

18th
Annual Report
2009 - 2010

SAINIK FINANCE & INDUSTRIES LIMITED

SAINIK FINANCE & INDUSTRIES LIMITED

Board of Directors

Col. Girdhari Singh AVSM (Retd)
Ex-Capt.Rudra Sen Sindhu
Ex-Capt.Kuldeep Singh Solanki
Lt.Gen.Gorakh Nath AVSM, PVSM (Retd.)
Sh.Vir Sen Sindhu
Sh.G.C. Mrig
Sh.V.K. Sehgal
Sh. G.M.S. Johar

Audit Committee

Sh. G.M.S. Johar
Lt.Gen.Gorakh Nath AVSM, PVSM (Retd.)
Ex-Capt Rudra Sen Sindhu

Share Transfer and Shareholders'/ Investors' Grievances Committee

Sh. V.K. Sehgal
Ex-Capt.Rudra Sen Sindhu
Col. Girdhari Singh AVSM (Retd.)

Listed At

The Bombay Stock Exchange, Mumbai

Auditors

M/s Kumra Bhatia & Co.
Chartered Accountants
79, Vasant Enclave,
Palam Marg, New Delhi.

Bankers

Citibank N.A.
Bank of India
ICICI Bank
State Bank of Patiala
Dena Bank

Registrar and Share Transfer Agent

(For all securities related activities)

Indus Portfolio Pvt. Ltd.
G-65, Bali Nagar, New Delhi
Email : bharat.b@indusinvest.com

Registered Office

129, Transport Centre, New Rohtak Road,
Punjabi Bagh, New Delhi-110035

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SAINIK FINANCE & INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 18th Annual General Meeting of the members of Sainik Finance & Industries Limited shall be held on **Thursday, the 30th day of September, 2010** at the Farm House of M/s Kapil Constructions Private Limited, Kishangarh - Mehrauli Road, Near Maa Anandmai Ashram, New Delhi -110 057 at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2010, the Profit & Loss Account for the period from 1st April, 2009 to 31st March, 2010 together with the report of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of **Ex. Capt. Rudra Sen Sindhu**, who retires by rotation and being eligible, offers himself for re-appointment as Director of the Company.
3. To appoint a Director in place of **Ex. Capt. Kuldeep Singh Solanki**, who retires by rotation and being eligible, offers himself for re-appointment as Director of the Company.
4. To appoint Statutory Auditors and to fix their remuneration and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution in this regard:

"RESOLVED THAT M/s Kumra Bhatia & Co., Chartered Accountants, retiring Statutory Auditors of the Company, being eligible for re-appointment and offer themselves for re-appointment, be and are hereby re-appointed as Statutory Auditors of the Company, to hold office as such from the date of conclusion of the ensuing Annual General Meeting till the date of conclusion of the next Annual General Meeting on such remuneration as mutually agreed by the Chairman and the Statutory Auditors.

By order of the Board of Directors
For **SAINIK FINANCE & INDUSTRIES LIMITED**

Place : New Delhi
Dated : 4th September, 2010

(**Col. Girdhari Singh AVSM (Retd.)**)
Chairman

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE ON A POLL, IF ANY, INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO THE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THEN 48 HOURS BEFORE THE MEETING. A BLANK PROXY FORM IS ENCLOSED HEREWITH.**
2. As required by Clause 49 of the Listing Agreement entered into with the Stock Exchange, the relevant details of Ex. Capt. Rudra Sen Sindhu and Ex. Capt. Kuldeep Singh Solanki, Directors retiring by rotation and seeking re-appointment are annexed herewith.
3. Annual report is being sent to all members along with this notice and members are requested to bring their copy to the meeting along with duly filled attendance slip (to be handed over at the entrance). No copy of Annual Report shall be distributed at the meeting as an endeavour of the Company to reduce operational cost.
4. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the board Resolution / Power of Attorney authorising their representative to attend and vote on their behalf at the meeting.
5. The register of members and share transfer registers of the Company shall remain closed from **Friday, 24th day of September, 2010 to Thursday, 30th day of September, 2010** (both days inclusive).

SAINIK FINANCE & INDUSTRIES LIMITED

INFORMATION AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING RE-APPOINTED:

a) Re-appointment of Ex. Capt. Rudra Sen Sindhu:

Ex. Capt. Rudra Sen Sindhu, Director of the Company was earlier occupying the position of Managing Director of the Company and he relinquished this position w. e. f. 1st October, 2009. He has done his graduation in Bachelor of Arts. He has a vast experience of over 20 years in finance, investment, coal mining including the business of coal transportation, coal washing, mining and also setting up and operation of power plants and non-banking finance business. Further, his vast experience and vision to analyse future events helped in the growth of the Company so far.

