



*Innovation is the specific instrument of entrepreneurship...  
the act that endows resources with a new capacity to create wealth.*

• Peter Drucker



16th  
Annual Report  
2007-08



अर्थ: समाजस्य न्यासः

**S. E. INVESTMENTS LIMITED**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

MR. PURUSHOTTAM AGRAWAL

CHAIRMAN

MR. SUNIL AGARWAL  
MANAGING DIRECTOR

MR. SACHIN AGARWAL  
WHOLETIME DIRECTOR

MR. SANJAY AGARWAL

DIRECTOR

MR. SURESH CHAND SHARMA

DIRECTOR

DR. SHYAM LAL GARG  
DIRECTOR

### COMPANY SECRETARY

MR. SACHIN AGARWAL, ACS

### COMPANY AUDITORS

M/s R. LAL & COMPANY  
CHARTERED ACCOUNTANTS  
A-4, Indrapuri New Agra, Agra

### BANKERS & FINANCIAL INSTITUTIONS

PUNJAB NATIONAL BANK  
ICICI BANK LIMITED  
HDFC BANK LIMITED  
AXIS BANK LIMITED  
FULLERTON INDIA CREDIT COMPANY LIMITED  
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA  
INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LIMITED

### REGISTRAR & TRANSFER AGENTS

M/s Alankit Assignments Ltd.  
Alankit House, 2E/21, Jhandewalan Extension.  
New Delhi—110 055 E-mail : info@alankit.com

### CREDIT RATINGS

ICRA Limited (MA-)  
Micro-Credit Ratings International Limited (α+)

## NETWORK OF OFFICES

### CORPORATE OFFICE

5-D, Atmaram House, 1, Tolstoy Marg, New Delhi-110001 (INDIA)  
Ph. +91 11 43518888 Fax. : +91 11 43518816 E-mail : delhi@seil.in

### REGISTERED OFFICE

S-547, IIInd Floor, Main Road, Shakarpur, Delhi-92  
Ph. +91 11 43018888 Fax. +91 11 43018802 E-mail : delhi@seil.in

### HEAD OFFICE

Block 54, Ist Floor, Sanjay Place, Agra-282 002  
Ph. +91 562 4028888 2853092 Fax. +91 562 4028822 E-mail : agra@seil.in

### BRANCHES

#### MATHURA

369/2, Krishna Nagar, Goverdhan Road, Mathura  
Ph. +91 565 2423660 2424310 E-mail : mathura@seil.in

#### ALIGARH

76, Malviya Pustakalaya Market, G. T. Road, Aligarh  
Ph. : +91 571 2421866

#### JAIPUR

H.No. 622, Bordi Ka Rasta, Marva House,  
Shop No. 203-204, First Floor, Kishanpole Bazar, Jaipur  
Ph. +91 141 4068888 Fax. : +91 141 4068810 E-mail : jaipur@seil.in

#### AHMEDABAD

Shop No. D-E Dhanlaxmi Chamber, Near Gujrat Vidhya Peeth, Ashram Road, Ahmedabad  
Ph. +91 79 27540060 27540080 Fax. : +91 79 27544830 E-mail: ahmedabad@seil.in

#### JODHPUR

Gulab Singh Building, 11th Chopasni Road,  
Near Bombay Motor Circle, Jodhpur  
Ph. +91 471 2638926 2638929 Fax. : + 91 291 2638927 E-mail: jodhpur@seil.in

#### MUMBAI

108, Gokul Arcade, 'B' Building, Subhash Road, Opp. Garware House,  
Ville Parle (East), MUMBAI-400057  
Ph. +91 22 26835584

#### THIRUVANANTHPURAM

Kovilazhikam, TC 7/1816, Kochullor,  
Thiruvananthapuram-695 001 (Kerala)  
Ph. +91 471 3258014

### LISTING OF EQUITY SHARES

Bombay Stock Exchange Limited, Mumbai  
The Delhi Stock Exchange Association Ltd. New Delhi  
U. P. Stock Exchange Association Ltd. Kanpur  
Ahmedabad Stock Exchange Ltd. Ahmedabad

The Company is a category 'A' Deposit Accepting Company Registered with the Reserve Bank of India.

The Branches of the Company are connected through Video Conferencing Equipment.



## OUR MISSION

- To uphold the motto 'Arthah Samajasya Nyasah' that is 'Wealth is the Trust Property of the Society'
- To achieve excellence in service, quality, reliability, safety and customer care.
- To earn the trust and confidence of all customers and stakeholders, exceeding their expectations and make the Company a respected household name.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 16th Annual General Meeting of the members of the Company will be held on Tuesday, 3rd June 2008 at 10.00 A.M. at Conference Hall No. 1, India International Centre, 40, Max Mueller Marg, New Delhi - 110003 to transact the following business:

### Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at 31st March 2008, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To confirm the interim dividend declared and paid by the Company in May 2007 as the final dividend for the year ended 31st March 2008.
3. To appoint a Director in place of Mr. Purushottam Agrawal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place Dr. Shyam Lal Garg, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that M/s R. Lal & Co., Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors."

### Special Business:

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as Special Resolution:  
"RESOLVED that pursuant to the provisions of sections 198, 269, 309, 310, 311, Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities in granting such approvals, permissions and sanctions, and pursuant to the approval of the remuneration committee of the Board and the Board of Directors at their meeting held on 12th February 2008, approval of the Company be accorded to the re-appointment of Mr. Sunil Agarwal as the Managing Director of the Company for a period of 5 (Five) years with effect from 20th February 2008 on the following remuneration:  
(i) Basic Salary of Rs. 70,000/- per month and House Rent Allowance of Rs. 35,000/- per month aggregating to Rs. 1,05,000/- per month for the period from 20/02/2008 till 31/03/2008.  
(ii) With effect from 01/04/2008 the Managing Director shall be paid Basic Salary of Rs. 2,00,000/- per month and House Rent Allowance of Rs. 50,000/- per month aggregating to Rs. 2,50,000/- per month or Rs. 30,00,000/- per year.

- (iii) The Managing Director of the company shall be entitled to an increment in remuneration set out in (ii) above for Rs. 20,000/- per month or Rs. 2,40,000/- per year after the end of each year during the currency of the tenure of the Managing Director.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to vary, alter, increase, enhance or widen the scope of remuneration and perquisites, to the extent specified in schedule XIII and other applicable provisions, if any, of the Act as amended from time to time.

RESOLVED FURTHER that where in any Financial Year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to the Managing Director the above remuneration as the minimum remuneration by way of salary subject to obtaining of the requisite approvals, if any.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, any Director of the Company be authorised to do all acts, deeds, matters and things as he may in his absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as Special Resolution:

"RESOLVED that pursuant to the provisions of sections 198, 309, 310, Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities in granting such approvals, permissions and sanctions, and pursuant to the approval of the remuneration committee of the Board and the Board of Directors at their meeting held on 24th March 2008, approval of the Company be accorded to the payment of remuneration to Mr. Sachin Agarwal, Wholetime Director of the Company, with effect from 1st April 2008 as set out hereunder:

- (i) Basic Salary of Rs.2,00,000/- per month and House Rent Allowance of Rs.50,000/- per month aggregating to Rs. 2,50,000/- per month or Rs. 30,00,000/- per year.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to vary, alter, increase, enhance or widen the scope of remuneration and perquisites, to the extent specified in schedule XIII and other applicable provisions, if any, of the Act as amended from time to time.


RESOLVED FURTHER that where in any Financial Year during the currency of the tenure of the Wholetime Director, the Company has no profits or its profits are inadequate, the Company may pay to the Wholetime Director the above remuneration as the minimum remuneration by way of salary subject to obtaining of the requisite approvals, if any.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, any Director of the Company be authorised to do all acts, deeds, matters and things as he may in his absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.

RESOLVED FURTHER THAT all the remaining terms and conditions of appointment of Mr. Sachin Agarwal as Wholetime Director of the Company contained in his Service Agreement with the Company dated 30th March 2004 shall remain unchanged and effective."

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as Special Resolution:

"RESOLVED THAT in accordance with and subject to the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 and/or Foreign Exchange Management Act, 1999 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Foreign Exchange (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended and other applicable Rules, Regulations, Notifications, Circulars, Schemes, and Guidelines if any, of the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI), the Stock Exchanges where the securities of the Company are listed (including provisions of the listing agreement with them), and other concerned and relevant authorities, and other applicable laws, if any, and the relevant provisions of the Memorandum and Articles of Association of the Company; and subject to such approvals, consents, permissions, or sanctions of the Government of India (GOI), RBI, SEBI and any other Indian/Overseas appropriate authorities, institutions or bodies as may be necessary and subject to such terms, conditions, stipulations, alterations, amendments, modifications, or variations as may be prescribed by any of them in granting any such approvals, consents, permissions, or sanctions; and which may be agreed to by the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include any Committee of Directors for the time being authorized by the Board of Directors to exercise the powers conferred on the Board by this resolution), consent of the members of the company be and is hereby accorded to the Board to create, offer, issue and allot on behalf of the Company, in one or more tranches of public or private offerings in international markets, through prospectus and/or offer letter or other permissible/requisite offer document, Foreign Currency Convertible Bonds (FCCBs) and/or Global Depository Receipts (GDRs) and/ or American Depository Receipts (ADRs) and/or Qualified Institutional Placements (QIPs) convertible into Equity Shares at the option of the Company and/or holders of the Security subscribed to in Foreign Currency(ies), by Non Resident Investors and/ or to create, place and allot on behalf of the Company, in one or more tranches of private placement in domestic markets, on the basis of a placement document, Equity Shares/ fully convertible debentures (FCDs) / partly convertible debentures (PCDs) or any securities other than warrants, which are convertible into or exchangeable with Equity Shares at a later date, subscribed to in Rupees by Qualified Institutional Buyers



pursuant to and in accordance with Chapter 13A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended, (hereinafter collectively referred to as the "Securities") whether secured by way of creating charge on the assets of the company or unsecured as may be decided by the Board; whether or not such Non Resident Investors or Qualified Institutional Buyers are members of the Company; up to an aggregate amount not exceeding US\$ 25 Million (United States Dollars Twenty Five Million Only) or equivalent amount in Indian or any other currency as the case may be and such offer, issue and allotment to be made, at such time or times, in Indian Rupees or any convertible foreign exchange or other currencies as may be permissible and/or required, at such price or prices, at a discount, par or premium to market price, in such form and manner, including through book building process, and on such other terms and conditions, as may be decided in consultation with the Lead Manager and Underwriter, and deemed appropriate by the Board at the time of such offer, issue and allotment, subject however, to the applicable guidelines, rules, regulations, notifications, circulars and applicable statutory provisions.

RESOLVED FURTHER THAT the Board be and is hereby authorized to create, issue and allot from time to time, such number of equity shares/securities as may be required to be issued and allotted upon conversion or issue of any Securities referred above or as may be necessary in accordance with the terms of the offering(s) at such price (including premium) that may be decided by the Board in its absolute discretion, as may be necessary in accordance with the terms of the offering of any of the aforesaid securities, including additional equity shares or securities, provided that the price of the resultant shares in relation to the placing and allotment of Equity Shares/ fully convertible debentures (FCDs) / partly convertible debentures (PCDs) or any securities other than warrants, which are convertible into or exchangeable with Equity Shares to Qualified Institutional Buyers shall be determined with reference to May 3, 2008, being the relevant date in accordance with Chapter 13A of the SEBI DIP Guidelines, all such shares/ securities ranking pari-passu in all respects, with the then existing respective fully paid up shares/securities, as the case may be, of the Company, but shall be subject to such lock-in requirements, if any, as may be prescribed by appropriate authorities under applicable laws, if any.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of securities or instruments or equity shares or securities representing the same, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable for such purpose, including but without limitation, determining the type, form and manner of the issue/ securities, the class of eligible investors to whom the securities are to be offered, issued and allotted in each tranche, issue price, face value, premium/discount amount on issue/conversion of securities /redemption of securities, rate of interest, conversion or redemption period, appointment of



Managers, Merchant Bankers, Guarantors, Financial and/or Legal Advisors, Consultants, Depositories, Custodians, Registrars, Trustees, Bankers, and all other agencies or intermediaries, whether in India or abroad, and to remunerate them by way of commission, brokerage, fees or the like, entering into or execution of all such agreements/ arrangements/Memorandum of Understandings/ documents with any authorities/agencies, listing of the shares/securities (including the resultant equity shares to be issued as per the terms of the issue of the said securities) on any Indian and/or Foreign Stock Exchange(s), as the Board may in its absolute discretion deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to settle all questions, difficulties, doubts or problems that may arise in regard to the offer, issue, or allotment of securities and utilization of the issue proceeds as it may in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise, with the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOVLED FURTHER THAT to give effect to the aforesaid resolution, the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of Directors or Managing Director or any Director or Directors or other officer(s) of the Company, or to any intermediary or agent of the Company, or to such other person(s) as the Board may think fit and necessary at its absolute discretion."

Place : Delhi  
Date : 25th April 2008

By order of the Board of Directors  
For S. E. Investments Limited  
(Sachin Agarwal)  
Company Secretary

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.  
  
