



INDEPENDENT AUDITORS' REPORT

TO MEMBERS OF SIEL FINANCIAL SERVICES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **SIEL Financial Services Limited ("the Company")**, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("**the Act**"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

- (i) The 5% Cumulative Redeemable Preference Shares of Rs 7,30,00,000 were due for redemption on 12th January, 2007. As per Section 80 of the Companies Act, 1956, as applicable, such preference shares shall be redeemed either out of profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption. The Company has not created Capital Redemption Reserve due to insufficient profits, required for the redemption of 5% Cumulative Redeemable Preference Shares of Rs 7,30,00,000 on 12th January, 2007 nor it redeemed the same by issuing fresh capital. In view of above, there is contravention of Section 80 of the Companies Act, 1956. The same has also been explained in **Note-1(vii)** to the financial statements. In view of this non compliance, company & every officer of the company is in default as per the provisions of Companies Act, 1956.
- (ii) We have analyzed following factors :-
 - (a) The accounts of the company have been prepared on a "going concern" basis on an assumption & premises made by the management that adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis which Company is stating from so many year's without providing concrete plan to revive the Company. The Company is not carrying on any business due to paucity of funds. The operations of the Company are restricted to realization of debtors or advances. Besides, the Company has invested its surplus deposits with banks which are yielding interest income;
 - (b) Reserve Bank of India has already rejected the Non Banking Financial Companies (NBFC) License and is Company accordingly is not allowed to carry Non Banking Financial Business; and
 - (c) The Net Worth of the Company has been eroded completely as the Accumulated deficit of the Company as at 31st March, 2014 stood at Rs. 22,30,50,525 (Previous year Rs.22,27,11,512) as compared to Share Capital and Reserve and Surplus of Rs.(3,68,20,630) (Previous year Rs.(3,64,81,617)) as on that date.

As aforesaid, the accounts have been compiled by the management on the basis of going concern as stated in **Note Number-17**, however after considering aforesaid factors, in our opinion the continuity of the Company as a Going Concern is doubtful. If the Company is treated not to be a going concern, then the valuation of assets has to be not merely on the basis of historical cost less depreciation but at a value which the assets would have fetched, if such values were to be lower than the value presently shown. The Company has not attempted to assess the realizable value of the assets and therefore, we are unable to express our opinion on the impact on the accounts.

Siel Financial Services Limited

AUDITORS' REPORT

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.:-

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw your attention to **Note No-16** to the financial statements on Contingent Liability for non-payment of Cumulative Preference Dividend of Rs 5,91,70,000. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. except for the matter described in the Basis for Qualified Opinion paragraph, 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;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. except for the effects of the matter described in the Basis for Qualified Opinion paragraph and Emphasis of matter paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For V. Sahai Tripathi & Co.
Chartered Accountants
Firm's Registration Number : 000262N

Place : New Delhi
Dated : 28th May, 2014

(Manish Mohan)
Partner
Membership No. 91607



ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (1) of our report on other legal and regulatory requirements of even date)

Annexure referred to in paragraph (1) of our report on other legal and regulatory requirements of Independent Auditor's Report to the members of SIEL Financial Services Limited on the financial statements for the year ended March 31, 2014