As per Section 255 & 256 of the Companies Act, 1956, the person who is in office for longest period is liable to retire by rotation and hence Ex-Capt. Rudra Sen Sindhu is liable to retire by rotation and thus he has offered himself for being re-appointed.

As on date, he is holding **3,22,701 Equity Shares of Rs. 10/- (Rupees Ten only)** each in the Company.

Apart from this Company, Ex. Capt. Rudra Sen Sindhu is also Director on Board and member of Committees of the following Public Limited Companies as well as Subsidiary of Public Limited Companies:-

Name of the public Companies/ Subsidiaries of Public Companies in which he is a Director	Name of Committees constituted in the respective Company	Chairman/ Member
Sindhu Trade Links Limited	Audit Committee	Member
	Share Transfer & Shareholders' & Investor Grievance Committee	Member
Sainik Mining And Allied Services Limited	N.A.	N.A.
ACB (India) Limited	N.A.	N.A.
Aryan Clean Coal Technologies Private Limited	N.A.	N.A.
Aryan Chhattisgarh Power Generation Private Limited	N.A.	N.A.
Aryan M.P. Power Generation Private Limited	N.A.	N.A.
Aryan Energy Private Limited	N.A.	N.A.
Aryan Ispat and Power Private Limited	N.A.	N.A.
Kalinga Coal Mining Private Limited	N.A.	N.A.
Rajasthan Explosives & Chemicals Limited	N.A.	N.A.
Kartikay Coal Washeries Private Limited	N.A.	N.A.
M.P. Sainik Coal Mining Private Limited	Audit Committee	Member
TRN Energy Private Limited	N.A.	N.A.
Aryan Eestech India Private Limited	N.A.	N.A.

b) Ex. Capt. Kuldeep Singh Solanki:

Ex. Capt. Kuldeep Singh Solanki is a graduate in Bachelor of Arts. He has been associated with the Company since 1997. For over 20 years he is an entrepreneur and ventured into the business of Financing, investing, coal mining, coal transportation, coal washing etc. He is fully conversant with the working of the NBFC & knows the Financial Market very well too.

As per Section 255 & 256 of the Companies Act, 1956, the person who is in office for longest period is liable to retire by rotation and hence Ex-Capt. Kuldeep Singh Solanki is liable to retire by rotation and thus he has offered himself for being re-appointed.

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As on date, he is holding **5,03,165 Equity Shares of Rs. 10/- (Rupees Ten only)** each in the Company. Apart from the Company, Ex. Capt. Kuldeep Singh Solanki is also Director on Board and member of committees of the following Public Limited Companies as well as Subsidiary of Public Limited Companies:-

Name of the public Companies/ Subsidiaries of Public Companies in which he is a Director	Name of Committees constituted in the respective Company	Chairman/ Member
Sainik Mining And Allied Services Limited	N.A.	N.A.
Maneesha Finlease Limited	N.A.	N.A.
Sainik Logistics Private Limited	N.A.	N.A.
ACB (India) Limited	N.A.	N.A.
Rajasthan Explosives & Chemicals Limited	N.A.	N.A.
Global Minetec Limited	N.A.	N.A.
Aryan Chhattisgarh Power Generation Private Limited	N.A.	N.A.
Aryan M.P. Power Generation Private Limited	N.A.	N.A.
Aryan Clean Coal Technologies Private Limited	N.A.	N.A.
Orichem Limited	N.A.	N.A.
Kalinga Coal Mining Private Limited	N.A.	N.A.
M.P. Sainik Coal Mining Private Limited	Audit Committee	Member
TRN Energy Private Limited	N.A.	N.A.

SAINIK FINANCE & INDUSTRIES LIMITED

DIRECTORS' REPORT

The members,
Ladies and Gentlemen,

Your directors have pleasure in presenting their 18th Annual Report and the Audited Statement of Accounts for the year ended on 31st March, 2010.