Proxies, in order to be effective must be lodged with the Company not less than 48 hours before the commencement of the Annual General Meeting.
2. Shareholders are requested to bring their copy of Annual Report to the Meeting.
3. Members/Proxies should fill the Attendance Slip for attending the meeting.
4. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
6. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Sunday between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
7. The Register of Members and Share Transfer Books of the Company shall remain closed from 29th May 2008 to 3rd June 2008 (both days inclusive).
8. Members are requested to notify their change of address, if any, to the Company/Share Transfer Agent, M/s. Alankit Assignments Limited, 2E/21, Jhandewalan Extension, New Delhi.
9. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.
10. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agent, Alankit Assignments Limited.
11. Re-appointment/ Appointment of Director: At the forthcoming Annual General Meeting Mr. Purushottam Agrawal and Dr. Shyam Lal Garg retire by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to the Directors, to be provided in terms of clause 49 of the Listing Agreement are furnished in the statement on Corporate Governance published elsewhere in this Report.

Place : Delhi

Date : 25th April 2008

By order of the Board of Directors

For S. E. Investments Limited

(Sachin Agarwal)

Company Secretary

## **Explanatory Statements pursuant to Section 173(1) of the Companies Act, 1956**

### **ITEM NO. 6**

The tenure of Mr. Sunil Agarwal as Managing Director was upto 19th February 2008. Subject to the approval of the Shareholders in the next Annual General Meeting, the Board of Directors have at their Meeting held on 12th February 2008, pursuant to the approval of the remuneration committee, approved the re-appointment Mr. Sunil Agarwal as Managing Director of the Company for a period of 5 years w.e.f. 20.02.2008 to 19.02.2013.

Mr. Sunil Agarwal is a Commerce Graduate having multifunctional experience of 19 years. He is very well versed in all aspects of finance, technical matters and administration. The operations of the company have grown multiple due to his contribution. He is aged about 37 years. The proposed remuneration will be within overall limit of Schedule XIII of the Companies Act, 1956.

Briefly, the terms and conditions of the re-appointment and remuneration of Mr. Sunil Agarwal are as follows:

1. He shall carry out such duties as may be entrusted to him subject to the supervision of the Board of Directors.
2. The re-appointment shall be for a period of 5 (Five) years w.e.f. 20.02.2008.
3. Remuneration:
  - (i) Basic Salary of Rs. 70,000/- per month and House Rent Allowance of Rs. 35,000/- per month aggregating to Rs. 1,05,000/- per month for the period from 20/02/2008 till 31/03/2008.
  - (ii) With effect from 01/04/2008 the Managing Director shall be paid Basic Salary of Rs. 2,00,000/- per month and House Rent Allowance of Rs. 50,000/- per month aggregating to Rs. 2,50,000/- per month or Rs. 30,00,000/- per year.
  - (iii) The Managing Director of the company shall be entitled to an increment in remuneration set out in (ii) above for Rs. 20,000/- per month or Rs. 2,40,000/- per year after the end of each year during the currency of the tenure of the Managing Director.

The proposed resolution is required to be passed as Special Resolution and as such, the Directors commend your approval.

Copy of the terms and conditions governing the appointment is available for inspection by members during business hours on any working day before the date of Annual General Meeting.

None of the directors except Mr. Sunil Agarwal, Mr. Sachin Agarwal and Mr. Purushottam Agrawal are interested or concerned in this resolution.

### **ITEM NO. 7**

The Remuneration Committee of the Board of Directors of the Company appraised the remuneration being paid to Mr. Sachin Agarwal, Wholetime Director of the Company in its meeting held on 15th March 2008. As per the supplementary agreement dt.30th March 2006 entered into by the Company with Mr. Sachin Agarwal, Wholetime Director of the Company, the remuneration was appraised Rs.1,05,000/- per month consisting of Rs.70,000/- per month as Basic Salary and Rs.35000/- per month as House Rent Allowance.

After reviewing the Managerial Remuneration being paid by the Companies in the same industry, it was decided to increase the remuneration of Mr. Sachin Agarwal, Wholetime Director upto Rs.2,50,000/- per month including

Rs.2,00,000/- per month towards Basic Salary and Rs.50,000/- per month towards the House Rent Allowance. The other terms and conditions except remuneration shall remain the same as per the Service Agreement of Mr. Sachin Agarwal, Wholetime Director of the Company dated 30th March 2004. The Board of Directors of the Company in its meeting held on 24th March 2008 has approved the remuneration payable to Mr. Sachin Agarwal, Wholetime Director of the Company as reviewed by the Remuneration Committee of the Board.

The proposed resolution is required to be passed as Special Resolution and as such, the Directors commend your approval.

Copy of the Supplementary Agreement dated 25/03/2008 relating to variation in remuneration payable to Mr. Sachin Agarwal, Wholetime Director of the Company is available for inspection by members during business hours on any working day before the date of Annual General Meeting.

None of the directors except Mr. Sunil Agarwal, Mr. Sachin Agarwal and Mr. Purushottam Agrawal are interested or concerned in this resolution.

#### **ITEM NO. 8**

The Company proposes to raise further equity capital by way of FCCB and / or GDRs / ADRs and / or placement of securities to QIPs as per SEBI regulations to cater to its fund requirements for expansion of its activities and finance additional working capital requirements. The International offering would enhance its visibility & brand name and enable the Company to use equity securities for future growth opportunities. Taking into account the above facts and availability of low cost of funds in the international market, it is considered prudent to raise capital from international markets through issue of securities viz., FCCBs and/or GDRs/ADRs to foreign investors on a private placement basis or through a public offering and /or placement of securities to QIP as per SEBI regulations

Pursuant to Section 81 of the Companies Act, 1956 and the regulations relating to offerings of FCCB/GDRs/ADRs framed under the Foreign Exchange Management Act, 1999, and placement of securities to QIP as per SEBI regulations, the above proposal require consent of the members by way of a special resolution. Accordingly, the resolution is proposed for the approval of shareholders in this regard and to authorize the Board to carry out various deeds and things for giving effect to this resolution. The Board of Directors recommends the said special resolution for your approval.

None of the Directors of the Company is interested or concerned in the resolution.

Place : Delhi  
Date : 25th April 2008

By order of the Board of Directors  
For S. E. Investments Limited  
(Sachin Agarwal)  
Company Secretary

## DIRECTOR'S REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting the 16th Annual Report, together with the audited statement of accounts of the Company for the year ended March 31, 2008.

### FINANCIAL RESULTS:

(Rs. in Lacs)

	Year Ended 31/03/2008	Year Ended 31/03/2007
<b>Total Income</b>	<b>3238.71</b>	<b>2209.16</b>
Less: Expenditure	872.63	648.16
<b>Profit before Depreciation, Interest and Tax (PBDIT)</b>	<b>2366.08</b>	<b>1561.00</b>
Less: Interest	1229.13	551.33
<b>Profit before Depreciation &amp; Tax (PBDT)</b>	<b>1136.95</b>	<b>1009.67</b>
Less: Depreciation	221.54	191.48
<b>Profit Before Tax (PBT)</b>	<b>915.41</b>	<b>818.19</b>
Less : Provision for Tax	221.41	92.22
Less : Provision for Fringe Benefit Tax	6.56	5.90
Less : Deferred Tax	(-427.11)	183.18
<b>Profit After Tax (PAT)</b>	<b>1114.55</b>	<b>536.89</b>
Add: Profit b/f from previous year	2.14	9.05
<b>Profit Available for Appropriation</b>	<b>1116.69</b>	<b>545.94</b>
Dividend Including Tax	36.74	35.80
Transfer to General Reserve	800.00	400.00
Transfer to Reserve Fund (RBI Act)	224.00	108.00
<b>Balance Carried to Balance Sheet</b>	<b>55.95</b>	<b>2.14</b>

### DIVIDEND :

The Board had declared and paid an interim dividend @10% (Rs. 1/- per share) on the equity share capital of the Company in the month of May 2007. Your Directors have recommended confirming the said interim dividend as the final dividend for the year ended 31st March 2008.

### OPERATIONS :

The Financial Year 2007-08 was very significant for the Company in creating a strong platform for sustained growth. TOTAL DISBURSEMENTS reached Rs.15837 Lacs during FY 2007-08, recording 26% growth over Rs.12606 Lacs achieved during FY 2006-07. This resulted in TOTAL INCOME increasing to Rs.3239 Lacs, representing 47% increase over the Rs.2209 Lacs recorded for 2006-07.

### Micro Finance and Islamic Banking

During the year under review, the Company's main thrust was Micro Finance to ensure rural development, self-employment and women empowerment. SEIL, an active participant in the field of rural development has formulated and executed integrated approaches in order to ensure optimal participation of the people of rural India, an important pre-requisite to tap the development potential, and thus raise the socio-economic level besides generating future growth impulse within the region.

Total Income up by  
47% over the  
previous year

Profit After Tax up  
by 108% over the  
previous year.

The Company has made a beginning by offering products & services that are in compliance with Shariat (Islamic Law) called Islamic Banking to serve the Muslim Community of the Society in its true sense of Shariat compliant banking. At present the Shariat banking is in micro finance sector but your company intends to extend it to other loans also.

#### **Wind Mills**

The **Wind Mills Projects** of the Company are running successfully in the States of Kamataka and Rajasthan. During the year under review, the electricity generated by Kamataka Wind Mills Project was 5643872 units and by Rajasthan Wind Mills Project was 1311021 units. In the year under reporting, an amount of Rs.4.04 Lacs has been received as Carbon Credit. The Carbon Credits are "Entitlement Certificates" issued by the United Nations Framework Convention on Climate Change (UNFCCC) to the implementers of the approved Clean Development Mechanism (CDM) projects and this receipt is a milestone for clean environment contribution by your company and almost first of this type of receipt in this sector in India.

#### **Enhancement of Credit Facilities**

The Company has been sanctioned **ENHANCEMENT OF CREDIT FACILITIES** by Punjab National Bank, Surya Nagar, Agra vide its Sanction Letter dated 22/02/2008. The fund based credit facilities in the form of Cash Credit (Book Debts) have been increased by Rs.10 Crore to Rs.30 Crore. The Bank has further sanctioned fresh non-fund based bank guarantee limit upto Rs.10 Crores to the Company which will be utilised for availing term loan from Indian Renewable Energy Development Agency Limited (IREDA) for writing up lease business of solar devices in the coming year.

#### **Promotion of Women Entrepreneurs Revolution (POWER)**

The company has promoted an NGO named POWER for extending training and assistance to women folk specially in rural areas through imparting vocational and professional training programmes. During the year under review, 12 training camps were organized by POWER and 150 women were trained to start their own vocation for their livelihood.

#### **Net Worth and Capital to Risk Adjusted Assets Ratio**

The Net Worth of the Company improved to Rs. 3420 lacs as on 31st March, 2008 from Rs. 2769 lacs as on 31st March, 2007. The Capital to Risk Adjusted Assets Ratio (CRAR) stood at 22.37% as on 31st March, 2008 as against 27.34% as on 31st March, 2007 which is much above the requirement as stipulated by Reserve Bank of India and is one of the best in the industry.

The slight reduction as compared to previous year is due to rapid growth of assets (disbursements). Your directors are trying to infuse more capital through fresh issue or private placement so as to maintain high CRAR.

**Listing of Shares at Bombay Stock Exchange Limited:**

During the year with effect from 11th October 2007, the Equity Shares of the Company have been listed on Bombay Stock Exchange Limited, Mumbai having been placed in B1 group and are being regularly traded. The BSE Scrip Code is 532900. During the period upto 31/03/2008, the shares were traded at Rs. 640/- at the highest and Rs. 207.70 at the lowest.

With the listing at BSE, the shares provide liquidity to the shareholders and enhance values specially in view of absence of trading at other stock exchanges where shares of the company are listed.

**Credit Rating**

The fixed deposit programme of the Company continued to be assigned a rating of "MA-" by ICRA Limited, which denotes 'ADEQUATE SAFETY'. Keeping in view the micro finance operations the rating assigned by Micro-Credit Ratings International Limited (MCRIL) to your company is "α+" denoting "VERY HIGH SAFETY, GOOD SYSTEMS HIGHLY RECOMMENDED".

**Management Discussion and Analysis of Financial Condition:**

Management Discussion and Analysis of financial condition and results of operations of the Company for the year under review, as required under clause 49 of the listing agreement with the Stock Exchanges, is given as a separate statement forming part of the annual report.

**Asset Liability Committee (ALCO)**

An Asset Liability Committee has been constituted by the Board in accordance with the guidelines of the Reserve Bank of India. The details of the Asset Liability Committee and its Meetings are presented in the Chapter on Corporate Governance in this Annual Report.

**Fixed Deposits:**

The fixed deposits of the Company as on 31/03/2008 stood at Rs. 963 Lacs excluding accrued interest thereon against last year's 826 Lacs. Number of fixed deposits having matured and remaining unclaimed as on 31/03/2008 is 10 amounting to Rs. 2.16 Lacs.

**Directors:**

Shri Purushottam Agrawal and Dr. Shyam Lal Garg, both Directors of the Company, retire by rotation and being eligible offer themselves for re-appointment at the forthcoming Annual General Meeting.