- 1) In respect of Fixed Assets :-
 - (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) We are informed that a major portion of fixed assets, other than assets given on lease has been verified by the management in accordance with phased program of verification adopted by the company. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its fixed assets.
 - (c) During the year the Company has not disposed off or retired or written off any substantial assets.
- 2) In respect of Inventories:
 - a) During the financial year ending 31-March-2014, there were no Inventories maintained by the Company, except inventories comprising of shares, debentures.
 - b) During the year, the inventories comprising of shares, debentures and other securities have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
 - c) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
 - d) On the basis of our examination of the records of inventories, the company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. In respect of loans, secured or unsecured, granted or taken by the company to/ from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956: -
 - (a) According to the information and explanations given to us, the company has taken unsecured loans/Inter Corporate Deposit from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balances of such advance aggregates to Rs. 365.88 lacs which is same in both the cases.
 - (b) No interest is payable to Holding Company on the amount of Loan. This Loan is Interest Free. The other terms and conditions of loan taken by the company are prima-facie not prejudicial to the interest of the company.
 - (c) Company is not required to pay interest on the unsecured loan as it is interest free.
 - (d) To the best of our knowledge and according to the information and explanations given to us, the Company has not granted any unsecured loan(s) to any party, firms or Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
 - (e) Accordingly, the rest of the sub-clauses are not applicable to the Company during the reporting period ending 31-March-2014.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business with regard to purchases and sales of stocks of shares and purchase of fixed assets. There is no sale of services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control system.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956 :-
 - a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
 - b. However, no transaction covered under Section 301 of the Companies Act, 1956, have been entered during the year ending 31-March-2014. Accordingly the rest of the clause is not applicable.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 to the extent applicable with regard to the deposits accepted from the public. As per the information and explanations given to us, no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India, any other court or any other tribunal with regard to fixed deposits.

Siel Financial Services Limited

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

7. The company does not have an average annual turnover exceeding five crore rupees for a period of three consecutive financial years immediately preceding the financial year concerned, nor the paid up capital & reserves of the Company are more than Rs 50 Lacs. Since the company a listed entity it is mandatory for the Company to conduct Internal Audit commensurate with its size and nature of business. *No Internal Audit as mandated by this clause has been conducted by the management of the Company since insignificant volume of work and accordingly, we are unable to comment on the same.*
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
9. In respect of statutory dues:
 - a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues including Income Tax and other material statutory dues as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues where outstanding as at 31st March, 2014 for a period of more than six months from the date of becoming payable.
 - b) According to the information and explanations given to us and the records of the company produced before us, there were no dues in respect of Sales Tax, Income-tax, Custom Duty, Wealth Tax, Excise Duty, and Cess as at March 31, 2014, which have not been deposited on account of a dispute and pending before appropriate authorities.
10. According to the records of the company, the Company's accumulated losses are in excess of fifty percent of the net worth of the company. The company has incurred cash losses during the financial year ended March 31, 2014 as well as during the financial year ending 31st March, 2013(after excluding the balances written off of Rs 642,864).
11. The Company has no borrowings from financial institutions, banks, or debenture holders. Therefore there is no default in repayment of dues.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities. Accordingly, clause 4(xii) of the order is not applicable.
13. The company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
14. According to the information and explanations given to us, the Company is dealing or trading in shares, securities, debentures. Company has maintained proper records of the transactions and contracts and timely entries been made therein. The shares, securities, debentures and other long-term investments have been held by the company in its own name.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, clause 4(xv) of the order is not applicable.
16. In our opinion and based on the information and explanation given to us, no term loans were borrowed during the year and consequently, the provisions of clause 4 (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
17. According to the information and explanation given to us, the Company has not raised any funds on short-term basis. All assets have been funded by shareholder's funds.
18. During the year, the company has not made any preferential allotment of share to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4(xviii) of the order is not applicable.
19. The company has not issued any debentures. Accordingly, clause 4(xix) of the order is not applicable.
20. The company has not raised any money by way of public issue during the year. Accordingly, clause 4(xx) of the order is not applicable.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor we have been informed of such case by the management.

For V. Sahai Tripathi & Co.
Chartered Accountants
Firm's Registration Number : 000262N