1. FINANCIAL RESULTS	(Rs. In lacs)	
	2009-10	2008-09
Particulars		
Net profit before tax & depreciation	117.24	85.73
Less: Depreciation	58.46	58.08
Net Profit After Depreciation	58.78	27.65
Add: Balance in Profit & Loss Appropriation		
A/c brought forward from last year	517.78	506.67
Provision for Bad & Doubtful Debts Written Back	65.00	28.81
Sub Total	641.56	563.13
Less: Provision for Income Tax - Current	40.62	35.39
Provision for Income Tax – Deferred	(2.00)	0.22
Provision for Income Tax – Fringe Benefit	-	3.49
Transfer to Reserve Fund	11.75	5.53
Income Tax for earlier year	-	0.72
Net profit carried forward to next year	591.19	517.78

(The company has transferred a sum of Rs. 11,75,678/- to Special Reserve Fund in Compliance of Section 45IC of the Reserve Bank of India Act, 1934.)

2. **DIVIDEND**

Your directors do not recommend any dividend for the financial year under report.

3. **OPERATIONS OF THE COMPANY**

The Company has been carrying out the businesses of manufacturing Portland Cement. The company has sold 37570.800 MT of Portland Cement during the year under report. However due to stiff competition in the market, the sales realisation per bag remained lower during the year. Further, during the period under review, the Company has also sold 17139 PCC Poles.

The Company is carrying on finance activities, for which the Certificate of Registration has been obtained from the Department of Non Banking Supervision, Reserve Bank of India, New Delhi. The Company has not accepted any deposit from any member of the public during the year under review.

The net profits of the Company are Rs. 58.78 lacs during the year under review.

4. **DIRECTORS**

Ex. Capt. Rudra Sen Sindhu and Ex. Capt. Kuldeep Singh Solanki, Directors of the Company retire by rotation and being eligible, have offered themselves for re-appointment. Your Directors recommend their re-appointment. Further, it is also noted that Ex. Capt. Rudra Sen Sindhu, Director of the Company who was occupying the position of Managing Director of the Company, has relinquished this position w. e. f. 1st October, 2009.

5. **PARTICULARS OF EMPLOYEES U/S 217(2A) OF THE COMPANIES ACT, 1956**

None of the employees of the Company has drawn salary in excess of the limits prescribed in the said section of Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975 and hence no such list is being provided.

6. **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to requirement under Section 217(2AA) of the Companies (Amendment) Act, 2000 with respect to Directors Responsibility Statement, it is hereby confirmed:

- 1) That in the preparation of Annual Accounts for the financial year 2009-10, the applicable Accounting Standards have been followed along with proper explanation relating to the material departures.

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- 2) That the Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the financial year ended as at 31st March, 2010 and of the profit or loss of the Company for the financial year ended on 31st March, 2010.
- 3) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the Assets of the Company and for preventing and detecting fraud or other irregularities.
- 4) That the Directors have prepared the Annual Accounts on a Going Concern basis.

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

Details of energy conservation along with the information in accordance with Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1998 is annexed herewith forming part of this report. There was no foreign exchange earning & outgo during the year.

8. PUBLIC DEPOSITS

The Company has not invited or accepted any public deposits within the meaning of Section 58A & 58AA of the Companies Act, 1956 and section 45-I(bb) of the Reserve Bank of India Act, 1934 during the year under review. The company does not hold any public deposit as on date and will not accept the same in future without the prior approval of Reserve Bank of India in writing.

9. SECURED NON-CONVERTIBLE DEBENTURES

During the year, the Company issued non-convertible debentures on private placement basis, to augment the resources of the Company. These debentures are secured by way of charge on all the assets (including current assets) of the Company.

10. AUDITORS REPORT

The Auditors' Report on Annual Accounts of the Company for the year ended on 31st March, 2010 is self explanatory. Hence, no explanation is required to be given.

11. AUDITORS OF THE COMPANY

M/s Kumra Bhatia and Co., Chartered Accountants, New Delhi, retiring Statutory Auditors of the company retire at the conclusion of this annual general meeting and being eligible, have offered themselves for re-appointment. The Company has received a certificate from them pursuant to Section 224(1B) of the Companies Act 1956, confirming their eligibility for re-appointment. Your directors recommend their re-appointment for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

12. INDUSTRIAL RELATIONS

Industrial relations continue to be cordial throughout the year and the directors express their sincere appreciation for the excellent team work with which the employees of the Company have worked during the year.

13. CORPORATE GOVERNANCE REPORT

A detailed report on Corporate Governance prepared in accordance with the Clause 49 of the Listing Agreement is annexed herewith and is forming part of this Annual Report.

14. LISTING OF SECURITIES

Presently, the Securities of the Company are listed on Bombay Stock Exchange, Mumbai.