A brief resume of the Directors retiring by rotation and seeking appointment at the coming Annual General Meeting, nature of their expertise in the specific functional areas, and names of companies in which they hold directorship and/or membership/Chairmanship of committees of Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given in the section on Corporate Governance elsewhere in the Annual Report.

**Directors' Responsibility Statement:**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

The Equity Shares lists in Bombay Stock Exchange in B-I category.

ICRA reaffirms 'MA-' (Adequate Safety) for Company's fixed deposits.

- 
- (i) In the preparation of the accounts for the financial year ended March 31, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at March 31, 2008 and of the profit of the Company for the year under review;
- (iii) the Directors have 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; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

**Auditors & Auditors' Report:**

M/s R. Lal & Company, Chartered Accountants, Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting. The Company has received a letter from M/s R. Lal & Company, Chartered Accountants, expressing their willingness to be re-appointed as Auditors.

Your Directors have therefore proposed to appoint M/s R. Lal & Company, Chartered Accountants, as Statutory Auditors of the Company, subject to the approval of the members at the coming Annual General Meeting. The Company has received letter from M/s R. Lal & Company, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of section 226 of the Companies Act, 1956.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

**Particulars of Employees:**

In terms of the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees drawing remuneration above the specified limits are required to be set out in the Annexure to the Directors' Report. There is no employee in the Company drawing salary at a scale requiring disclosure in terms of section 217 (2A) of the Companies Act, 1956.



**Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:**

Particulars required to be furnished under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are as under:

- (i) With regard to the wind mills projects of the company in the States of Karnataka and Rajasthan, the required measures are taken from time to time for conservation of energy and technology absorption.
- (ii) Foreign Exchange earnings and outgo:

Earnings	:	Nil
Outgo	:	Nil

**Corporate Governance:**

The report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of the Annual Report.

A certificate from the Auditors of the Company, M/s R. Lal & Company, Chartered Accountants, confirming compliance with conditions of Corporate Governance as stipulated under the aforesaid clause 49 is annexed to this report.

**Acknowledgments:**

Your Directors would like to record their appreciation of the hard work and commitment of the Company's employees at all levels, which resulted in the strong performance recorded for the year and warmly acknowledge the unstinting support extended by its bankers, alliance partners, and other stakeholders in contributing to the results.

Your Directors would like to place on record their gratitude for the valuable guidance and support received from the Reserve Bank of India, Securities and Exchange Board of India and other Government and Regulatory Agencies.

Dated : 25th April 2008  
Place : Delhi

For and on behalf of the Board,  
Purushottam Agrawal  
Chairman

## MANAGEMENT DISCUSSION & ANALYSIS

### Financial Performance:

S. E. Investments Ltd.'s (SEIL's) gross income for the financial year ended March 31, 2008 increased to Rs. 3238.71 Lacs from Rs. 2209.16 Lacs in the previous year, registering a growth of 47% over previous year.

The operating profit (PBDIT) of the Company increased by 52% to Rs. 2366.08 Lacs during the year up from Rs. 1561 Lacs in the previous year.

Interest expenses were Rs. 1229.13 Lacs as against Rs. 551.33 Lacs during the previous year. Depreciation stood at Rs. 221.54 Lacs as against Rs. 191.48 Lacs in the previous year.

Provision for taxation for the year was Rs. 221.41 Lacs. Provision for Fringe Benefit Tax was Rs. 6.56 Lacs. During the year under review, an amount of Rs. 473.51 lacs provided for Deferred Tax concerning the Wind Mills was written back in accordance with the provisions of Accounting Standard 22 issued by the Institute of Chartered Accountants of India.

Net profit after tax for the year increased by 108% to Rs. 1114.55 Lacs from Rs. 536.89 Lacs in the previous year.

An amount of Rs. 224 Lacs was transferred to Statutory Reserve Fund pursuant to section 451C of Reserve Bank of India Act, 1934 and an amount of Rs. 800 Lacs was transferred to the General Reserve during the year under review.

The Company's Net worth as on March 31, 2008 stood at Rs. 3420 Lacs as against Rs. 2769 Lacs last year.

### Credit Rating

The fixed deposit programme of the Company continued to be assigned a rating of "MA-" by ICRA Limited, which denotes 'ADEQUATE SAFETY'. Keeping in view the micro finance operations the rating assigned by Micro-Credit Ratings International Limited (MCRIL) to your company is "α+" denoting "VERY HIGH SAFETY, GOOD SYSTEMS, HIGHLY RECOMMENDED".

### Industry Structure and Developments:

Non Banking Financial Companies (NBFCs) play a crucial role in broadening access to financial services, enhancing competition and diversification of the financial sector. NBFCs are now recognized as complementary to the banking system capable of absorbing shocks and spreading risks at times of financial distress. The Reserve Bank of India (RBI) also recognizes them as an integral part of the financial system and is trying to improve the credibility of the entire sector.

The key-differentiating factor working in favour of NBFCs is 'service'. Today, a borrower is looking for more convenience, quick appraisal & decision-making, higher amount of loan-to-value and longer tenor. Though banks are not behind on the service aspect, they are largely limited to urban centers. When it comes to semi-urban and rural centers, particularly where the banking culture is still not fully developed, NBFCs enjoy an edge over banks. However,

even in the urban areas, NBFCs have created niches for themselves, which are often neglected by banks e.g. non-salaried individuals, traders, transporters, stock brokers, etc, and all these categories are growing at a rapid pace.

**Opportunities:**

New opportunities like home equity, personal finance, etc, is expected to take NBFCs to a new level. Growth in all these segments is sustainable at a higher rate than before given the low penetration and changing demography in the country. Secondly, 100% cover for public deposits would ensure higher credibility to the sector. Thirdly, capital had always been a limiting factor for the sector. In a booming economy and the capital market, we expect that these companies are now in a better position to raise capital at competitive rates to fuel their future growth plans. Fourthly, better risk management and regulatory practices, NBFCs enjoy a higher credibility today. Last but not the least, due to an established reach and network, NBFCs could be the favourites of the foreign financial giants to make an inroad in the country.

With paradigm changes in the Indian consumers' approach to credit as evidenced by the rapid growth in retail credit, the market will demand new financial products and services. Existing players with large distribution networks that enjoy the advantage of nationwide reach, proximity to customers and knowledge of local markets will provide the platform for delivering these products and services. SEIL's reach into the semi-urban and rural markets will be an important source of competitive advantage and the basis for symbiotic partnerships with financial sector players who seek access to these markets.

The RBI has proposed to open the domestic market for foreign banks after FY2009 and some of the foreign banks would not hesitate to shake hands with NBFCs to hit the ground running.

We believe that the sector is today at an inflection point and is likely to take a big leap in terms of growth and profitability going forward.

**Challenges:**

Financial service sector is facing tremendous margin pressure especially in consumer financing with major established players with pan India presence having started dominating the space. Even banks with their innovative products have already ventured into this segment. Microfinance as a sector has also started attracting stiff competition from bigger MFI as they are expanding their presence from being regional based players to nation wide service providers. Apart from these major banks have already ventured into this high margin business with their strong outreach and easy availability of cash for disbursement. An economy of scale is only solution left for various institutions to continually focus and expand their business portfolio.

Given the correlation between higher interest rates and delinquency levels, managing collections effectively will also be a key focus area for management during FY2008-09. With new players entering the retail finance industry and driving up wage costs, retention of experienced personnel will be another area that will require careful management. SEIL is fully geared to meet the challenges in view of its past experience and economy of operations

**Outlook:**

The Indian economy continued to maintain strong growth momentum during the first quarter of 2007-08, underpinned by sustained performances of the manufacturing and services sectors. According to the estimates

The Earning per Share (EPS) is Rs. 35.50

Number of Live Customers is 86330.

released by the Central Statistical Organisation (CSO) in August 2007, real Gross Domestic Products (GDP) growth was 9.3 per cent during the first quarter of 2007-08 as compared with 9.6 per cent during the same period in 2006-07.

A structural shift has taken place in the Indian economy, which will propel real GDP growth from the 6 per cent averaged over the previous two decades, to nearly 8 percent in the coming years. Indeed, recent economic performance supports this view. GDP has increased on an average by about 8.5 per cent annually over the last four years. This economic expansion was marked by three related trends.

- ◆ First, productivity gains in both industry and services have allowed the country to increase its participation in international trade and investment.
- ◆ Second, technology and human resources now flow easily across India's borders in both directions, further facilitating efficiency.
- ◆ Third, increased financial intermediation has helped accelerate the pace of domestic investment. It has also provided additional channels for savings so that households may reap the benefits of corporate profitability via financial market participation.

Containment of inflation is high on the government's agenda, says the Economic Survey 2007-08. The anti-inflationary policies of the government, include, inter alia, strict fiscal and monetary discipline; rationalization of excise and import duties of essential commodities to lighten the burden on the poor; effective supply-demand management of sensitive items through liberal tariff and trade policies; and strengthening the public distribution system.

The Company enjoys a very strong brand recognition and customer acceptance. The Company believes its increasing presence in the customer financing business, have made it a trusted partner for retail customers.

The Company believes microfinance is a very powerful tool that can be used effectively to address poverty, empower the socially marginalised poor and strengthen the social fabric. Especially when directed at women, the benefits of microfinance multiply many folds. Through microfinance, the Company believes, we can enhance human as well as financial capital for the future and leave behind a better world for our children.

The microfinance program of the Company is aimed at delivering credit to the target community, through Microfinance Institutions (MFIs). The target community is the poor women of India, especially in the rural areas.

The products offered to the MFIs are term loans of varying tenors, structured suitably to match the specific needs of the individual MFI at a commercial, competitive rate of interest.

The company is busy in developing extending micro finance based on Shariat (Islamic) Finance faith.

The company has promoted an NGO named POWER for extending training and assistance to women folk specially in rural areas through imparting vocational and professional training programmes.

**Risks and Concerns:**

The risks affecting the Company's business can be classified across the following:

- ◆ Risks in respect of which the Company can exercise a direct control through the formulation of strategies regarding the market, liquidity, credit, technology, processes and policies.
- ◆ Risks that the Company can influence, but cannot control such as competition, regulatory control, brand perception, entry and exit barriers.

Over the years, the Company has strengthened its understanding of these diverse risks and put in place, effective strategies and mechanisms for risk mitigation, wherever possible.

**Adequacy of Internal Control:**

The Company has adequate internal control systems to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance of laws and regulations. On the Board of Directors there are two Chartered Accountants and one Income Tax Advocate. The Managing Director and Whole time Director are available throughout office hours for the business of the company. Besides other professionals the President Systems is a Chartered Accountant with MBA degree and wide exposure to computer systems and softwares. The company is having fully developed software system and has extensive internal controls through accounting system and staff. The Audit Committee of the Board reviews the Internal Audit reports and the adequacy and effectiveness of internal controls. Considering the present volume and nature of business, the Company has adequate internal audit and control systems and procedures.

**Human Resource Development:**

The Company considers its Human Resources as one of its key valuable assets. The development of SEIL's business and expansion of its customer base is dependant on its ability to recruit, train and retain members for its sales-force. The management personnel include Chartered Accountants, Company Secretaries, Engineers, Management Graduates and Legal Professionals. The HRD measures in place, include, scientific appraisal of employees' performance, proper placements, promising career plans and training. The Company's culture promotes high performance and high professional standards.

**Cautionary Statement:**

Statements in this Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may be a 'forward looking statement' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied. The Company is not under any obligation to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

## CORPORATE GOVERNANCE

The Company pursuant to clause 49 of the listing agreement with the Stock Exchanges furnishes its report on the code of Corporate Governance.

### 1. Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations and in all its interactions with its stakeholders, including shareholders, employees, the Government and lenders.

The Company is committed to achieve the highest international standards of Corporate Governance.

The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

### 2. Board of Directors

#### I. Composition and Category

The Board of the Company at present consists of six Directors, four being Non-Executive, three of whom are independent.

#### IIa. Attendance of each Director at the Board Meetings, last Annual General Meeting

Attendance particulars for 2007-08

Name of the Director	Board Meeting held during tenure of Director	Board Meeting attended	Last AGM
Shri Purushottam Agrawal	26	26	Yes
Shri Sunil Agarwal	26	26	Yes
Shri Sachin Agarwal	26	26	Yes
Shri Sanjay Agarwal	26	26	Yes
Shri Suresh Chand Sharma	26	25	Yes
Dr. Shyam Lal Garg	26	19	Yes

#### IIb. Number of other Directorship and Chairmanship/ Membership of Committee of each Director in various companies

Name of the Director	No. of other Directorship and Committee membership/Chairmanship		
	Other Directorship#	Committee Membership*	Committee Chairmanship*
Shri Purushottam Agrawal (C)	—	—	2
Shri Sunil Agarwal (M)	—	1	—
Shri Sachin Agarwal (W)	—	—	—
Shri Sanjay Agarwal (I)	—	2	—
Shri Suresh Chand Sharma (I)	—	2	—
Dr. Shyam Lal Garg (I)	—	—	—

C-Chairman, M-Managing Director, W-Whole Time Director, I-Independent Director

\* Only membership/chairmanship of Audit and Shareholders/Investor Grievance Committee is taken into consideration as per clause 49 of the listing agreement.

