCES OF FUNDS:			
Shareholder's Funds			
Share Capital	1	500,070	500,070
		<u>500,070</u>	<u>500,070</u>
APPLICATION OF FUNDS:			
Current Assets, Loans and Advances			
Cash and Bank Balance	2	415,302	435,402
Less: Current Liabilities and Provisions			
Current Liabilities	3	186,973	168,179
Net Current Assets		228,329	267,223
Profit & Loss Account		271,741	232,847
		<u>500,070</u>	<u>500,070</u>
NOTES TO ACCOUNTS	4		

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date
For and on behalf of

KALYANIWALLA & MISTRY
Chartered Accountants

Vinayak M. Padwal
Partner

Place : Mumbai
Dated : April 21, 2008

Signatures to Balance Sheet
and Schedules 1 to 4

For and on behalf of the Board

Manoj Borkar
Umesh Punde

Directors

SHCIL COMMODITIES AND DERIVATIVES TRADING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	(Amt in Rs.)	
Schedules	Year ended March 31, 2008	Year ended March 31, 2007
INCOME :		
Income from Operations	-	-
Other Income	-	-
	-	-
	-	-
EXPENDITURE:		
Professional & Legal fees	9,552	15,724
ROC Filing Expenses	20,000	16,500
Provision Audit Fees A/c	6,742	6,000
General Expenses	2,600	2,400
	38,894	40,624
	38,894	40,624
LOSS FOR THE YEAR	(38,894)	(40,624)
Loss brought forward from previous year	(232,847)	(192,223)
	(271,741)	(232,847)
	(271,741)	(232,847)
Notes to Accounts	4	

The Schedules referred to above form
an integral part of the Profit & Loss account

As per our report of even date
For and on behalf of

KALYANIWALLA & MISTRY
Chartered Accountants

Vinayak M. Padwal
Partner

Place : Mumbai
Dated : April 21, 2008

Signatures to Profit & Loss account
and Schedules 4

For and on behalf of the Board

Manoj Borkar
Umesh Punde

Directors

SCHEDULES FORMING PART OF ACCOUNTS

	As at March 31, 2008	(Amt in Rs.) As at March 31, 2007
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
900,000 Equity shares of Rs 10/- each	9,000,000	9,000,000
100,000 Unclassified shares of Rs 10/- each	1,000,000	1,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
Issued, Subscribed and Paid-up		
50,007 Equity shares of Rs 10/- each fully paid up	500,070	500,070
	<u>500,070</u>	<u>500,070</u>
SCHEDULE 2		
CASH & BANK BALANCES		
Cash on hand	5,970	12,070
Balance with schedule bank in current account	409,332	423,332
	<u>415,302</u>	<u>435,402</u>
SCHEDULE 3		
CURRENT LIABILITIES		
Sundry Creditors	186,973	168,179
	<u>186,973</u>	<u>168,179</u>

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 4

NOTES TO ACCOUNTS

1. Background

SHCIL Commodities And Derivatives Trading Limited (formerly Indian Securities Depository Nominee Company Limited) was incorporated in the year 1995. The Company has yet to commence Operations.

2. Significant Accounting Policies

a. Accounting Convention

The Financial Statement are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the generally accepted accounting principles in India and the accounting standards issued by ICAI to the extent applicable.

b. Deferred Tax

The realisation of deferred tax assets is dependent on the generation of future taxable income in the periods in which the timing differences are reversed or settled. In the absence of virtual certainty that sufficient future taxable income will be available against which the deferred tax assets can be realised, the same have not been recognised in the accounts.

3. Other information required to be given under part II of Schedule VI to the Company's Act, 1956 to the extent not applicable has not been given.

4. Figures for the previous year have been regrouped wherever necessary, so as to make them comparable with those of the current year.

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements of the company for the year ended March 31, 2008.

Directors:

The directors in office at the date of this report are:-

- Jatinder Pal Singh Narang
- Venkataraman Srinivasan

Arrangements to enable directors to acquire shares or debentures:

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' Interest in Shares or Debentures:

No director had an interest in any shares or debentures of the Company or related corporations either at the beginning (or date of appointment, if later) or the end of the financial year.

Directors' contractual benefits:

During the year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or by a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest other than those disclosed in the financial statements.

Options granted:

During the year, there were no options to take up unissued shares of the Company.

Options exercised:

During the year, no shares have been issued by virtue of the exercise of options granted.

Options outstanding:

There were no shares options outstanding as at March 31, 2008.

Auditors:

The Auditors, M/S MGI N Rajan Associates have expressed their willingness to accept re-appointment.