15. ACKNOWLEDGEMENTS

Your directors would like to place their grateful appreciation for the assistance and co-operation received from the Company's bankers during the year under review. The directors also acknowledge with appreciation the support and co-operation rendered by various Government Agencies and Departments. Your Directors would also wish to place on record their deep sense of appreciation for the continued support of all the investors of the Company.

By order of the Board of Directors
For **SAINIK FINANCE & INDUSTRIES LIMITED**

(Col. Girdhari Singh AVSM (Retd.))
Chairman

Place : New Delhi
Dated : 4th September, 2010

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ANNEXURE - I

Form for Disclosure of Particulars with respect to Conservation of Energy (Sec.217(1)(e) of the Companies Act, 1956)

A. Power & Fuel consumption

	Current Year	Previous Year
1. Electricity		
a) Purchased/consumption Units	3815580.00	3497740.00
Total Amount (Rs.)	17224572.00	15487621.00
Rate/ Unit (Rs.per units)	4.51	4.43
b) Own generation		
i) Through Diesel Generator Units	129448.00	102333.00
Unit per liter of diesel oil	2.26	2.20
Cost/ Unit (Rs.)	12.83	12.85
ii) Through steam turbine/ generator Units		
Units per liter of fuel oil/gas	N.A.	N.A.
2. Coal (specify quality and whereused)		
Quantity (tonnes) (MT)	4642.912	4886.850
Total Cost (Rs.)	25045977.26	24413171.89
Average rate (Rs.)	5394.45	4995.69
3. Furnace Oil		
Total Amount (Average rate)	N.A.	N.A.
4. Others/Internal Generation		
Quantity		
Total Cost	N.A.	N.A.
Rate/Unit	N.A.	N.A.

B. Consumption per unit of production

	Standard (if any)	Current year (MT)	Previous year (MT)
Cement			
Products (with details)	Unit		
Electricity	-	101.45	102.77
Furnace Oil	-	-	-
Coal	-	0.12	0.14
Others (Specify)	-	-	-

By order of the Board of Directors
For **SAINIK FINANCE & INDUSTRIES LIMITED**

(Col. Girdhari Singh AVSM (Retd.))
Chairman

Place : New Delhi
Dated : 4th September, 2010

SAINIK FINANCE & INDUSTRIES LIMITED

ANNEXURE - II

CORPORATE GOVERNANCE REPORT for the financial year ended on 31st March, 2010

1. COMPANY'S PHILOSOPHY

The Corporate Governance refers to set of policies, systems, regulations and procedures to be followed in the best interest of stakeholders i.e. Shareholders, Consumers, Banks, financial institutions and employees of the Company etc. Our Company is making regular compliances and furnishing the information related to the performance and prospect of the Company keeping in view of true spirit of the Corporate Governance. The Company's philosophy is the conduct of its affairs transparently with all persons dealing with the Company and/or having a stake in the Company. As required under clause 49 of the Listing Agreement entered into with the Stock Exchange, all necessary disclosures are set out towards achievements of good Corporate Governance.

2. BOARD OF DIRECTORS

The Board of Directors of the Company provides leadership, strategic guidance to the Company and exercises control over the Company and accountable at all time to the shareholders of the Company. The present Board comprises of **8 (Eight)** Non-Executive Directors (of which 4 are independent Directors) who have expertise in their functional areas.

The composition of the Board of Directors as on date is as follows:

NAME OF DIRECTOR	CATEGORY
Col. Girdhari Singh AVSM (Retd.)	Chairman Non-Independent – Non-Executive Director
Ex-Capt. Rudra Sen Sindhu	Vice-Chairman Non-Independent – Executive Director
Ex-Capt. Kuldeep Singh Solanki	Non-Independent Non-Executive Director
Sh. Vir Sen Sindhu	Non-Independent Non-Executive Director
Lt. Gen. Gorakhnath AVSM PVSM (Retd.)	Independent Non-Executive Director
Sh. Ganesh Chandra Mrig	Independent Non-Executive Director
Sh. V.K. Sehgal	Independent Non-Executive Director
Sh. G.M.S. Johar	Independent Non-Executive Director

Col. Girdhari Singh, AVSM (Retd.), Director of the Company acts as Chairman at the Board Meetings and at the General Meetings of the Company.

None of the Director of the Company is member in more than ten Committees and they do not act as Chairman of more than five Committees across all Companies in which they are directors.