# (excluding directorship held in Private Limited Companies and Section 25 Companies)

### III. *Number of Board Meetings held and the dates on which held*

During the year ended 31st March, 2008, Twenty Six Board Meetings were held as against the minimum requirement of four meetings. The meetings were held on April 11, 2007, April 20, 2007, April 30, 2007, May 7, 2007, May 16, 2007, May 25, 2007, June 12, 2007, June 16, 2007, June 22, 2007, July 7, 2007, July 31, 2007, August 17, 2007, August 22, 2007, September 19, 2007, September 21, 2007, September 27, 2007, October 1, 2007, October 19, 2007, November 16, 2007, November 24, 2007, December 31, 2007, January 15, 2008, February 12, 2008, March 4 2008, March 20 2008, March 24 2008.

The Company has held at least one meeting in every three months and the maximum time gap between any two Board Meetings was not more than four months. None of the directors of the Company was a member of more than ten committees or the Chairman of more than five committees across all public limited companies in which he is a Director.

For the purpose of considering the limit of the Committees as stated above, only Audit Committee and Shareholders/ Investors Grievance Committee across all public limited companies has been considered in accordance with clause 49 of the listing agreement.

### IV. *Disclosure regarding appointment or re-appointment of Directors*

*The brief resume along with additional information required under Clause 49 (VI) (A) of the Listing Agreement for the Directors seeking appointment / re-appointment is as under :-*

*Shri Purushottam Agrawal, (M.Com., LL.B., F.C.A.), aged 64 years, is a Chartered Accountant and the Chairman of Audit Committee and Shareholders/Investors Grievance Committee and member of Remuneration Committee of the Board of Directors of the Company. He is a Promoter Director of the Company. He had been a member of the Regional Direct Taxes Advisory Committee set up by the Central Board of Direct Taxes. He has extensive experience in the fields of Auditing, Corporate counseling, Income Tax practice, Project consultancy and other related areas. He is in the board of Gaupal Products Pvt. Ltd. and Century Commotrade Pvt. Ltd.*

*Dr. Shyam Lal Garg, (Msc. Ph.D), aged 64 years, is a retired Deputy Chief Controller of Explosives, Government of India. He is a member of Remuneration Committee of the Board of Directors of the Company. He had been appointed as Director of the Company w.e.f. 10/05/2005. He has rich experience in the fields of Banking and Finance. He is not on the Board of any other Company.*

## **3. BOARD COMMITTEES**

### A. *Audit Committee*

#### *I. Composition, names of members and Chairperson*

The Audit Committee, during the year under review, comprised of three non-executive Directors, majority of them being independent. Shri Purushottam Agrawal is the Chairman of the Committee and all the members of the Audit Committee possess financial/accounting expertise. The constitution of the Audit Committee also meets with the requirements under section 292A of the Companies Act, 1956 and Para 9A of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

### *II. Terms of Reference:*

The terms of reference of the Audit Committee are wide enough to cover the matters specified under Clause 49 of the Listing Agreement, Reserve Bank of India Guidelines, as well as Section 292A of the Companies Act 1956, which included the following :-

- a) To oversee Companies Financial Reporting Process and the disclosure of its Financial Information to ensure that Financial Statement is correct, sufficient and credible.
- b) To recommend the appointment and removal of External Auditor, fixing of Audit Fees and also approval for payment for any other services.
- c) To review with the management, the annual financial statements before submission to the board focusing primarily on (i) any change in the accounting policies and practices, (ii) major Accounting entries based on exercise of judgment by management, (iii) qualifications in draft Audit Report, (iv) significant adjustments arising out of Audit, (v) the going concern assumption, (vi) Compliance with Accounting Standards, (vii) compliance with Stock Exchanges and Legal requirements concerning Financial Statements, (viii) any related party transactions i.e., transaction of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflicts with the interests of the Company at large.
- d) To review with the management, external and internal auditors, the adequacy of internal control systems, which includes : (i) review the adequacy of internal audit function, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit, (ii) to discuss with internal auditors any significant findings and follow up thereon, (iii) to review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board, (iv) to discuss with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- e) To review the company's financial and risk management policies.
- f) To look into the reasons for substantial default in the payments to the depositors, debenture holders, share holders (in case of non- payment of declared dividends) and creditors.

### *III. Meetings and Attendance during the year*

During the year ended 31st March 2008, the committee has met five times. The meetings were held on May 5, 2007, July 17, 2007, October 12, 2007 and January 7, 2008 and March 31, 2008. All the members of the Audit Committee were present at all the above meetings. Representatives of Internal Auditors/Statutory Auditors were invited to be present at the Audit Committee Meetings.



## *B. Shareholders/Investors Grievance Committee:*

### *I. Composition, names of members and Chairperson*

The Shareholders/Investors Grievance Committee comprised of Shri Purushottam Agrawal as the Chairman of the Committee and Shri Sunil Agarwal, Shri Sanjay Agarwal and Shri Suresh Chand Sharma as the members of the Committee.

### *II. Terms of Reference:*

- To deal with and decide all matters relating to the registration of transfer and transmission of shares, issue of duplicate share in lieu of those lost/ misplaced.
- To redress shareholders and investors complaints relating to transfer of shares, non-receipt of Balance Sheet, Non-receipt of declared dividends, etc.
- To monitor the compliance of Code of Prevention of Insider Trading framed by the Company.
- To effect dematerialisation and rematerialisation of shares of the Company.

The Committee met 8 times during the financial year ended 31st March, 2008 to discharge its functions. All the members of the Shareholders/Investors Grievance Committee were present at all the above meetings.

The Company has appointed M/s. Alankit Assignments Limited, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110 055 as the Registrar and Share Transfer Agent both for Physical as well as Electronic Mode. Shri Sachin Agarwal, Company Secretary, is the Compliance Officer pursuant to Clause 47(a) of the Listing Agreements with the Stock Exchanges. No Complaint was received from the Shareholders/Investors during the year 2007-08 and therefore no complaint was resolved and the pending complaint as on March 31, 2008 is Nil.

### *C. Remuneration Committee*

Shri Suresh Chand Sharma, an Independent and Non-Executive Director acts as the Chairman of the Committee. Shri Purushottam Agrawal (Non-Executive Director) and Dr. Shyam Lal Garg (Non-Executive Independent Director) are the other members of the Committee. The terms of reference of the Committee includes determination of the Company's policy on remuneration package to employees as well as to Directors of the Company, including inter alia ESOP Schemes, sitting fees and other expenses payable to the Directors within the limits approved by the shareholders, wherever applicable, from time to time. The Committee has designed objective methods to review/appraise employee performance on an annual basis in order to determine increase in emoluments based on such review. Shri Sachin Agarwal, Company Secretary acts as the Secretary of the said Committee.

### *D. Asset Liability Committee (ALCO)*

The committee has been formed as per the guidelines of Reserve Bank of India on the Asset Liability Management / Risk Management Systems. The Committee develops Company's credit and market risk policies and procedures, verify adherence to various risk parameters and reviews its risk monitoring system. The committee also ensures that the Company's credit exposure to any one group or industry does not exceed the internally set limits and that the risk is prudentially diversified.

The Committee met 4 (four) times during the year.

#### 4. General Body Meetings

##### i. Location and time of the last three Annual General Meetings were as follows:

Year	Location	Date	Time
2004-05	S-547, IIInd Floor, Main Road, Shakarpur, Delhi	16th June 2005	11:00 a.m
2005-06	S-547, IIInd Floor, Main Road, Shakarpur, Delhi	27th June 2006	11:00 a.m.
2006-07	S-547, IIInd Floor, Main Road, Shakarpur, Delhi	12th June 2007	11:00 a.m.

##### ii. Special Resolution

At the forthcoming Annual General Meeting, three resolutions, first for re-appointment of Shri Sunil Agarwal as Managing Director of the Company for a period of 5 years w.e.f. 20/2/2008 and second for increase in remuneration payable to Mr. Sachin Agarwal, Wholetime Director of the Company and third for empowering the Board of Directors of the company to raise further equity capital by way of FCCB and / or GDRs / ADRs and /or placement of securities to QIPs are proposed to be passed as Special Resolutions.

##### iii. Postal Ballot

At the forthcoming Annual General Meeting there is no resolution, which is proposed to be passed by postal ballot.

#### 1. DISCLOSURES

There was no material transaction with related parties. None of the transactions recorded are in conflict with the interests of the Company. The details of such transactions are disclosed in Notes on Accounts of the Annual Report.

The Company has received sufficient disclosures from Promoters, Directors or Management wherever applicable.

The Company has complied with the statutory rules and regulations including those of the SEBI and the Stock Exchanges. There has been no default on any related issue during the last three years.

The Company has complied with all the mandatory requirements as prescribed and has made considerable progress towards adopting and incorporating the Whistle Blower Policy in the organization.

#### 2. Means of Communication

i Quarterly and Half yearly results are published in one English daily newspaper (The Economic Times) circulating in the Country and one Hindi newspaper (Nav Bharat Times) published from New Delhi. These quarterly results/shareholding patterns are also made available on the website of the Company ([www.seil.in](http://www.seil.in)).

ii. The Company's website [www.seil.in](http://www.seil.in) contains a separate dedicated section "Corporate Governance and Financial Results" where useful information for shareholders is available.

iii. Management Discussion and Analysis forms part of the Directors' Report.

## 7. General Shareholder Information

### I. Annual General Meeting:

Date and time : Tuesday, 3rd June 2008 at 10:00 a.m.  
Venue : Conference Hall No. 1, India International Centre, 40, Max Mueller Marg, New Delhi-110003

### II. Financial Calendar 2008-09 (tentative)

Results for the quarter ended 30th June 2008	Last Week of July 2008
Results for the quarter ended 30th September 2008	Last Week of October 2008
Results for the quarter ended 31st December 2008	Last Week of January 2009
Results for the quarter/year ended 31st March 2009	In the month of May/June 2009
Annual General Meeting	June 2009

### III. Book Closure Date:

Thursday, 29th May 2008 to Tuesday, 3rd June 2008 (both days inclusive)

### IV. Listing of Equity Shares:

1. Bombay Stock Exchange Limited  
Floor 25, P. J. Towers  
Dala Street, Fort,  
Mumbai-400 001
2. The Delhi Stock Exchange Association Ltd.  
DSE House, 3/1,  
Asaf Ali Road,  
New Delhi- 110 003
3. The U.P. Stock Exchange Association Ltd.  
Padam Tower, 14/113, Civil Lines,  
Kanpur- 208001 (U.P.)
4. Ahmedabad Stock Exchange Ltd.,  
Kamdhenu Complex, Panjara Pole,  
Near Polytechnic, Ambawadi,  
Ahmedabad- 380 015

The Company has paid Annual Listing Fees to all the above Stock Exchanges for the Financial Year 2007-2008.

### V. Stock Code

Bombay Stock Exchange Limited	532900
The Delhi Stock Exchange Association Ltd.	8568
The U. P. Stock Exchange Association Ltd.	S00169
Ahmedabad Stock Exchange Ltd.	51236
ISIN Number-NSDL	INE420C01018
ISIN Number-CDSL	INE420C01018

### VI. Registrar & Transfer Agent:

M/s. Alankit Assignments Ltd.,  
2E/21, Jhandewalan Extension,  
New Delhi-110 055  
E-mail: info@alankit.com

The Company's  
Website  
[www.seil.in](http://www.seil.in)  
contains useful  
information for  
shareholders and  
investors.

**VII. High/Low of Market Price of the company's Equity Shares traded on the Stock Exchanges during the financial year 2007-08**

The Equity Shares of the Company have been listed on Bombay Stock Exchange Limited w.e.f. 11th October 2007. Monthly high and low quotations during 11th October 2007 to 31st March, 2008 are given in the table below:—

Month	High (Rs.)	Low (Rs.)
October 2007	640.00	255.35
November 2007	417.90	341.10
December 2007	348.00	288.00
January 2008	421.45	297.40
February 2008	341.95	288.30
March, 2008	349.00	207.70

There were no trading quotations on other exchanges where shares of the company are listed.

**VIII. Share Transfer System:**

Presently, the share transfers, which are received in physical form are processed and the share certificates returned within a period of 10 days from the date of receipt, subject to the documents being valid and complete in all respects. The Registrar & Transfer Agent of the Company, Alankit Assignments Ltd., receives, processes and replies to the share transfer requests of the shareholders.

The Company obtains from a Company Secretary in practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with the Stock Exchanges and files a copy of the certificate with the Stock Exchanges within the prescribed time.

**a) On the basis of Shares Held:**

No. of Equity shares held (Range) (1)	No. of shareholders (2)	% to Total shareholders (3)	No. of Equity shares held (4)	% to Total shares held (5)
Upto 5000	441	85.63	158773	5.05
5001-10000	13	2.52	111500	3.55
10001-20000	34	6.60	512337	16.32
20001-30000	2	0.39	46730	1.49
30001-40000	2	0.39	72000	2.29
40001-50000	1	0.19	50000	1.59
50001-100000	17	3.31	1152900	36.72
Above 100000	5	0.97	1035760	32.99
<b>Total</b>	<b>515</b>	<b>100%</b>	<b>3140000</b>	<b>100%</b>

b) *On the basis of Category:*

Category	No. of shares held	% to total shares held
Promoters	1217760	38.78
Body Corporates	1136420	36.19
Indian Public	785820	25.03
<b>Total</b>	<b>3140000</b>	<b>100%</b>

*X. Dematerialisation of Shares:*

The shares of the Company are compulsorily traded in electronic mode and are available for trading with both the depositories namely, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2008, 2602799 shares representing 82.89% of the Company's total paid-up share were held in dematerialized mode. The Company's shares are traded on BSE-B1 Group.