Place : New Delhi
Dated : 28th May, 2014

(Manish Mohan)
Partner
Membership No. 91607



BALANCE SHEET AS AT MARCH 31, 2014

	Notes	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	186,229,895	186,229,895
Reserves and surplus	2	<u>(223,050,525)</u>	<u>(222,711,512)</u>
		(36,820,630)	(36,481,617)
Non-Current Liabilities			
Long term borrowing	3	<u>36,587,613</u>	<u>36,587,613</u>
		36,587,613	36,587,613
Current Liabilities			
Short term borrowing	4	15,700,000	15,700,000
Other Current Liabilities	5	<u>482,591</u>	<u>422,581</u>
		16,182,591	16,122,581
Total		<u>15,949,574</u>	<u>16,228,577</u>
ASSETS			
Non-current Assets			
Fixed Assets			
- Tangible Assets	6	8,260	9,636
Non-current Investments	7	-	-
Long term loans and advances	8	<u>14,231,639</u>	<u>14,216,036</u>
		14,239,899	14,225,672
Current assets			
Inventories	9	18,348	20,834
Trade receivables	10	-	-
Cash and cash equivalents	11	1,626,734	1,904,151
Other Current assets	12	<u>64,593</u>	<u>77,920</u>
		1,709,675	2,002,905
Total		<u>15,949,574</u>	<u>16,228,577</u>
Notes to accounts are the part of Financials	1-25		

As per our report attached to the Financial Statements

For V.Sahai Tripathi & Co.

Firm Registration Number : 000262N

Chartered Accountants

MANISH MOHAN

Partner

M. N.-091607

Place : New Delhi

Date : 28.05.2014

For and on behalf of Board of Directors

B. B. Mehta
Director
DIN : 06644703

A. K. Mehra
Director
DIN : 00060254

Siel Financial Services Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Notes	Year Ended 31.03.2014 Rs.	Year Ended 31.03.2013 Rs.
Income			
Other income	13	141,937	829,606
Total Income		<u>141,937</u>	<u>829,606</u>
Expenditure			
Depreciation and amortization expense	6	1,376	1,612
Other expenses	14	479,574	753,514
		<u>480,950</u>	<u>755,126</u>
Profit/ (Loss) before exceptional and extraordinary items and tax		(339,013)	74,480
Exceptional Items		-	-
Profit / (Loss) before tax		(339,013)	74,480
Less : Current tax		-	-
Less : Prior Period Tax Adjustments		-	17,695,278
Profit/ (Loss) from continuing operations		(339,013)	(17,620,798)
Basic and Diluted earning per share (Rs.)	21	(0.41)	(1.93)
Notes to accounts are the part of Financials	1-25		

As per our report attached to the Financial Statements

For V.Sahai Tripathi & Co.

Firm Registration Number : 000262N

Chartered Accountants

For and on behalf of Board of Directors

MANISH MOHAN

Partner

M. N.-091607

Place : New Delhi

Date : 28.05.2014

B. B. Mehta
Director
DIN : 06644703

A. K. Mehra
Director
DIN : 00060254



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

PARTICULARS	Year Ended 31.03.2014 Rs.	Year Ended 31.03.2013 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) before extra-ordinary items and tax	(339,013)	74,480
Extra ordinary Items(income)	-	-
Net profit / (loss) after extra-ordinary items but before tax	(339,013)	74,480
Add:-		
Depreciation	1,376	1,612
Decrease in value of Stock in Trade	2,486	224
Loss on sale of Investment	-	2,802
Less:-		
Provision/Liability no longer required written back	-	(642,864)
Interest/Dividend income	(141,937)	(186,742)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(477,088)	(750,488)
Adjustment for :-		
(Increase)/ Decrease in trade and other receivables	13,327	9,209
(Increase) / Decrease in stock in trade	-	-
Increase / (Decrease) in trade / other payables	60,010	7,676
Cash generated from operations	(403,751)	(733,603)
Direct taxes paid	-	-
NET CASH INFLOW/OUTFLOW FROM OPERATIONS	(403,751)	(733,603)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of non trade long term investments		
(Increase)/ Decrease in Investment		20,740
Interest/Dividend income	141,937	186,742
(Increase)/Decrease in Long term loans & Advances	(15,603)	(17,702)
NET CASH INFLOW FROM INVESTING ACTIVITIES	126,334	189,780
C. CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(277,417)	(543,823)
CASH AND CASH EQUIVALENTS AS AT OPENING	1,904,151	2,447,974
CASH AND CASH EQUIVALENTS AS AT CLOSING	1,626,734	1,904,151

Notes to accounts

1-25

As per our report attached to the Financial Statements

For V.Sahai Tripathi & Co.