Board Meetings held during the year under review:

During the Year 2009-10, Fifteen (15) meetings of the Board of Directors of the Company were held on 01/04/2009, 30/04/2009, 22/05/2009, 25/05/2009, 29/07/2009, 31/07/2009, 20/08/2009, 01/09/2009, 01/10/2009, 31/10/2009, 20/11/2009, 30/01/2010, 23/02/2010, 30/03/2010 and 31/03/2010.

The following table summarises the attendance of all the Directors at the Board meetings.

NAME OF DIRECTORS	ATTENDANCE DETAILS		NUMBER OF OTHER COMPANIES IN WHICH DIRECTOR*	OTHER COMMITTEES OF WHICH	
	BOARD MEETINGS	AGM HELD ON 30-09-09		CHAIRMAN	MEMBER
Col. Girdhari Singh AVSM (Retd.)	15	YES	03	—	—
Ex-Capt. Rudra Sen Sindhu	13	YES	14	—	02
Ex-Capt. Kuldeep Singh Solanki	14	YES	13	—	02
Lt.Gen.Gorakhnath AVSM PVSM (Retd.)	03	NO	—	—	—
Sh. Vir Sen Sindhu	10	NO	10	—	02
Sh. Ganesh Chandra Mrig	01	NO	10	02	—
Sh. V. K. Sehgal [#]	08	NO	05	—	—
Sh. G.M. S. Johar [#]	09	NO	02	—	01

* It does not include the Directorship in Private Limited Companies.

[#] Sh. V. K. Sehgal and Sh. G. M. S Johar were appointed as Additional Directors of the Company w.e.f. July 29, 2009. Further, Sh. G.M.S Johar was appointed as Chairman of the Audit Committee and Sh. V.K. Sehgal was also appointed as Chairman of Shareholders/Shareholder's Grievances Committee on the same date.

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The Board has access to the following **information / records**:

- Annual operating plans and budgets;
- Quarterly results of finance division and cement division;
- Minutes of the meetings of the Audit Committee, Share transfer and shareholders'/investors' grievances Committee;
- Recovery suits by the Company against defaulters in the finance division;
- All other items/events of materially important nature.

3. COMMITTEES OF THE BOARD

The Board of Directors has constituted various committees of the Board to ensure focussed attention on the various aspects of the Company's working. The Company has the following Committees of the Board.

3.1 Audit Committee

The Constitution of the Audit Committee meets with the requirements of section 292A of the Companies Act, 1956 as well as the Listing Agreement. All the members of the committee are financially literate members.

During the period under review, the Audit Committee was re-constituted and w. e. f. July 29, 2009. Sh. Gurinder Mohan Singh Johar who was appointed as an Additional Director of the Company, was designated as Chairman of this Committee in place of Sh. Ganesh Chandra Mrig with the consent of the Board of Directors of the Company.

The **Audit Committee** as on 31st March, 2010 comprises of the following members:

Sh. Gurinder Mohan Singh Johar	Chairman	Independent-Non-Executive Director.
Lt. Gen. Gorakh Nath AVSM PVSM (Retd.)	Member	Independent-Non-Executive Director.
Ex-Capt. Rudra Sen Sindhu	Member	Non-Independent Executive Director

The **Audit Committee** is responsible for the following activities:-

- 1) Supervising the financial reporting process in order to ensure proper disclosure of financial statements.
- 2) Recommending to the Board, the appointment, re-appointment, replacement or removal of the statutory auditors and the fixation of their audit fees or less for any other services rendered by them.
- 3) Reviewing with the Management the Quarterly Financial Statements and Annual Financial Statements before submission to the Board for approval with particular reference to matters to be included in Director's Responsibility Statement, Changes in Accounting Policies & Practices, if any, Qualifications in the Audit Report, etc.
- 4) Reviewing with the Management performance of Statutory and Internal Auditors.
- 5) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 6) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors, if any, etc.

During the year under review, 9 (nine) Audit Committee meetings were held. The attendance record of the members during these meetings is set down below:-

Date of Meeting	Sh. Ganesh Chandra Mrig	Lt. Gen. Gorakhnath AVSM PVSM (Retd.)	Ex-Capt. Rudra Sen Sindhu	Sh. Gurinder Mohan Singh Johar*
24-04-2009	YES	YES	NO	N.A.
25-05-2009	YES	YES	YES	N.A.
20-07-2009	YES	NO	YES	N.A.
20-08-2009	N.A.	YES	YES	YES
19-10-2009	N.A.	YES	NO	YES
20-11-2009	N.A.	YES	YES	YES
16-01-2010	N.A.	YES	NO	YES
23-02-2010	N.A.	YES	NO	YES
30-03-2010	N.A.	NO	YES	YES

* Sh. Gurinder Mohan Singh Johar was appointed as Chairman of the Audit Committee in place of Sh. Ganesh Chandra Mrig w. e. f. July 29, 2009.