*XI. Secretarial Audit for reconciliation of Capital*

The Securities and Exchange Board of India has directed vide circular no. D&CC/FITTC/CIR-16/2002 dated December 31, 2002 that all issuer companies shall submit a certificate of capital integrity, reconciling the total issued/paid up capital. The said certificate, duly certified by a qualified chartered accountant is submitted to the stock exchanges where the securities of the company are listed within 30 days of the end of each quarter and the certificate is also placed before the board of directors of the Company.

*XI. Address for Correspondence:*

For transfer/dematerialisation of shares and any query relating to the shares of the Company, the shareholders should contact the Registrar and Transfer Agent of the Company at the following address :

Alankit Assignments Ltd.  
Alankit House, 2E/21,  
Jhandewalan Extension,  
New Delhi-110 055  
E-mail: info@alankit.com

For any other queries the shareholders may write to:

Mr. Sachin Agarwal, ACS  
Company Secretary  
S. E. Investments Ltd.,  
S-547, 2nd Floor,  
Main Road, Shakarpur,  
Delhi-110 092  
E-mail: cs@seil.in

**Plant Locations :**

The Company is engaged in the business of financial services and has no plant. However the company is having Wind Energy Generation Machines (Wind Mills) at Vani Vilas Sagar, Distt Chitradurga in the State of Karnataka and in Distt Jaisalmer in the State of Rajasthan.

## Auditors Certificate on Corporate Governance

To,  
The Members of  
S. E. Investments Limited,  
DELHI

We have examined the compliance of conditions of Corporate Governance by S. E. Investments Limited for the year ended 31st March 2008 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

The compliance of condition of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the above mentioned Listing Agreement.

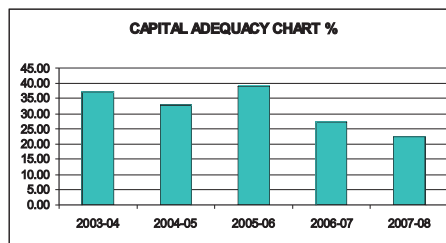
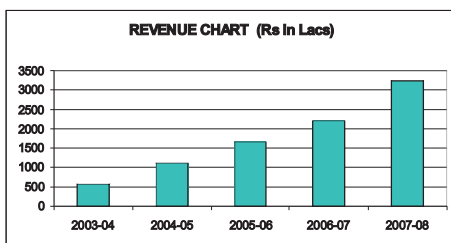
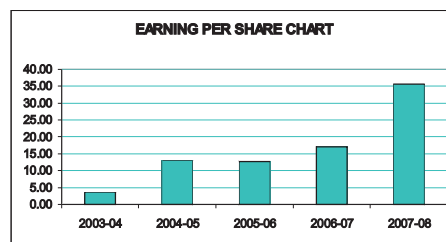
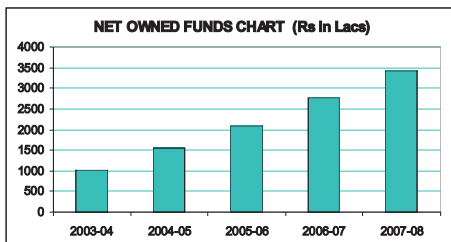
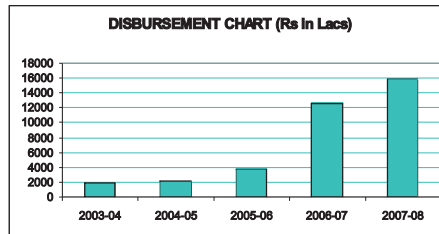
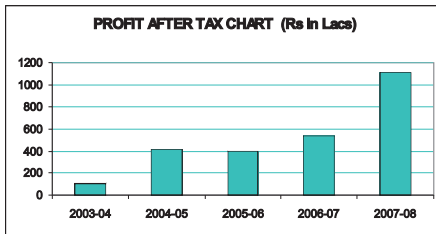
We state that no investor grievances were pending for a period of one month against the company as certified by the Registrars & Share Transfer Agent of the company, based on the records maintained by them.

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

Place : Agra Camp Delhi  
Date : 25th April 2008

For R. Lal & Co.,  
Chartered Accountants  
(Ram Lal Agrawal)  
Proprietor  
M. No. 17583

## Financial Performance



## AUDITORS' REPORT

To,  
The Members of  
M/s S. E. INVESTMENTS LTD.,  
DELHI

We have audited the attached Balance Sheet of S. E. Investments Ltd. as at 31st March, 2008, and also the profit and loss account and the cash flow statement 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.

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.

As required by the Companies (Auditors' Report) Order, 2003 and the Companies (Auditors' Report) (Amendment) Order, 2004, issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph-4 of the said order.

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 and profit and loss account dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
- v) On the basis of written representations received from the directors 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 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 the case of the profit and loss account, of the profit for the year ended on that date and

c) in the case of cash flow statement, of the cash flows for the year ended on that date.

Date : 25th April 2008  
Place : Agra Camp Delhi

For R. Lal & Company  
Chartered Accountants  
(Ram Lal Agrawal)  
Proprietor  
M. No. 17583

## ANNEXURE TO AUDITORS' REPORT

### ANNEXURE TO AUDITORS' REPORT OF M/S S. E. INVESTMENTS LTD.

(Referred to in paragraph (3) of our Report of even date for F. Y. 2007-08)

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable interval. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

According to information and explanations given to us, the Company has not made any substantial disposal of fixed assets during the year.

2. (a) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

(b) In our opinion and according to information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on verification.

3. Company has taken loans from companies, firms & other parties or companies listed in the register maintained under section 301 of the Companies Act 1956.

The rate of interest and other terms and conditions are not prejudicial to the interest of the Company.

4. The Company has not granted loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act.

There being no such loans, the questions regarding the rate of interest and other terms and conditions not prejudicial to the interest of the Company are not applicable.

5. 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 with regard to purchases, fixed assets, sale of goods and services.

6. In our opinion and according to the information and explanations given to us, the transactions that need to be entered in the register in pursuance of section 301 of the Act have been entered and the transactions have been made at price which are reasonable with regard to the prevailing market price at the relevant time.

7. Directives issued by Reserve Bank of India and provisions of section 58A & 58AA or any other relevant provision of the Companies Act, 1956 and the rules framed thereunder have been complied with.

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

9. Maintenance of cost records are not applicable.
10. According to the information and explanations given to us, the company has been regular in depositing with appropriate authorities undisputed statutory dues and there are no undisputed amounts of Income Tax, service tax, cess, investor education and protection fund, employees state insurance, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Provident Fund etc. outstanding as at the last day of financial year concerned for a period of more than six months from the date they became payable.
11. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the year and during the immediately preceding financial year.
12. The Company has not defaulted in the repayment of dues to a financial institution or bank or debenture holders.
13. In our opinion adequate documents and records are maintained by the company in cases where loans & advances have been granted on the basis of security by way of pledge of shares, debentures & other securities.
14. The provisions of any special statute applicable to chit fund, nidhi or mutual benefit society are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, proper records have been maintained in respect of dealing & trading of shares, debentures, securities. The investments are held in company's name.
16. According to information and explanations given to us the company has not given any guarantee for loans taken by others from banks/financial institutions. Accordingly clause 4(xv) of the order is not applicable.
17. In our opinion and according to information and explanations given to us, the company had applied the term loan for the purpose for which the loan were obtained.
18. According to the cash flow statement and the information and explanations given to us, on an overall basis, funds raised on short term basis prima facie, have not been used during the year for long term investment (fixed assets).
19. The company has not made any preferential allotments of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
20. The company has not issued any debentures. Accordingly clause 4(xix) of the order is not applicable.
21. The Company has not raised any funds by public issue during the year.
22. According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

Date : 25th April 2008  
Place : Agra Camp Delhi

For R. Lal & Company  
Chartered Accountants  
(Ram Lal Agrawal)  
Proprietor  
M. No. 17583

### Balance Sheet as on 31st March 2008

PARTICULARS	SCHEDULE	AMOUNT 31.3.2008	AMOUNT 31.3.2007
<b>I. SOURCES OF FUNDS</b>			
<b>1. SHARE HOLDERS FUNDS</b>			
(a) Share Capital	1	31,462,500	31,462,500
(b) Reserves & Surplus	2	<u>283,397,988</u>	<u>175,616,483</u>
		<u>314,860,488</u>	<u>207,078,983</u>
<b>2. LOAN FUNDS</b>			
(a) Secured Loans	3	723,795,075	542,701,074
(b) Unsecured Loans	4	<u>490,565,636</u>	<u>299,349,658</u>
		<u>1,214,360,711</u>	<u>842,050,732</u>
3 Deferred Tax Reserve	2A	27,094,063	69,804,679
<b>TOTAL</b>		<u>1,556,315,262</u>	<u>1,118,934,394</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS:</b>			
(a) Gross Block	5	310,673,780	299,533,618
(b) Less: Depreciation		<u>96,840,068</u>	<u>74,685,861</u>
(c) <b>NET BLOCK</b>		<u>213,833,712</u>	<u>224,847,757</u>
<b>2. INVESTMENTS</b>			
	6	<u>173,848,082</u>	<u>130,754,222</u>
		<u>173,848,082</u>	<u>130,754,222</u>
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
(a) Inventories including Book Debts	7	1,203,070,356	760,266,271
(b) Stock of Shares & Debentures	8	0	746,397
(c) Cash & Bank Balances	9	57,266,505	41,886,272
(d) Loans & Advances	10	<u>62,726,649</u>	<u>41,223,645</u>
		<u>1,323,063,510</u>	<u>844,122,585</u>
<b>4. Less: CURRENT LIABILITIES &amp; PROVISIONS</b>			
(a) Liabilities	11	116,516,708	65,672,932
(b) Provisions	12	<u>37,913,334</u>	<u>15,117,237</u>
		<u>154,430,042</u>	<u>80,790,169</u>
Net Current Assets		<u>1,168,633,468</u>	<u>763,332,416</u>
<b>5. Misc. Expenditure (to the extent not written off or adjusted)</b>			
		0	0
<b>TOTAL</b>		<u>1,556,315,262</u>	<u>1,118,934,394</u>
Accounting Policies and Notes on Accounts	15		

Schedules referred to above, form an integral part of the Balance sheet

Signed in terms of our report of even date

For **R. Lal & Company**

Chartered Accountants

(Ram Lal Agrawal)

Proprietor

M. No. 17583

Date : 25th April 2008

Place : Agra Camp Delhi

For and on behalf of the Board

Sunil Agarwal

Managing Director

Sachin Agarwal

Wholtime Director

Purushottam Agrawal

Director

Sanjay Agarwal

Director

S. C. Sharma

Director

Sachin Agarwal,ACS

Company Secretary

## Profit & Loss Account for the year ended 31st March 2008

PARTICULARS	SCHEDULE	AMOUNT 31.3.2008	AMOUNT 31.3.2007
<b>I. INCOME</b>			
1. Income from Operations	13	<u>323,871,362</u>	<u>220,916,250</u>
		<u>323,871,362</u>	<u>220,916,250</u>
<b>II. EXPENDITURE</b>			
2. Expenses	14	210,176,525	119,949,162
3. Depreciation		<u>22,154,207</u>	<u>19,147,716</u>
		<u>232,330,732</u>	<u>139,096,878</u>
<b>III. PROFIT BEFORE TAX -I-</b>		91,540,630	81,819,372
4. Provision for Income Tax		22,140,678	9,222,249
5. Provision for Fringe Benefit Tax		655,419	589,673
6. Provision for Deferred Tax		<u>(42,710,615)</u>	<u>18,318,152</u>
<b>IV. PROFIT AFTER TAX</b>		111,455,148	53,689,298
7. Balance as per last year account		214,111	905,198
<b>V. SURPLUS AVAILABLE FOR APPROPRIATION</b>		<u>111,669,259</u>	<u>54,594,496</u>
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		80,000,000	40,000,000
Interim Dividend Paid		3,673,643	3,580,385
Reserve Fund (As per RBI Act)		22,400,000	10,800,000
Balance Carried to Balance Sheet		<u>5,595,616</u>	<u>214,111</u>
		<u>111,669,259</u>	<u>54,594,496</u>
Accounting Policies and Notes on Accounts	15		

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

Signed in terms of our report of even date

**For R. Lal & Company**

Chartered Accountants

(Ram Lal Agrawal)