On behalf of the Directors

Venkataraman Srinivasan
Director
Singapore

Jatinder Pal Singh Narang
Director
Mumbai

Singapore / Mumbai
Date : June 11, 2008

STATEMENT BY DIRECTORS

In our opinion, the accompanying balance sheet, profit and loss account, statement of changes in equity and cash flow statement together with the notes thereon, are drawn up in accordance with and comply with the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at March 31, 2008 and of the results of the business, changes in equity and cash flows of the Company for the financial year ended on that date and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Venkataraman Srinivasan
Director
Singapore

Jatinder Pal Singh Narang
Director
Mumbai

Singapore / Mumbai
Date : June 11, 2008

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
UNITEC VALUE SOLUTIONS PTE. LTD.**

(Incorporated in the Republic of Singapore)

We have audited the accompanying financial statements of the Company, which comprise the balance sheet of the Company as at 31 March 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap.50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a systems of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in

the financial statements. The procedure selected depends on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion:-

- (a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at March 31, 2008 and of the results, changes in equity of the Company and cash flows of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**MGI N RAJAN ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS,
SINGAPORE**

DATE : June 11, 2008

BALANCE SHEET

	Notes	31.03.2008 S\$	31.03.2007 S\$
ASSETS			
Current Assets			
Cash and cash equivalents	4	118,138	275,481
Trade receivables	5	685,767	23,635
Other receivables	6	18,837	15,100
Total assets		<u>822,742</u>	<u>314,216</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Trade payables	7	756,604	137,100
Due to holding company (non-trade)	8	13,523	13,523
Accrued expenses		14,220	86,280
Due to Director	9	481	-
		<u>784,828</u>	<u>236,903</u>
Capital and reserves			
Issued capital	11	100,000	100,000
Accumulated Losses		(62,086)	(22,687)
		<u>37,914</u>	<u>77,313</u>
Total equity and liabilities		<u>822,742</u>	<u>314,216</u>

(The annexed notes form an integral part of and should be read in conjunction with these financial statements)

PROFIT & LOSS ACCOUNT FOR YEAR ENDED MARCH 31, 2008

	Note	2008 S\$	2007 S\$
REVENUE			
Sales	3	685,767	500,000
Less:			
Costs of services sold		(685,767)	(302,000)
Gross profit		<u> -</u>	<u>198,000</u>
Less: expenses			
Administrative expenses		15,764	90,799
Sales and Distribution costs		23,635	129,888
Total expenses		<u>39,399</u>	<u>220,687</u>
Profit / (Loss) for the year		<u>(39,399)</u>	<u>(22,687)</u>

The notes form an integral part of and should be read in conjunction with the accompanying financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2008

	Issued Capital S\$	Accumulated Profit S\$	Total S\$
Balance as at the date of Incorporation	1	-	1
Issuance of ordinary shares	99,999	-	99,999
(Loss) for the Period	-	(22,687)	(22,687)
Balance as at 31 March 2007	100,000	(22,687)	77,313
(Loss) for the year	-	(39,399)	(39,399)
Balance as at 31 March 2008	100,000	(62,086)	(37,914)

The notes form an integral part of and should be read in conjunction with the accompanying financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

	Note	2008 S\$	2007 S\$
Cash flows from operating activities			
Net profit /(Loss) for the year/period before tax		<u>(39,399)</u>	<u>(22,687)</u>
Adjustment for:			
Operating profit / (loss) before reinvestment of capital		(39,399)	(22,687)
(Increase)/Decrease in Trade receivables		(662,132)	(23,635)
(Increase)/Decrease in other receivables		(3,737)	(15,100)
Increase/(Decrease) in due to holding company		-	13,523
Increase/(Decrease) in Accruals		(71,579)	86,280
Increase/(Decrease) in Trade payables		619,504	137,100
Cash generated from / (used in) operations		<u>(157,343)</u>	<u>175,481</u>
Tax (paid)		-	-
Tax refund		-	-
Net cash flows from operating activities		<u>(157,343)</u>	<u>175,481</u>
Cash Flow from Investing Activities			
Issued share capital		-	100,000
Net cash flows from/ (used in) investing activities		<u>-</u>	<u>100,000</u>
Cash Flow from Financing Activities			
Security deposit pledged		15,000	(15,000)
Net cash flows from/ (used in) investing activities		<u>15,000</u>	<u>(15,000)</u>
Net Increase/(decrease) in cash & cash equivalents		(142,343)	260,481
Cash and cash equivalents at the beginning of the year		<u>260,481</u>	<u>-</u>
Cash and cash equivalents at the end of the year / Period	4	<u><u>118,138</u></u>	<u><u>260,481</u></u>

(The annexed notes form an integral part of and should be read in conjunction with these financial statements)

NOTES TO THE FINANCIAL STATEMENTS - MARCH 31, 2008

1. GENERAL INFORMATION

The financial statements of the Company for the year ended MARCH 31, 2008 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company is incorporated as a limited liability company and domiciled in the Republic of Singapore.

The principal activity of the Company is that of investment holding and provision of computer systems integration services.

The Company's registered office is located at 10, Anson Road, #03-09 Singapore 079903.