3.2 Share Transfer/Shareholders' and Investors' Grievances Committee

The Share Transfer/Shareholders' and Investors' Grievances Committee looks into the matters of complaints of the investors and shareholders relating to the non-receipt of dividend warrants, annual reports, share transfers / transmission in time, issue of duplicate share certificate, remat / demat of shares, change of address etc. and the redressal of their complaints.

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During the period under review, the Share Transfer/ Shareholders' and Investors' Grievances Committee was re-constituted. Sh. Virender Kumar Sehgal was appointed as an Additional Director of the Company w. e. f July 29, 2009. He was appointed & designated as the Chairman of this committee in place of Ex. Capt. Rudra Sen Sindhu.

The **Share Transfer/ Shareholders' and Investors' Grievances Committee** as on 31st March, 2010 comprises of the following members:

Sh. Virender Kumar Sehgal	Chairman	Independent-Non-executive Director.
Ex- Capt. Rudra Sen Sindhu	Member	Non - Independent Executive Director.
Col. Girdhari Singh, AVSM (Retd.)	Member	Non-Independent Non-Executive Director

The Committee met **6 (Six)** times during the year under review. The following table summarises the attendance of the members at the Share Transfer/ Shareholders' and Investors' Grievances Committee of the Company:

Date of Meeting	Sh. Ganesh Chandra Mrig*	Col. Girdhari Singh AVSM (Retd.)	Ex-Capt. Rudra Sen Sindhu	Sh. Virender Kumar Sehgal*
22-05-2009	NO	YES	YES	N.A
06-09-2009	N.A	YES	NO	YES
20-11-2009	N.A	NO	YES	YES
16-01-2010	N.A	YES	NO	YES
23-02-2010	N.A	YES	NO	YES
30-03-2010	N.A	NO	YES	YES

* Sh. Virender Kumar Sehgal was appointed as the Chairman of the Share Transfer/ Shareholders' and Investors' Grievances Committee in place of Ex. Capt. Rudra Sen Sindhu w. e. f July 29, 2009 and Sh. Ganesh Chandra Mrig relinquished his office as member of the Share Transfer/ Shareholders' and Investors' Grievances Committee w. e. f July 29, 2009.

The details of queries/ complaints received from shares holders, status thereof etc. are summarised as under during the year under review:

Sl. No.	Particulars	Status	Remark
1.	Number of queries/complaints received from shareholders/investors from April 01, 2009 to March 31, 2010 regarding non-receipt of dividend/ interest warrants, non-receipt of shares sent for transfer etc	NIL	
2.	Number of queries/complaints not attended	N.A.	
3.	Number of request of Share Transfer / Transmission received during the year.	21	
4.	Number of Share Transfer cases done during the year.	21	
5.	Number of Share Transfer pending during the year.	NIL	

3.3 Remuneration Committee

The Company does not have Remuneration committee as contemplated under the Listing Agreement, as the Company is not paying any remuneration to its Directors.

4. GENERAL MEETINGS

Location and time of the last three Annual General Meetings:

Year	Date	Time	Location
2009	30th September, 2009	9.30 A.M.	Farm House of Kapil Constructions Pvt. Ltd., Kishangarh-Mehrauli Road, Near Ma Anandmai Ashram, New Delhi-110 057
2008	30th September, 2008	9.30 A.M.	Farm House of Kapil Constructions Pvt. Ltd., Kishangarh-Mehrauli Road, Near Ma Anandmai Ashram, New Delhi-110 057
2007	29th September, 2007	9.30 A.M.	Farm House of Kapil Constructions Pvt. Ltd., Kishangarh-Mehrauli Road, Near Ma Anandmai Ashram, New Delhi-110 057

The following table summarises the details of special resolution passed or not during the last three years:

Sl. No.	Particulars	Status	Remark
1.	Whether any Special Resolutions were passed at the last three Annual General Meeting	No	
2.	Whether Special Resolutions were put through postal ballot at the last three Annual General Meeting	No	
3.	Persons who conducted the postal ballot	N.A.	
4.	Procedure for postal ballot	N.A.	