Proprietor

M. No. 17583

Date : 25th April 2008

Place : Agra Camp Delhi

For and on behalf of the Board

Sunil Agarwal                      Managing Director

Sachin Agarwal                    Wholetime Director

Purushottam Agrawal            Director

Sanjay Agarwal                    Director

S. C. Sharma                        Director

Sachin Agarwal,ACS              Company Secretary

## Schedules Forming part of Balance Sheet

<b>PARTICULARS</b>	<b>AMOUNT 31.3.2008</b>	<b>AMOUNT 31.3.2007</b>
<b>SCHEDULE 1- SHARE CAPITAL</b>		
AUTHORISED CAPITAL:		
3,500,000 Equity Shares of Rs. 10 each	35,000,000	35,000,000
	<u>35,000,000</u>	<u>35,000,000</u>
ISSUED, SUBSCRIBED CAPITAL		
3,152,500 Equity shares of Rs. 10/-each	31,525,000	31,525,000
PAID UP CAPITAL		
3,140,000 Equity shares of Rs. 10/-each fully paid up	31,400,000	31,400,000
Add : Share Forfeited A/c (Amount originally Paid-up on 12,500 Equity Share of Rs. 10/- each)	62,500	62,500
	<u>31,462,500</u>	<u>31,462,500</u>
<b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>		
General Reserve	216,993,372	136,993,372
Reserve Fund (As per RBI Act)	60,809,000	38,409,000
Profit & Loss Account	5,595,616	214,111
	<u>283,397,988</u>	<u>175,616,483</u>
<b>SCHEDULE 2A - DEFERRED TAX RESERVE</b>		
Deferred Tax Reserve	27,094,063	69,804,679
	<u>27,094,063</u>	<u>69,804,679</u>
<b>SCHEDULE 3 - SECURED LOANS :</b>		
<b>Working Capital Borrowing Cash credit/Overdraft Facilities</b>		
<b>From Bank (Refer Note No 13)</b>		
- Punjab National Bank	239,842,309	236,919,962
-AXIS/ICICI Bank Ltd.	13,820,416	10,587,022
<b>Term Loan Borrowings (Refer Note No 14)</b>		
-Indian Renewable Energy Development Agency Ltd.	81,604,000	91,788,000
- Small Industries Development Bank of India	30,099,600	34,318,400
-HDFC Bank Ltd.	110,757,576	48,333,333
-AXIS Bank Ltd.	76,666,667	40,000,000
- ICICI Bank Ltd.	169,999,998	78,571,428
-Vehicle Loans	1,004,509	2,182,929
	<u>723,795,075</u>	<u>542,701,074</u>
<b>SCHEDULE 4 - UNSECURED LOANS :</b>		
Fixed Deposits	96,327,514	82,623,383
Interest Accrued on Fixed Deposits	7,823,077	7,891,506
Inter Corporate Deposits	333,699,640	167,451,000
Interest Accrued on Inter Corporate Deposits	23,941,076	4,810,263
Loan from suppliers - Central Electronics Ltd.	28,429,557	36,091,967
Interest Accrued on Above	344,772	481,539
	<u>490,565,636</u>	<u>299,349,658</u>

**SCHEDULE 5**  
**Fixed Assets as on 31st March 2008**

(Amount in Rs.)

Description	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	Balance as on 31/3/2007	Additions	Decrements	Gross Block as on 31/3/2008	Balance as on 31/3/2007	For the year 2007-08	During the year 2007-08	Total Depreciation as on 31/3/2008	Balance as on 31/3/2008	Balance as on 31/3/2007	
LEASED ASSETS											
SOLAR SERVICES	87,941,200	910,000	0	88,851,200	88,703,920	9,938,193	0	91,642,113	29,811,350	87,810,410	
LAND & BUILDING	1,560,570	0	0	1,560,570	0	0	0	0	1,560,570	1,560,570	
LAND & BUILDING BUILDING	5,937,985	0	0	5,937,985	5,12,885	138,011	0	7,500,886	5,131,559	5,327,710	
MANUFACTURING MACHINERY	188,743,621	0	0	188,743,621	14,698,022	9,217,081	0	22,915,103	141,431,288	149,865,611	
FURNITURE & FITTINGS	4,981,018	97,073	529,162	5,528,929	1,709,086	359,130	0	1,717,226	4,860,729	4,663,918	
COMPUTER TERMINAL & SOFTWARE	22,856,380	9,901,019	281,736	32,636,663	2,651,770	8,810,832	0	9,502,602	23,184,061	21,291,518	
VEHICLES	4,886,016	124,467	0	5,110,483	1,355,273	574,574	0	2,100,847	3,009,636	1,438,773	
EQUIPMENT PLANT & MACHINERY	3,755,003	601,573	183,703	4,172,873	957,056	188,306	0	1,145,362	3,027,511	2,827,978	
TOTAL	299,211,618	12,143,182	1,010,898	310,343,902	48,989,381	22,195,217	0	49,184,598	261,159,304	224,867,286	
LAST YEAR	278,378,735	21,158,888	0	299,537,623	59,368,115	19,117,715	0	71,385,831	228,151,792	224,911,389	

## Schedules Forming part of Balance Sheet

PARTICULARS	AMOUNT 31.3.2008	AMOUNT 31.3.2007
<b>SCHEDULE - 6 INVESTMENTS</b>		
Government Guaranteed Bonds	10,928,886	10,928,886
Shares of TCS Ltd (last year 288 Nos.shares having market value Rs 353348)	0	127,856
Bank FDR's - Face Value (Refer Note no 15)	121,933,212	116,810,501
FDR's with NBFC - Face Value (Refer Note no 16)	34,699,002	
Interest accrued but not due	<u>6,286,982</u>	<u>2,886,979</u>
	<u>173,848,082</u>	<u>130,754,222</u>
<b>SCHEDULE 7 - INVENTORIES</b>		
A. Hire Purchase Stock of Motor Vehicles and & Other Assets etc. covered under Hire Purchase Agreement excluding unexpired Hire Charges etc. including overdue installments at Book value considered good. (As certified by the Management)	1,206,026	3,561,472
B. Book Debts i.e. Advances made against agreements secured by property/vehicles and/or other assets and/or personal guarantees excluding unexpired finance charges etc including overdue installments at book value considered good. (As certified by the Management)	<u>1,201,864,330</u>	<u>756,704,799</u>
	<u>1,203,070,356</u>	<u>760,266,271</u>
<b>SCHEDULE 8 - STOCK OF SHARES &amp; DEBENTURES</b>		
SHARES - QUOTED : Fully paid up (Aggregate market value of quoted shares & debentures is Rs. Nil as on 31.3.2008 Last year Rs. 815489.80 as on 31.03.2007)	0	746,397
	<u>0</u>	<u>746,397</u>
<b>SCHEDULE 9 - CASH &amp; BANK BALANCES:</b>		
Cash in Hand	12,331,312	25,851,850
Current A/C with Scheduled Banks (Subject to Reconciliation)	<u>4,49,35,193</u>	<u>16,034,422</u>
	<u>57,266,505</u>	<u>41,886,272</u>
<b>SCHEDULE 10 - LOANS &amp; ADVANCES</b>		
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED CONSIDERED GOOD :		
Prepaid Expenses	198,219	397,655
Income Tax & TDS paid	40,971,502	16,569,199
Other Advances	<u>21,556,928</u>	<u>24,256,791</u>
	<u>62,726,649</u>	<u>41,223,645</u>
Over Six Months Old	30,108,429	24,891,319
Others	<u>32,618,220</u>	<u>16,332,326</u>
	<u>62,726,649</u>	<u>41,223,645</u>



<b>PARTICULARS</b>	<b>AMOUNT 31.3.2008</b>	<b>AMOUNT 31.3.2007</b>
<b>SCHEDULE - 11 CURRENT LIABILITIES</b>		
Other Liabilities	116,516,708	65,672,932
	<u>116,516,708</u>	<u>65,672,932</u>
<b>SCHEDULE 12 - PROVISIONS</b>		
Provision for FBT	1,245,092	589,673
Provision for Taxation	36,668,242	14,527,564
	<u>37,913,334</u>	<u>15,117,237</u>
<b>SCHEDULE 13 - INCOME FROM OPERATIONS</b>		
Income from Hire Charges	296,632	3,040,822
Income from Lease Rent	4,589,622	4,579,680
Profit on Shares & investments	19,076	(6,760)
Income on Government Guaranteed Bonds	993,409	1,069,703
Dividend income (Gross)	9,601	1,972
Interest on Loans	292,218,043	147,802,026
Other income from operations	227,422	13,374,836
Income On Managed Receivables	0	26,725,520
Sale of Energy from Wind Mills	23,217,199	23,384,919
Carbon credit on Wind Mills	404,471	0
Locker Rent	4,390	35,143
Bad Debts Recovered	1,891,497	908,389
	<u>323,871,362</u>	<u>220,916,250</u>
<b>SCHEDULE - 14 EXPENSES</b>		
Printing & Stationery	2,105,977	2,229,763
Auditors Fee	100,000	12,000
Salary & Establishment	8,974,135	4,309,231
Office and General Expenses	4,800,290	2,842,321
Wind Mills Interest Charges	7,938,902	7,262,449
Wind Mills Expenses	0	584,480
Interest discounting & Bank Charges	114,974,241	47,871,034
Legal Expenses	4,241,366	3,823,394
Rent	4,311,020	4,985,417
Managing Director & Director Remuneration	1,680,000	1,680,000
Managing Director & Director House Rent Allowance	840,000	840,000
Advertisement and Business Promotion Expenses	8,558,397	12,030,842
Travelling Expenses	2,888,170	2,735,241
Postage and Telephone Expenses	2,390,620	2,417,462
Bad Debts written off	18,478,192	7,758,185
Rebate & Remission & Brokerage	1,293,515	(76,203)
Recovery Expenses	18,903,544	13,092,220
Car & Scooter Expenses	4,192,900	3,016,113
Repairs & Maintenance	1,062,459	800,649
Insurance	721,866	662,486
Electricity & Water Expenses	1,139,503	995,099
Rates & Taxes	463,757	32,905
Security Expenses	117,671	44,074
	<u>210,176,525</u>	<u>119,949,162</u>

## Schedule 15 : Accounting Policies and Notes on Accounts

### ACCOUNTING POLICIES

#### A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention method, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

#### B. REVENUE RECOGNITION

Income from Hire charges and lease rentals & on loans and advances cases are recognised as revenue as per the terms of the agreements entered into with Hirers/Lessees/Borrowers. Hire charges/finance charges are accounted for on the basis of accrual on outstanding balances in accordance with the due dates of instalments of hire money/loan money and hire charges/finance charges. However interest income on loans and advances under daily collection scheme is recognized as revenue on receipt basis. Overdue charges of instalments from Hirers/Lessees/Borrowers and allowance of rebate for good and timely payment are accounted for as and when received or allowed because these charges and rebates are contingent.

Initial lumpsum future interest in respect of the hire purchase cases/loan and advances cases which carry hire/finance charges in addition to the same has been treated as income in the year of receipt but in those hire purchase cases/loan and advances cases where hire/finance charges are inherent in initial lumpsum interest the same has been apportioned on the basis of period of contracts on accrual basis. Management fees had been treated as income in the year of receipt.

#### C. PROVISIONING FOR SUBSTANDARD/LOSS/DOUBTFUL ASSETS

Provisioning for substandard assets/Loss assets/doubtful assets has been made in compliance with the directions of Reserve Bank of India. As per decision of the Board of Directors in the cases overdue hire instalments for more than 12 months and overdue loan instalments for more than 6 months the company first treats these overdues and future instalments as bad debts and after this treatment the provisioning for non performing assets is made in compliance to Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007, as applicable to the company. Other directives of Reserve Bank of India have been duly complied with.

#### **D. FIXED ASSETS**

All fixed assets are stated at cost less accumulated depreciation after considering lease adjustment account. All costs including financing cost attributable to fixed assets till assets are ready for intended use are capitalized.

#### **E. INTANGIBLE ASSETS**

Intangible assets are stated at cost of acquisition less accumulated write off.

#### **F. DEPRECIATION**

Depreciation has been provided on straight line method in the manner and at the rates specified in schedule XIV to the Companies Act, 1956 and on the pro rata basis.

#### **G. IMPAIRMENT OF ASSETS**

An asset is treated as impaired, when carrying cost of assets exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

#### **H. INVESTMENTS**

Investments are valued at cost

#### **I. STOCK IN TRADE/ASSETS HELD FOR SALE**

Inventories being hire purchase stocks are valued at book value net of Hire Charges including overdue instalments. Book debts and stocks of shares and debentures are valued at cost or market value whichever is less.

#### **J. FOREIGN CURRENCY TRANSACTIONS**

Transaction in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.

#### **K. BORROWING COSTS**

Borrowing costs, which are directly attributable to the acquisition/construction of fixed assets, till the time such assets are ready for intended use, are capitalized as part of the cost of the assets. Other borrowing costs are recognized as an expense in the year in which they are incurred.

#### **L. PROVISION FOR CURRENT TAX, DEFERRED TAX AND FRINGE BENEFIT TAX.**

Income tax expenses comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using

the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future: however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets, deferred tax assets/liabilities are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized/incurred. Provisions of AS 22 'Accounting for Taxes on income' issued by Institute of Chartered Accountants of India has been complied with all possible extent.

Provision for Fringe Benefit Tax has been recognized on the basis of a harmonious, contractual interpretation of the Income Tax Act, 1961.