The Company is a wholly-owned subsidiary of Stock Holding Corporation of India Limited, incorporated in India.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are prepared under the historical cost conventions and in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of the financial statements in conformity with Singapore Financial Reporting Standards requires using of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current event and actions, actual results may ultimately differ from those estimates

2.2 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Revenue from granting of license is generally recognized from the acceptance and commencement of the license under the agreement entered into by the licensee over the period of the license granted.

2.3 Income taxes

The liability method of tax effect accounting is adopted by the Company. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial year that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences (unless the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised (unless the deferred tax asset arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss). The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

NOTES TO THE FINANCIAL STATEMENTS - MARCH 31, 2008

2.4 Trade and other Receivables

Trade and other Receivables including amounts due from related parties are classified and accounted for as loans and receivables under FRS 39 and are recognized and carried at fair value and subsequently measured at amortised cost using the effective interest rate method less impairment losses on an uncollectible amounts.

2.5 Trade and other payables

Trade payables, accruals and payables to holding company are carried at fair value, and subsequently measured at amortised at cost, using the effective interest rate method.

2.6 Related party

For the purpose of these financial statements, parties are considered to be related to the Company if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the company and the party are subject to common control or significant influence. Related parties may be individuals or other entities.

2.7 Cash and cash equivalents

Cash and cash equivalents are stated in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash on hand, and in bank.

3. REVENUE

	Year ended 31.03.2008 S\$	Year ended 31.3.2007 S\$
License fee	685,767	500,000
	<u>685,767</u>	<u>500,000</u>

4. CASH AND CASH EQUIVALENTS

	Year ended 31.03.2008 S\$	Year ended 31.3.2007 S\$
Cash at bank	118,138	260,481
Security deposit held at bank	-	15,000
	<u>118,138</u>	<u>275,481</u>

5. TRADE RECEIVABLES

	Year ended 31.03.2008 S\$	Year ended 31.3.2007 S\$
Trade debtors- Holding company	269,100	23,635
Un-build Revenue	416,667	-
	<u>685,767</u>	<u>23,635</u>

6. OTHER RECEIVABLES

	Year ended 31.03.2008 S\$	Year ended 31.3.2007 S\$
GST Receivable	18,837	15,100
	<u>18,837</u>	<u>15,100</u>

NOTES TO THE FINANCIAL STATEMENTS - MARCH 31, 2008

7. TRADE PAYABLES

	Year ended 31.03.2008 S\$	Year ended 31.3.2007 S\$
Trade payable	339,937	137,100
Provision made	416,667	-
	<u>756,604</u>	<u>137,100</u>

8. DUE TO HOLDING COMPANY

	Year ended 31.03.2008 S\$	Year ended 31.3.2007 S\$
Due to Holding Company (Non-Trade)	13,523	13,523
	<u>13,523</u>	<u>13,523</u>

The non-trade amount is unsecured, interest-free and repayable on demand.

9. DUES TO DIRECTOR

	Year ended 31.03.2008 S\$	Year ended 31.3.2007 S\$
Payable to director	481	-
	<u>481</u>	<u>-</u>

10. TAXATION

There is no income tax charge for the period as the Company incurred operating loss. The Company has no unused tax loss and no deferred tax asset is recognized due to uncertainty of its recoverability.

11. SHARE CAPITAL

	Year ended 31.03.2008 S\$	Year ended 31.3.2007 S\$
Issued & fully paid up		
100,000 Ordinary shares	<u>100,000</u>	<u>100,000</u>

12. RELATED PARTY TRANSACTIONS

	Year ended 31.03.2008 S\$	Year ended 31.3.2007 S\$
INCOME		
Sales to holding company	685,767	500,000
EXPENSES		
Rental to a company in which a director has a financial interest	9,000	12,000

13. FINANCIAL RISK MANAGEMENT

The Company does not have any written financial risk management policies and guidelines. The Company does not hold or issue derivative financial instruments for trading purposes or to hedge against

NOTES TO THE FINANCIAL STATEMENTS - MARCH 31, 2008

fluctuations, if any, in interest rates and foreign exchange. The Company's exposure to financial risks associated with financial instruments held in the ordinary course of business include:

a) Price risk

i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency risk as the receivables and payables are in SGD.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company has no interest-bearing financial instruments, hence, is not exposed to any movements in market interest rates.

(iii) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company does not hold any quoted or marketable financial instrument, hence, is not exposed to any movements in market prices.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company has a significant concentration of credit risk with the holding company that represents 100% of the company's gross trade receivables as at March 31, 2008 and cash is placed with a respectable financial institution

Cash is held with financial institutions of good standing/ established financial institutions/ reputable financial institutions.

(c) Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

(d) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount.

The Company is not exposed to any cash flows risk as it does not have any monetary financial instruments with variable interest rates.



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