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5. DISCLOSURES

- a) On materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, Directors or the management, their subsidiaries/relatives that may have potential conflict with the interests of the Company at large. – None
- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges, or the Securities and Exchange Board of India or any other statutory body/ authority, on any matter related to capital markets during the last three years. – None

6. MEANS OF COMMUNICATIONS WITH THE INVESTORS/SHAREHOLDERS

- a) Half Yearly report sent to each household of shareholders No, the results were published by the Company in National and regional newspapers in English and Hindi.
- b) Quarterly results Are published in the following newspapers:
The Pioneer-English, and
Dainik Haribhoomi-Vernacular language (Hindi)
- c) Any website where displayed None
- d) Whether the website also displays official news releases No
- e) Presentations made to institutional investors and analysts No
- f) Whether Management Discussion and Analysis Report forms part of Annual Report Yes

7. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date	–	30th September, 2010
Day	–	Thursday
Time	–	9:30 a.m.
Venue	–	Farm House of Kapil Constructions Pvt. Ltd. Kishangarh-Mehrauli Road, Near Maa Anandmai Ashram, New Delhi-110 057.

Financial Calendar (tentative)

Financial year	–	April 01, 2010– March 31, 2011
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Quarterly results- For Quarter ending

30-06-2010	–	4th/5th week of July, 2010.
30-09-2010	–	4th/5th week of October, 2010.
31-12-2010	–	4th/5th week of January, 2011.
31-03-2011	–	4th/5th week of April, 2011.

Book closure

Friday, 24th September, 2010 to Thursday, 30th September, 2010 (both days inclusive).

Listing on Stock Exchanges:

Bombay Stock Exchange Limited, Mumbai,

Floor 25, P.J. Towers, Dalal Street,
Mumbai - 400 001.

The Listing fees have been paid to the Stock Exchange for the year 2010-11.

Stock Exchange Code

For Bombay Stock Exchange	–	530265 (SAINIK FINAN)
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SAINIK FINANCE & INDUSTRIES LIMITED

Market Price data (as traded in the Bombay Stock Exchange Limited) during the year under report.

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April, 2009	04.45	04.45	Oct., 2009	09.96	07.53
May, 2009	04.40	04.25	Nov., 2009	09.72	07.75
June, 2009	05.35	04.25	Dec., 2009	09.72	08.08
July, 2009	06.18	05.61	Jan., 2010	09.45	08.10
Aug., 2009	07.80	05.06	Feb., 2010	12.16	08.73
Sept., 2009	09.76	07.50	Mar., 2010	11.68	08.68

Share Transfer system

Share transfer requests (in physical form), on receipt by the Registrars and Share Transfer Agents of the Company (M/s Indus Portfolio Private Limited) are affected in approximately 30 days. The demat requests received by the Registrars and Share Transfer Agents are processed in about 10 days from the date of receipt.

Share Registrar and Transfer Agents:

Indus Portfolio Private Limited,

G-65, Bali Nagar, New Delhi-110 015.

Tel. Nos : 91-11-47671200 **Fax no:** 91-11- 25449863.

Email : bharat.b@indusinvest.com

Website : www.indusinvest.com

Business Hours : 10:00 a.m. to 6:00 p.m. (Monday to Saturday)

The shares of the Company are traded on the stock exchange in dematerialised form with effect from 18th July, 2000.

Distribution of Shareholding as on 31st March, 2010

Category wise Shareholding (in shares)	No. of Shareholders	% to Total Shareholders	Number of Share held	% to total share capital
UPTO 500	3085	85.10	321309	0.30
501 - 1000	173	4.77	136601	0.13
1001 - 5000	246	6.79	623034	0.57
5001 - 10000	47	1.30	348177	0.32
10001 - 20000	27	0.74	410440	0.28
20001 - 30000	4	0.11	98400	0.09
30001 - 40000	6	0.17	217116	0.20
40001 - 50000	4	0.11	184691	0.17
50001 - 100000	10	0.28	686030	0.63
ABOVE 100000	23	0.63	7854202	72.19
	3625	100.00	10880000	100.00

Shareholding Details as on 31st March, 2010.

Category	No. of shares held	Percentage of shareholding
Promoters	5565962	51.16%
Institutional Investors	NIL	NIL
Mutual Funds and UTI	NIL	NIL
Banks, Financial institutions, Insurance Companies (Central / State Govt. Institutions/Non-govt. Institutions)	NIL	NIL
FIs	NA	NA
Private Corporate Bodies	3508294	32.24%
Indian Public	1766087	16.23%
NRIs	36097	0.33%
Clearing House	3494	0.03%
Clearing Member	66	0.00%
TOTAL	1,08,80,000	100%

SAINIK FINANCE & INDUSTRIES LIMITED

Top 10 Shareholders as on 31st March, 2010.