Firm Registration Number : 000262N

Chartered Accountants

MANISH MOHAN

Partner

M. N.-091607

For and on behalf of Board of Directors

Place : New Delhi

Date : 28.05.2014

B. B. Mehta
Director
DIN : 06644703

A. K. Mehra
Director
DIN : 00060254

Siel Financial Services Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH, 2014

Note 1 : Share Capital

Particulars	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.		
Authorised				
- 2,00,00,000 Equity Shares of Rs. 10 each	200,000,000	200,000,000		
- 10,00,000 5% Redeemable Cumulative Preference shares of Rs. 100 each	100,000,000	100,000,000		
TOTAL	300,000,000	300,000,000		
Issued, subscribed and fully paid up				
- 11,343,752 Equity Shares of Rs. 10 each	113,437,520	113,437,520		
Less: Calls in arrears	207,625	207,625		
	113,229,895	113,229,895		
- 7,30,000 5% Redeemable Cumulative Preference shares of Rs. 100 each	73,000,000	73,000,000		
TOTAL	186,229,895	186,229,895		
(i) Reconciliation of equity shares :	Nos.	Nos.		
Number of outstanding shares at the beginning of the year/period	11,343,752	11,343,752		
Shares issued/ bought back during the year/period	-	-		
Number of outstanding shares as at the end of the year/period	11,343,752	11,343,752		
(ii) Reconciliation of preference shares :	Nos.	Nos.		
Number of outstanding shares at the beginning of the year/period	730,000	730,000		
Shares issued/ bought back during the year/period	-	-		
Number of outstanding shares as at the end of the year/period	730,000	730,000		
iii) Equity Shares:- The company has only one class of equity shares having a face value of Rs 10 each. Each holder of equity share is entitled to one vote per share. Share holders are entitled to dividend if any declared by the company. The dividend is payable in Indian rupees. The dividend, if any, declared by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.. Re-payment of equity share capital shall be made at the time of winding-up of the company in accordance with the provisions of Companies Act, 1956. In event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportionate to the number of equity shares held by the shareholders.				
(iv) Shares held by its holding company and their subsidiary:				
Out of the equity shares issued by the Company, shares held by its holding and their subsidiaries are as below:				
	As at 31.03.2014 No. of Shares held	As at 31.03.2013 No. of Shares held		
Mawana Sugars Limited (Formerly known as Siel Limited), the holding company				
Equity shares of Rs. 10 each fully partly paid	10,613,382	10,613,382		
5% Redeemable cumulative preference share of Rs. 100 each fully paid up	730,000	730,000		
(v) Details of shareholders holding more than 5% equity shares in the Company:				
Name of shareholders	As at 31.03.2014 No. of Shares held	As at 31.03.2014 %age of holding	As at 31.03.2013 No. of Shares held	As at 31.03.2013 %age of holding
Mawana Sugars Limited	10,613,382	93.56	10,613,382	93.56
Others (Less than 5% holding)	730,370	6.44	730,370	6.44
Total	11,343,752	100	11,343,752	100
(vi) Details of shareholders holding more than 5% preference shares in the Company:				
Name of shareholders	As at 31.03.2014 No. of Shares held	As at 31.03.2014 %age of holding	As at 31.03.2013 No. of Shares held	As at 31.03.2013 %age of holding
Mawana Sugars Limited	730,000	100	730,000	100
Total	730,000	100	730,000	100
(vii) The 5% Cumulative Redeemable Preference Shares of Rs. 100 each, allotted on January 13, 1998 are redeemable at par at the option of the Company at any time not later than the ninth year from the date of the issue. So, these shares are overdue for repayment on 12-January, 2007. However, due to losses & paucity of funds, capital redemption reserve could not be created & appropriate number of equity capital could not be brought in & accordingly the said shares could not be redeemed. The management of the Company intends to redeem it & efforts are being made to redeem the same.				



NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH, 2014

Note 2 : Reserves and Surplus

Particulars	As at 01.04.2013 (Rs)	Additions During the Period (Rs)	Deductions During the Period (Rs)	As at 31.03.2014 (Rs)
General Reserve	5,053,989	-	-	5,053,989
Profit/(Loss)	(227,765,501)	(339,013)	-	(228,104,514)
Total	(222,711,512)	(339,013)	-	(223,050,525)

Note 3 - Long Term Borrowing

Particulars	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Unsecured		
Loans and advances from related parties (Refer Note 3A)	36,587,613	36,587,613
Total	36,587,613	36,587,613

Notes

3A Company has obtained interest free corporate deposit of Rs 1,20,00,000 & unsecured advance on current account of Rs 2,45,87,613 from Mawana Sugars Limited (formerly known as SIEL Limited) which is its Holding Company. The same shall be adjusted or paid as per mutually agreed terms. The same is not payable within 12 months from date of balance sheet (i.e. 31-March-2014)

Note - 4 Short Term Borrowing

Particulars	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Unsecured		
Other loans and advances (short term) (Refer Note 4A)	15,700,000	15,700,000
Total	15,700,000	15,700,000

Notes 4A The Company had obtained interest bearing Inter Corporate Deposit of Rs 1,57,00,000 from **SFSL Investments Limited** which was step down subsidiary of its holding company. SFSL Investments Limited had been disposed off by holding company on 31st January, 2011 and is no longer a step down subsidiary of its holding company from 31st January, 2011. The Company is not paying interest from last few years and had taken letter for waiver of interest amount from SFSL Investments Limited vide letter dt. 02.09.2012 for previous periods as well as for future periods till company the net worth of the Company remains negative. Hence no provision / liability has been provided for interest amount. Since the said amount is payable on demand, the same in the absence of any confirmation, categorized as Short Term Borrowings.

Siel Financial Services Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH, 2014

Note 5 : Other Current Liabilities

Particulars	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Other payables		
- Statutory Dues	4,579	4,640
- Other Payables	478,012	417,941
Total	482,591	422,581

Note 6: Fixed Assets

Fixed Assets consists of the following :-

Fixed Assets	Gross Block				Accumulated Depreciation					Net Block		
	Balance as at 1 April 2013	Additions	Deletion/ Adjustments	Revaluations/ (Impairments)	Balance as at 31 March 2014	Balance as at 1 April 2013	Depreciation charge for the year	Adjustment due to revaluations/ Impairments	On disposals	Balance as at 31 March 2014	Balance as at 31 March 2014	Balance as at 31 March 2013
Tangible Assets (Not Under Lease)												
Plant & Machinery	97,179	-	-	-	97,179	88,453	1,212	-	-	89,665	7,514	8,726
Furniture & fixture	21,740	-	-	-	21,740	20,830	164	-	-	20,994	746	910
Total	118,919	-	-	-	118,919	109,283	1,376	-	-	110,659	8,260	9,636
Previous Year	118,919	-	-	-	118,919	107,671	1,612	-	-	109,283	9,636	11,247

Note : The company has not been written off any amount on a reduction of capital or revaluation of assets during the last five financial year including the current financial year nor any sums have been added on revaluation of assets.