#### **M. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

#### **N. EMPLOYEE RETIREMENT BENEFITS**

Company's contribution to Provident Fund and Superannuation Fund are charged to profit and loss account, Gratuity benefits are charged to profit and loss account on the basis of actuarial valuation as contribution to Life Insurance Corporation of India Policy premium.

- O. The Company has followed Mercantile System of Accounting and the accounts have been made consistently on Accrual Basis as a going concern.

#### **NOTES ON ACCOUNTS**

1. In accordance with Accounting Standard 22-Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, the deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets/liabilities arising from temporary timing difference are recognized to the extent there is reasonable certainty that the assets can be realized in future or liabilities are to be provided for in future. During the year Rs. 473.51 lacs has been written back in respect of wind mills (Wind Energy Generation Machines) in view of

the provisions of Accounting Standard 22 for tax shield due to benefits available u/s 80 IA of Income Tax Act, 1961

2. No remuneration has been paid to directors excepting remuneration to whole time directors including managing director. The remuneration paid to whole time directors including managing director during the F.Y. 2007-2008 is Rs. 2,520,000/- (last year 2,520,000/- ) which is less than that permitted under Schedule XIII of the Companies Act, 1956. Computation of net profit in accordance with section 349 of the Companies Act, 1956, has not been given as commission by way of percentage of profits is not payable for the year to any of the directors of the Company.

3. Remuneration of Auditors :-

	<b>Current Year 31/03/2008</b>	<b>Previous Year 31/03/2007</b>
For Statutory Audit	Rs. 80,000	Rs. 8,000
Tax Audit	Rs. 10,000	Rs. 2,000
For Certification work/other services	Rs. 10,000	Rs. 2,000
<b>Total</b>	<b>Rs. 100,000</b>	<b>Rs. 12,000</b>

4. Contingent Liabilities:

Interest Tax matters In appeal	Rs. 4,923,788	Rs.4,923,788
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5. Unclaimed matured deposit lying with the company amount to Rs. 2.19 lacs number of deposits 10.

6. Information pursuant to the provisions of Paragraph 3 and 4D of part II & IV of Schedule VI to the Companies Act, 1956, is given in Schedule 16 & 17 respectively.

7. No amount is payable to Small Scale Industrial Undertakings. The company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Act, 2006 and hence disclosures, if any relating to amounts unpaid as at the year end together with interest paid/payable as required under the Act can not be furnished.

<b>Earning per Share</b>	<b>2007-08</b>	<b>2006-07</b>
Net profit for the year (After Tax)	111,455,148	53,689,298
No. of Equity Shares	3,140,000	3,140,000
Basic and diluted earning per share	35.50	17.10

9. (i) During the year the company has sold by way of assignment 27740 cases of loan contracts to a scheduled bank and NBFC amounting to Rs. 5240.95 lacs.

(ii) During the year the company has sold by way of assignment 466 number of loan contracts to an assignee company amounting to Rs. 193.47 lacs.

10. Figures for the previous year have been regrouped/rearranged/reclassified wherever considered necessary.

11. Disclosure of related party transactions

A. List of related parties and relationship:—

PARTY	RELATION
Key Managerial Personnel	
Mr. Sunil Agarwal	Managing Director
Mr. Sachin Agarwal	Whole time Director
Mr. Purushottam Agrawal, Mrs. Raj Agarwal, Mrs. Neetu Agarwal, Mrs. Shikha Agarwal	Relatives of key managerial personnel

B. Enterprises over which significant influence exercised by Key Managerial Person/Directors/Relatives of Key Management personnel

1. Siyaram Motors (P) Ltd.	Company controlled by Mr. Sachin Agarwal and Mr. Sunil Agarwal
2. Gaupal Products (P) Ltd.	Company controlled by Mr. Purushottam Agrawal and Mrs. Raj Agarwal
3. Spring Infradev (P) Ltd.	Company Controlled by Mr. Sachin Agarwal and Mr. Sunil Agarwal
4. S. E. Overseas (P) Ltd.	Company Controlled by Mr. Sachin Agarwal and Mr. Sunil Agarwal
5. Century Commotrade Pvt. Ltd.	Company controlled by Mr. Purushottam Agrawal and Mrs. Raj Agarwal
6. Fasteck Softwares Pvt. Ltd.	Company controlled by Mrs. Raj Agarwal
7. Nupur Finvest (P) Ltd.	Company controlled by Mr. Sunil Agarwal and Mr. Sachin Agarwal
8. Janmangal Finance Pvt. Ltd.	Company controlled by Mr. Sachin Agarwal and Mr. Sunil Agarwal
9. Millenium Steelcast Pvt. Ltd.	Company controlled by Mrs. Raj Agarwal
10. S. E. Retail (P) Ltd.	Company controlled by Mr. Sachin Agarwal and Mr. Sunil Agarwal
11. Unnati Financial Services (P) Ltd.	Company controlled by Mrs. Neetu Agarwal and Mrs. Shikha Agarwal
12. Caldyyin Hotels & Resorts (p). Ltd.	Company controlled by Mrs. Raj Agarwal
13. Cogent Steelcast Pvt. Ltd.	Majority shareholding held by key managerial personnel and relatives
14. Enercore Diseles Pvt. Ltd.	Majority shareholding held by key managerial personnel and relatives
15. Siyaram Energy Pvt. Ltd.	Majority shareholding held by key managerial personnel and relatives
16. P M S & Co. Chartered Accountants	Mr. Purushottam Agrawal is partner

C. Disclosures required for related party transaction

	KMP & Relative	Enterprise over which significant influence Exercised by KMP/Directors	Total
Transactions during the year			
Rendering of Services (Rent/hire charges)	38.00	6.96	44.96
Remuneration	25.20	—	25.20
Loan received	253.75	642.00	895.75
Interest paid	5.28	85.64	90.92
Amount outstanding at Balance Sheet date			
—Amount Payable	261.23	799.28	1060.51

**Notes:**—(1) Related party relationship is as identified by the company on the basis of information available with them and accepted by the auditors as correct. (2) No amount has been written off or written back during the year in respect of debt due from or to related parties. (3) Company has entered into transactions with certain parties as listed above during the year under consideration. Full disclosures have been made and the Board considers such transactions to be in normal course of business and at rates agreed between the parties. (4) The key management personnel and their relatives have given personal guarantees and collaterals for loans raised by the company but company has not provided any guarantee to these persons nor paid any consideration for furnishing such guarantees.

12. During the year the company has received an amount of Rs. 10 lacs as capital subsidy grant under capacity building from Small Industries Development of India and assets created out of the same in the shape of Computers, PBX, Furniture etc. The cost of corresponding assets has been reduced from fixed assets since the grant is specific for capital expenditures.

13. Working Capital Borrowing

A. Punjab National Bank : The facilities from Punjab National Bank, Surya Nagar is secured by hypothecation of book debts pertaining to advances. The credit facilities are secured by equitable mortgage of office premises and a flat belonging to the company and equitable mortgage of one house and one shop belonging to a director and his wife, and lien on FDR of the company and three commercial buildings and land and two flats in the name of the guarantors and personal guarantee of directors and corporate guarantee of the companies who have stood as guarantors.

B. AXIS/ICICI Bank : The Facilities from AXIS Bank and ICICI Bank are secured by hypothecation of book debts pertaining to Micro Finance business and personal guarantee of three directors.

14. Term Loans :

A. **Indian Renewal Energy Development Agency Ltd. :** Term loan assistance for 'Wind Energy Generation Machines (wind mills) being secured by first charge mortgage of the projects and personal guarantee of the directors, PDCs towards payment of installments of principal and interest and bank guarantee.

- B. Small Industries Development Bank of India** : Term loan assistance secured by hypothecation of book debts, term deposits and equitable mortgage of immovable property of a company which stood as guarantor and personal guarantee of the directors.
- C. HDFC Bank Ltd.** : Term Loan assistance secured by hypothecation of books debts and personal guarantee of the Directors and equitable mortgage of land and building belonging to the company.
- D. AXIS Bank Ltd.** : Term loan assistance for on lending to micro finance clients. This facility is secured by hypothecation of book debts (receivables) funded out of bank assistance and collateral securities of term deposit receipts and equitable mortgage of a flat belonging to director of the company.
- E. ICICI Bank Ltd.** : Term loan assistance for on lending to micro finance clients. The facility is secured by hypothecation of book debts arising out of the bank assistance and collateral securities of term deposit receipts and personal guarantee of the directors.

15. Details of Bank FDR's Held as on 31.03.2008

**Held as Cash Collateral for Assignment/Term Transactions.**

S.No.	Name of Bank	Purpose	Principal Amount
(i)	ICICI Bank Ltd.	Assignment of book debts	39,478,797
(ii)	HDFC Bank Ltd.	Assignment of book debts	13,554,353
	<b>Sub Total</b>		<b>53,033,150</b>

**Held as cash collateral for Term Loans**

(i)	AXIS Bank Ltd.	Term Loan	10,800,000
(ii)	HDFC Bank Ltd.	Term Loan	8,000,000
(iii)	ICICI Bank Ltd.	Term Loan	12,000,000
(iv)	Oriental Bank of Commerce Ahmedabad	SIDBI Term Loan	3,000,000
(v)	SIDBI Lucknow	SIDBI Term Loan	2,500,000
	<b>Sub Total</b>		<b>36,300,000</b>

**Held to avail overdraft facility against FDR's**

(i)	Punjab National Bank	Over Draft	21,568,104
(ii)	Central Bank of India	Over Draft	200,000
	<b>Sub Total</b>		<b>21,768,104</b>

**Held to avail bank guarantee to IREDA for Wind Energy Generation Machines Term Loans**

(i)	HDFC Bank Ltd.	IREDA Bank Guarantee	10,231,958
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**Unencumbered FDR**

(i)	Punjab National Bank		600,000
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**Grand Total** **121,933,212**



16. Details of FDR's with NBFC held as on 31.03.2008 as Cash Collateral for Assignment of book debts Transactions

(i) Fullerton India Credit Company Ltd.	Assignment of book debts	34,699,002
<b>Total</b>		<b>34,699,002</b>

17. The company is owning Wind Mills (Wind Energy Generation Machines) at Vani Vilas Sagar, Distt. Chitradurga (Karnataka) and in District Jaisalmer (Rajasthan) the results of which are merged in the accounts. Stand alone results of Wing Energy Division are as under : —

**WIND ENERGY DIVISION  
PROFIT & LOSS ACCOUNT**

	Year ended 31.03.2007	Year ended 31.03.2008		Year ended 31.03.2007	Year ended 31.03.2008
<b>EXPENDITURE</b>			<b>INCOME</b>		
Interest	7262449	7938902	Sales of Energy	23384919	23217199
Expences	584480	38034	Carbon credit on Wind Mills		404470
Depreciation	8217031	8217031			
Surplus	7320959	7427702			
	<b>23384919</b>	<b>23621669</b>		<b>23384919</b>	<b>23621669</b>

**BALANCE SHEET**

	As on 31.03.2007	As on 31.03.2008		As on 31.03.2007	As on 31.03.2008
Head Office Contribution	68149106	71429738	<b>Fixed Assets</b>		
			Wind Mills (at cost)	164340621	164340621
<b>Secured Loans</b>			Less: Depreciation	14686022	22903053
Term Loan from IREDA	91788000	81604000	W.D.V.	149654599	141437568
Ennercon India	351108	351108			
			Investments Bank FDR's	9470000	10231958
			<b>Other Loans &amp; Advances</b>		
			Banglore Electric Supply Co. Ltd.	474912	1125654
			Jodhpur Vidhut Vitran Nigam Ltd.	518512	570198
			Unexpired Insurance	170191	19468
	<b>160288214</b>	<b>153384846</b>		<b>160288214</b>	<b>153384846</b>

## 18. Segment Reporting

(Amount in lacs Rs.)