Note 7 : NON CURRENT INVESTMENTS LONG TERM INVESTMENTS - AT COST

7 (a)

Particulars	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Others (Refer Note 7 (b))		
Investments in Equity Shares	10,823,160	10,823,160
Investments in Government Securities	-	-
Less : Provision for diminution in value	10,823,160	10,823,160
Total	-	-



NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH, 2014

Non current investments consist of the following :

7 (b) Details of Other Investments

Sr. No.	Particulars	Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount in Rs.		Basis of Valuation
			As at 31.03.2014	As at 31.03.2013			As at 31.03.2014	As at 31.03.2013	
(a) Investments in Equity Shares									
i	MSD Industrial Enterprises Limited of Rs. 10/- each	Other	295,700	295,700	Unquoted	Fully Paid	10,822,620	10,822,620	At Cost
ii	SFSL Investments Limited of Rs. 10/- each	Other	54	54	Unquoted	Fully Paid	540	540	At Cost
Total							10,823,160	10,823,160	

Note 8 - Long Term Loans and Advances

Particulars	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Security Deposits		
- Good	12,000	12,000
Other Loans & Advances		
Considered Good		
- Advance Tax/TDS receivable	14,219,639	14,204,036
Doubtful		
- ICD	9,250,150	9,250,150
Sub - Total	23,481,789	23,466,186
Less: Provision for doubtful advances	9,250,150	9,250,150
Total	14,231,639	14,216,036

Note - 9 Inventories

Particulars	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Stock in Trade	18,348	20,834
Total	18,348	20,834

Siel Financial Services Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH, 2014

Stock in Trade : Shares

Equity Shares of Rs. 10 each Fully Paid Quoted	Cost	Market Value	Inventory Value
Nagarjuna Fertilizers and Chemicals Ltd - 110 shares	2,820.00	110.00	110.00
Nagarjuna Oil Refineries - 100 shares	-	358.00	-
Spice Mobility Ltd (Formerly Spice Mobiles Ltd) - 700 shares	4,470.00	17,920.00	4,470.00
Asian Hotels Ltd (North)- 140 shares	4,590.00	14,700.00	4,590.00
Asian Hotels Ltd(East)- 140 shares	4,589.00	20,944.00	4,589.00
Asian Hotels Ltd (West)- 140 shares	4,589.00	14,000.00	4,589.00
	<u>21,058.00</u>	<u>68,032.00</u>	<u>18,348.00</u>

Note - 10 Trade Receivable

Particulars	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Receivable outstanding for a period exceeding six months from the due date		
Unsecured - Considered Good	-	-
- Doubtful	2,134,418	2,134,418
	<u>2,134,418</u>	<u>2,134,418</u>
Less : Provision for doubtful debts	2,134,418	2,134,418
(A)	<u>-</u>	<u>-</u>
Other Receivable		
Secured - good	-	-
Unsecured - considered good	-	-
- Doubtful	-	-
	<u>-</u>	<u>-</u>
Less : Provision for doubtful debts	-	-
(B)	<u>-</u>	<u>-</u>
Total (A+B)	<u>-</u>	<u>-</u>

Note 11 - Cash and Bank Balances

Particulars	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Cash and cash equivalents		
Cash in hand	289	60
Balance with banks		
On current accounts	72,833	94,775
Other Bank Balances		
Bank Deposit	1,553,612	1,809,316
(The tenure of said bank deposit is 12 months.)		
	<u>1,626,734</u>	<u>1,904,151</u>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH, 2014

Note 12 - Other Current Assets

Particulars	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Interest accrued on investment and deposits	64,593	77,920
Total	64,593	77,920

Note 13 : Other Income

Particulars	Year ended 31.03.2014 Rs	Year ended 31.03.2013 Rs
Interest received on deposits etc.(Gross)	141,382	186,632
Dividend income on long term investment	555	110
Liabilities / Provision Written Back	-	642,864
Total	141,937	829,606

Note 14 : Other Expenses

Particulars	Year ended 31.03.2014 Rs	Year ended 31.03.2013 Rs
Rent	24,000	24,000
Auditors' remuneration		
As auditors		
- Audit fee	28,090	28,605
- Out -of-pocket expenses	-	-
Advertisement	117,675	142,401
Bank Charges	945	1,608
Printing and stationery	21,392	21,251
Postage expenses	27,908	34,322
Listing fee	123,596	123,596
Rate and taxes	4,181	624
Legal & Professional exp	129,301	373,678
Loss on Sale of Investment	-	2,802
Prior Period Expenses	-	403
Provision for Stock in Trade	2,486	224
Total	479,574	753,514

Siel Financial Services Limited

NOTES TO ACCOUNTS

Note 15 - SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of Preparation of Financial Statements**

The Financial statements have been prepared in accordance with Indian generally Accepted Accounting Principles ("GAAP") under the historical cost convention on accrual basis and are in accordance with the applicable accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006. These Accounting policies have been consistently applied, except where a newly issued accounting standard is initially adopted by the company. Management evaluates the effect of accounting standards issued on a going basis and ensures that they are adopted as mandated by the said rules.

As required & mandated by relevant guidelines prescribed under Companies Act, 1956, Company has prepared its financials as per Revised Schedule VI. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. Based on the nature of products/services and the time between the acquisition of assets/services for processing and their realization in cash and cash equivalents, the Company has considered a period of twelve months for the purposes of classification of assets and liabilities as current and non-current.

b) **Fixed Assets**

Fixed assets are stated at cost of acquisition/construction less accumulated depreciation. The cost includes all pre-operative expenses and the financing cost of borrowed funds relating to the construction period.

c) **Depreciation**

- i) The Company follows written down value method of depreciation on its fixed assets.
- ii) The rates of depreciation charged on these fixed assets are those specified in Schedule XIV to the Companies Act, 1956.
- iii) On assets sold/discarded during the year/period, depreciation is provided up to the date of sale/ discard.

d) **Investment**

Investments are classified into current and non current (long term) investments. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non current (long term) investments. Current investments are stated at the lower of cost and fair value determined on an individual basis. A provision for diminution in value is made to recognize a decline other than temporary in the value of long term investments. Profit/loss on sale of investments is computed with reference to their average cost.

e) **Inventories**

Stock in trade- shares, debentures and other securities are valued at lower of cost or market price/break-up value determined for each category of stock-in-trade. The cost is ascertained on the basis of annual weighted average purchase price of each security.

f) **Revenue Recognition**

- i) Revenue is being recognized on accrual basis in accordance with the Accounting Standard-9 on 'Revenue Recognition'.
- ii) Dividend income is recognized if the right to receive the payment is established by the Balance Sheet date.
- iii) Interest is recognized on a time proportion basis in accordance with agreement taking into account the amount outstanding and the rate applicable.

g) **Employees Benefits**

- a) There were no employees in the company during the previous year. Accordingly, no provision for Short term employee benefit and Post employment benefits such as provident fund, gratuity, superannuation schemes and leave encashment has been made during the reporting period.
- b) The aforesaid staff benefit scheme will be provided according to respective laws as and when these will be applicable on the company.

h) **Taxes on Income**

The current charge for Income Tax is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income Tax act, 1961.

Minimum Alternative Tax ("MAT") paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an Asset if there is convincing evidence that company will pay normal tax in future. MAT Credit entitlement can be carried forward and utilized for a period of ten years from the year in which the same is availed. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably.



i) Provisions and Contingencies

Provisions are recognized when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate Asset, only when such reimbursement is virtually certain. Contingent Liabilities are disclosed after an evaluation of the facts and legal aspects of the matters involved. Contingent Assets are neither recognized, nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet.

16. Contingent liabilities & other Commitments

	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
--	--------------------------------	--------------------------------