Particulars	Segment reporting Finance Division		Non conventional energy division		Consolidated	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
1 Segment Revenue	3002.50	1975.31	236.21	233.85	3238.71	2209.16
2 Segment Result PBT	841.13	744.98	74.28	73.21	915.41	818.19
3 Total Carrying amount of segment assets	15573.60	10394.37	1533.85	1602.88	17107.45	11997.25
4 Total amount of segment liabilities	12868.36	8307.02	819.55	921.39	13687.91	9228.41
5 Cost incurred to acquire segment assets useable for more than one period	723.96	751.93	1414.38	1496.55	2138.34	2248.48
6 Depreciation	139.37	44.62	82.17	146.86	221.54	191.48

## SCHEDULE 16

(A) Pursuant to provisions of paragraph 3 and 4D of part II of schedule VI to the Companies Act, 1956, Particulars in respect of trading of Shares/Debentures

Particulars	As on 31/03/2008		As on 31/03/2007	
Opening Stock	33,567	746,397	33,469	747,157
Add : Purchase/Conversion of Debentures into shares	—	—	100	6,000
Add : Increase in value at lower of cost/market value	—	—	—	(6,760)
	33,567	746,397	33,569	746,397
Less : Sale/Redemption of Debentures	33,567	746,397	2	—
Closing Stock	—	—	33,567	746,397

## (B) Particulars with regard to generation of Wind Energy

	No. of units generated and sold	
	Year ending 31.03.2008	Year ending 31.03.2007
Wind Mills at Vani Vilas Sagar Chitradurga (Karnataka)	5,643,872	5,817,510
Wind Mills in Distt. Jaisalmer (Rajasthan)	1,311,021	1,253,501
<b>Total</b>	<b>6,954,893</b>	<b>7,071,011</b>

## SCHEDULE 17

Balance Sheet Abstract and Company's General Business Profile as per Part IV of Schedule VI to the Companies Act, 1956

### I. Registration Details

Registration No. 120483 State code : 55

Balance Sheet Date : 31.03.2008

### II. Capital raised during the year

(Amount in Thousand)

Public Issue

(Allotment Money received) Rs. NIL Right Issue Rs. NIL

Bonus Issue Rs. NIL Private Placement Rs. NIL

### III. Position of Mobilisation and Deployment of funds

(Amount in Thousand)

Total Liabilities Rs. 1,710,745 Total Assets Rs. 1,710,745

Source of Funds

Paid up Capital Rs. 31,463 Reserves & Surplus Rs. 283,398

Secured Loans Rs. 723,795 Unsecured Loans Rs. 490,566

Deferred Tax Rs. 27,094

Application of Funds

Net Fixed Assets Rs. 213,834 Investments Rs. 173,848

Net Current Assets Rs. 1,168,633 Miscellaneous

Accumulated Losses Rs. NIL Expenditure Rs. NIL

### IV. Performance of Company

(Amount in Thousand)

Turnover (Gross Income) Rs. 323,871 Total Expenditure Rs. 232,330

Profit before Tax Rs. 91,541 Profit after tax Rs. 111,455

Earning per share Rs. 35.50 Dividend Rate 10%

### V. Generic name of three Principal Products/Services of Company

(as per monetary terms) Item code no. NIL

Product Description : Hire Purchase/Leasing/Finance/Energy Production etc.

Signed in terms of our report of even date

For **R. Lal & Company**

Chartered Accountants

(Ram Lal Agrawal)

Proprietor

M. No. 17583

Date : 25th April 2008

Place : Agra Camp Delhi

For and on behalf of the Board of Directors

Sunil Agarwal Managing Director

Sachin Agarwal Wholetime Director

Purushottam Agrawal Director

Sanjay Agarwal Director

S. C. Sharma Director

Sachin Agarwal, ACS Company Secretary

**Schedule to the Balance Sheet of a Non-Banking Financial Company (As required in terms of Paragraph 13 of Non-Banking Financial Companies prudential Norms (Reserve Bank) Directions, 2007.**

Particulars	<i>(Rs. in lacs)</i>	
<b>LIABILITIES SIDE</b>		
(1) Loans and advances availed by the NBFs inclusive of interest accrued thereon but not paid	Amount Outstanding	Amount Overdue
(a) Debentures	—	—
Secured	—	—
Unsecured	—	—
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	287.74	—
(c) Term Loans	4701.32	—
(d) Inter-corporate loans and borrowing	3576.41	—
(e) Commercial Paper		
(f) Public Deposits*	732.29	2.19
(g) Other Loans (specify nature)		
Punjab National Bank (Cash Credit a/c)	2398.42	—
AXIS/ICICI Bank Ltd. (Overdraft a/c)	138.20	—
*Please see Note 1 below		
(2) Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid)		
(a) In the form of Unsecured debentures	—	—
(b) In the form of partly secured debentures i.e. Debentures where there is a shortfall in the value of security	—	—
(c) Other public deposits	732.29	2.19
<b>ASSETS SIDE :</b>		
(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below)	<b>Amount outstanding</b>	
(a) Secured		12018.64
(b) Unsecured		—
(4) Break-up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities		—
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease		
(b) Operating lease		268.44
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire		12.06
(b) Repossessed Assets		—
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed		—
(b) Loans other than (a) above		—

(5) Break-up of Investments

Current Investments

1. Quoted :

- (i) Shares : (a) Equity  
(b) Preference
- (ii) Debentures and Bond
- (iii) Units of mutual funds
- (iv) Government Securities
- (v) Others (please specify)

2. Unquoted :

- (i) Shares : (a) Equity  
(B) Preference
- (ii) Debentures and Bonds
- (iii) Units of mutual funds
- (iv) Government Securities
- (v) Others (please specify)  
Fixed Deposit with NBFC  
Fixed deposit with Bank's  
Interest accrued

—
—
—
—
—
109.29
346.99
1219.33
62.87

Long Term Investments :

1. Quoted :

- (i) Share : (a) Equity  
(b) Preference
- (ii) Debentures and Bonds
- (iii) Units of mutual funds
- (iv) Government Securities
- (v) Others (Please specify)

2. Unquoted :

- (i) Share : (a) Equity  
(b) Preference
- (ii) Debentures and Bonds
- (iii) Units of mutual funds
- (iv) Government Securities
- (v) Others (please specify)

—
—
—
—
—
—

(6) Borrower group-wise classification of assets financed as in (3) and (4) above :

Please see Note 2

Category	Amount net of provisions		Total
	Secured	Unsecured	
1. Related parties**	—	—	—
(a) Subsidiaries	—	—	—
(b) Companies in the same group	—	—	—
(c) Other related parties	—	—	—
2. Other than related parties	12299.14	—	12299.14
<b>Total</b>	<b>12299.14</b>	<b>—</b>	<b>12299.14</b>

- 7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Category	Market Value/break up or Fair value or NAV	Book Value (Net of Provisions)
1. Related parties**	—	—
(a) Subsidiaries	—	—
(b) Companies in the same group	—	—
(c) Other related parties	—	—
2. Other than related parties	1738.48	1738.48
<b>Total</b>	<b>1738.48</b>	<b>1738.48</b>

\*\*As per Accounting Standard of ICAI (Please see note 3)

- 8 Other Information

Particulars	Amount
(I) Gross Non-performing Assets	NIL
(a) Related Parties	—
(b) Other than related parties	—
(ii) Net Non-Performing Assets	
(a) Related Parties	—
(b) Other than related parties	—
(iii) Assets acquired in satisfaction of debt	—

**Notes :**

- As defined in Paragraph 2(1) (xii) of the Non-Banking financial companies acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank of India) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

Signed in terms of our report of even date

**For R. Lal & Company**

Chartered Accountants

(Ram Lal Agrawal)

Proprietor

M. No. 17583

Date : 25th April 2008

Place : Agra Camp Delhi

For and on behalf of the Board

Sunil Agarwal

Managing Director

Sachin Agarwal

Wholetime Director

Purushottam Agrawal

Director

Sanjay Agarwal

Director

S. C. Sharma

Director

Sachin Agarwal,ACS

Company Secretary

## Cash Flow Statement

<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>	<u>31.03.2008</u>	<u>31.03.2007</u>
Net Profit before tax and Extraordinary Items and Interest	237,249,870	146,175,104
Adjustment For :		
1. Depreciation	22,154,206	19,147,715
2. Misc. Expenditure Written off	0	19,147,715
Operating Profit before working Capital Charges	259,404,076	165,322,819
Adjustment For :		
Trade & Other Receivable	-21,503,004	-24,430,431
Inventories	-442,804,085	-462,462,610
Trade Payable	50,843,776	16,591,200
Inventories - Shares	746,397	760
Cash generated from operations	-153,312,840	-304,978,262
1. Interest Paid	-122,913,143	-55,133,483
2. Direct taxes paid	-22,796,096	-9,811,922
Cash flow before extra ordinary items	-299,022,079	-369,923,667
Income tax provision of last year adjusted	0	-3,011,130
Excess income tax paid	0	-
Net cash flow from operating activities	-299,022,079	-372,934,797
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	-12,140,162	-21,153,883
Sale of fixed assets	1,000,000	0.00
Sale of Investments	-43,093,861	-77,540,039
Net cash used in investing activities	-54,234,023	-98,693,922
<b>Total</b>	<b>-353,256,102</b>	<b>-471,628,719</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	0	0
Interim Dividend Paid	-3,673,643	-3,580,385
Proceeds from Long Term Borrowings	181,094,001	356,147,774
Proceeds from Short Term Borrowings	191,215,977	101,563,880
Net cash used in financing activities	368,636,335	454,131,269
Net increase in cash & cash equivalents	15,380,233	-17,497,450
Opening cash and cash equivalents	41,886,272	59,383,722
Closing cash & cash equivalents	57,266,505	41,886,272

Signed in terms of our report of even date

For **R. Lal & Company**  
Chartered Accountants  
(Ram Lal Agrawal)  
Proprietor  
M. No. 17583

Date : 25th April 2008  
Place : Agra Camp Delhi

For and on behalf of the Board

Sunil Agarwal	Managing Director
Sachin Agarwal	Wholetime Director
Purushottam Agrawal	Director
Sanjay Agarwal	Director
S. C. Sharma	Director
Sachin Agarwal,ACS	Company Secretary

### AUDITORS' REPORT

We have verified the attached Cash Flow Statement of S. E. Investments Limited, derived from audited financial statements and the books and records maintained by the company for the year ended 31st March, 2008 and 31st March, 2007 and found the same in agreement therewith.

Date : 25th April 2008  
Place : Agra-Camp Delhi

For **R. Lal & Company**  
Chartered Accountants  
(Ram Lal Agrawal)  
Proprietor  
M. No. 17583

## S. E. Investments Limited

Regd. Office : S-547, IInd Floor, Main Road, Shakarpur, Delhi-92

### PROXY FORM

S.E. No. (S).....

I/We.....of.....being a member/members of S. E.

Investments Limited hereby appoint..... of.....or failing him.....

of .....as my/our proxy to attend and vote for me / us on my / our behalf at the 16th Annual

General Meeting of the Company to be held on Tuesday 3rd June, 2008 at 10.00 A.M. at Conference Hall No. 1,

India International Centre, 40, Max Mueller Marg, New Delhi - 110003 or at any adjournment there of.

Signed this.....Day of.....2008

Signed by said.....

The Proxy must be deposited at the Registered Office of the company not later than 48 hours before the time of the meeting.

## S. E. Investments Limited

Regd. Office : S-547, IInd Floor, Main Road, Shakarpur, Delhi-92

### ATTENDANCE SLIP

REGD. FOLIO NO./CLIENT ID:.....

DP ID NO:.....

Name & Address of the Shareholder.....

No. of shares held.....

I hereby record my presence at the 16th Annual General Meeting of the Company being held on Tuesday 3rd June,

2008 at 10.00 A.M. at Conference Hall No. 1, India International Centre, 40, Max Mueller Marg,

New Delhi - 110003

SIGNATURE OF THE SHAREHOLDER OR PROXY.....



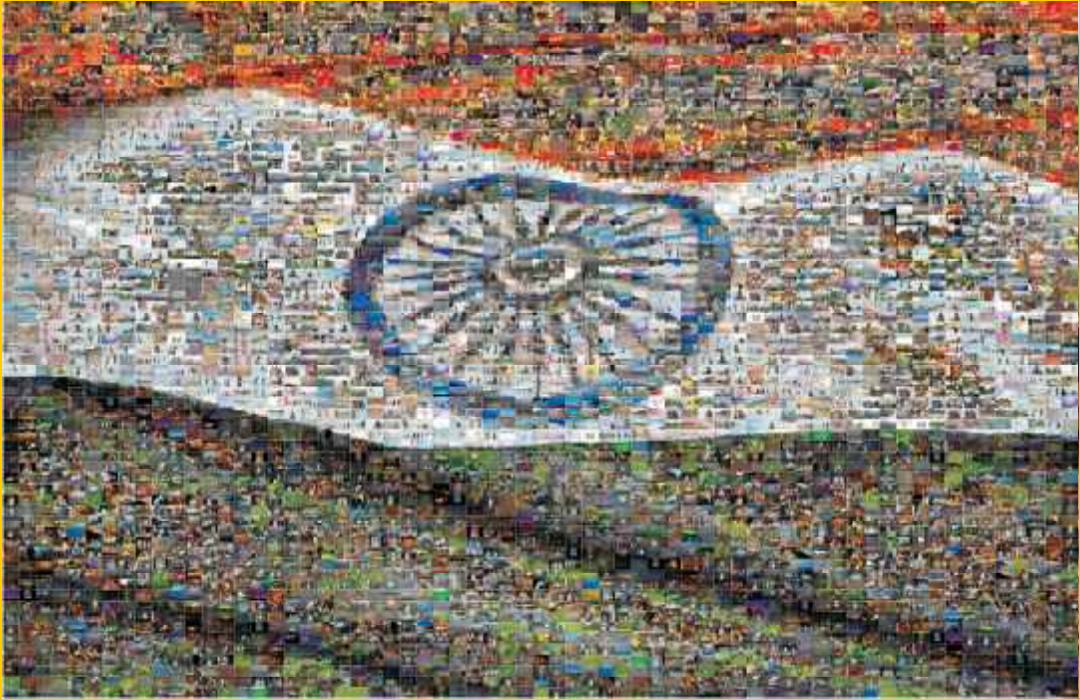


अर्थ: समाजस्य न्यासः



अर्थ: समाजस्य न्यासः

**S. E. INVESTMENTS LIMITED**



अर्थ: समाजस्य न्यासः

*Creating Wealth for Common Good*