- | | | | |
|-----|--|-------------|-------------|
| (i) | Unpaid preference dividend | 5,91,70,000 | 5,55,20,000 |
| 17. | The Company has severely curtailed its operations due to paucity of funds and adverse market conditions. The operations of the Company are restricted to realization of debtors or advances. Besides, the Company has also invested in deposits with banks which are yielding interest income. The management is negotiating with certain parties for realizing some of the assets and is hopeful of generating funds for this business. The accounts of the company have been prepared on a "going concern" basis on an assumption & premises made by the management that adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis. In view of the above, the accounts of the Company have been prepared on a going concern basis. | | |
| 18. | The Company is a Non-Small and Medium Sized Company (Non-SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly, Company has complied with the Accounting Standards as applicable to a Non-Small and Medium Sized Company. | | |
| 19. | During the year ended 31 st March, 2014, Company has not received any confirmation or intimation from any party that it is covered under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED) accordingly there are no Micro, Small and Medium Enterprises to whom the company owes dues which are outstanding for more than 45 days as on the Balance Sheet date. The information required to be disclosed under the Micro, Small & Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the company. Accordingly information as required under Micro, Small & Medium Enterprises Development Act, 2006, has not been provided. | | |
| 20. | There were no employees in the company for the year ended 31 st March, 2014. No Employee Benefits Schemes such as Gratuity, Provident Fund & other staff welfare schemes are applicable on the Company during the reporting period. Accordingly no provision has been made during the reporting period as mandated by "Accounting Standard-15 on Employees Benefits", issued by Institute of Chartered Accountants of India. | | |

21. Earnings per Share (EPS) :

(In Rupees)

	Year Ended on 31.03.2014	Year Ended on 31.03.2013
(a) Net Profit/ (Loss) for the year attributable to Equity Shares	(3,39,013)	(1,76,20,798)
Less: Preference dividend and dividend tax thereon.	42,70,318	42,42,121
(b) Profit/(loss) attributable to equity shareholders.	(46,09,331)	(2,18,62,919)
(c) Number of Shares at the beginning of the year	1,13,22,989	1,13,22,989
Number of Shares at the close of the period	1,13,22,989	1,13,22,989
Weighted average number of shares Outstanding during the year	1,13,22,989	1,13,22,989
(d) Nominal value of each equity shares	10	10
(e) Earning per share - Basic (Rs.)	-ve 0.41	-ve 1.93
(f) Earning per share - Diluted (Rs.) (After Considering the Calls in Acrears)	-ve 0.41	-ve 1.93

22. Related party transaction :-

A. List of Related Parties

Holding Company	:	Mawana Sugars Ltd. (formerly known as SIEL Limited)
Fellow Subsidiary	:	a. Siel Industrial Estate Limited b. Siel Infrastructure & Estate Developers Private Limited

Siel Financial Services Limited

B. Transactions with related parties

Transactions with related party are set out below:-

Particulars	(In Rupees)	
	Year Ended 31-March-2014	Year Ended 31-March-2013
Transaction during the year :		
Reimbursement to Mawana Sugars Limited	29,550	55,567
Balance outstanding (Mawana Sugars Limited) :		
Share Capital - Equity Share	113,229,895	113,229,895
- Preference Share	73,000,000	73,000,000
ICD	1,20,00,000	1,20,00,000
Unsecured Loan	2,45,87,613	2,45,87,613

23. As the Company's business activity falls within a single primary business segment "Financing Operations viz., inter corporate deposits and investments", the disclosure requirements of Accounting Standard (AS 17) "**Segment Reporting**" issued by Institute of Chartered Accountants of India are not required to be furnished.
24. As the Company has substantial unabsorbed depreciation and carry forward losses under the Income Tax Act, 1961 and is unlikely to have taxable income in the foreseeable future, in accordance with Accounting Standard (AS) 22 issued by the Companies (Accounting Standards) Rules, 2006, the net deferred tax assets has not been recognized in these accounts. **No Deferred Tax Liabilities has been determined during the year ending 31st - March-2014.**
25. **Comparative Figures**
Previous year figures have been re-grouped/reclassified, wherever necessary. The figures of current reporting period as well as previous period consist of 12 months ended on 31 March, 2014.

As per our report attached to the Financial Statements
For V.Sahai Tripathi & Co.
 Firm Registration Number : 000262N
 Chartered Accountants

For and on behalf of Board of Directors

MANISH MOHAN
 Partner
 M. N.-091607

Place : New Delhi
 Date : 28.05.2014

B. B. Mehta
 Director
 DIN : 06644703

A. K. Mehra
 Director
 DIN : 00060254