Sr. No.	Name	Shares	Percentage
1.	Col. Girdhari Singh AVSM (Retd.)	9,88,900	9.09
2.	Sainik Mining and Allied Services Ltd.	8,53,666	7.85
3.	Sindhu Trade Links Limited	8,15,133	7.49
4.	Maneesha Finlease Limited	6,70,895	6.17
5.	Ex-Capt. Kuldeep Singh Solanki	5,03,165	4.62
6.	Mr. Yuvraj Singh Solanki	4,32,833	3.98
7.	Garuda Imaging and Diagnostic Private Ltd.	3,58,432	3.29
8.	Mrs. Indu Solanki	3,37,833	3.11
9.	Sainik Cement P. Ltd.	3,25,266	2.99
10.	Ch. Mitter Sen Sindhu	3,08,466	2.84

Dematerialisation of Shares and Details thereof

The shareholders desirous of getting the shares dematerialised should approach a depository participant (DP) (For example, Indus Portfolio Private Limited) and get a depository account opened. The share certificates should be deposited with the same Depository Participant who shall approach the Company and get the shares dematerialised.

7579244 Equity shares of the Company i.e. 69.66% of total paid up share capital are held in dematerialised form as on 31st March, 2010.

Demat ISIN in NSDL (National Securities Depository Limited) and CDSL (Central Depository Services (India) Limited) – **INE584B01013**

Plants/Branch Offices of the Company:

Finance Division

Head Office : 129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi - 110035.
Branch Office : Rajendra Nagar Chowk, 4 Link Road, Bilaspur (Chhattisgarh)

Cement Division

Head Office : 129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi - 110035.
Plant : Village Jaliawas, 94.8 km stone, Delhi Jaipur Road, NH 8, Tehsil Bawal, District Rewari (Haryana)

Address for Correspondence :

For any query related to Annual Report, Transfer of Shares and other query related to shares, please contact at the following addresses.

Registered Office of the Company :

129, Transport Centre, Rohtak Road,
Punjabi Bagh, New Delhi-110035
Tel.No : 011-28315036
Fax. No : 011-28315044
E-mail : legal.secretarial@sainikaryan.com

Registrar and Transfer Agents:

Indus Portfolio Private Limited,
G-65, Bali Nagar, New Delhi-110 015.
Tel. Nos: 91-11-47671200 **Fax no:** 91-11- 25449863.
Email: bharat.b@indusinvest.com
Website: www.indusinvest.com
Business Hours: 10:00 a.m. to 6:00 p.m. (Monday through Saturday)

By order of the Board of Directors
For SAINIK FINANCE & INDUSTRIES LIMITED

(Col. Girdhari Singh AVSM (Retd.))
Chairman

Place : New Delhi
Dated : 4th September, 2010

SAINIK FINANCE & INDUSTRIES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company has three divisions

- a) Cement Division;
- b) Finance Division; and
- c) Pole Division.

The management's perception and analysis about these three divisions is summed up as follows:

Cement Division :

The Company is operating a 200 tonnes per day mini cement plant based on Vertical Shaft Kiln (VSK) Technology, at village Jaliawas, District Rewari, Haryana. The Company has taken various steps to become cost effective and has achieved a turnover of Rs. 11.29 Crores and during the year 2009-10 it has sold 37570.800 MT of Portland Cement. The Company is making all efforts to increase its cost effectiveness, but, due to stiff competition and higher power tariff and government duties in the State of Haryana, the net realisation for the Company has been quite low considering the fact that the cement industry has been passing a lean phase, and a sluggish off take, and taking into account the per capita consumption of cement in India (100 kgs.) as compared to the world per capita cement consumption (270 kgs.) being on the lower side, the Management is hopeful of getting better result for cement division in the near future.

Finance Division :

The Finance division of the Company has created a niche for itself in financing heavy earth moving equipment like loaders and tippers etc. in various states and has retained its competitive edge in the industry. The company also provides loan syndication facilities besides direct funding to maintain its lead and has an excellent track record in collections & recovery.

Pole Division :

During the year the Company has acquired business of Manufacturing of PCC Poles from Sainik Pole Manufacturing Co. at Jaliawas, District Rewari, Haryana and achieved a turnover of Rs. 3.77 Crores.

By order of the Board of Directors
For **SAINIK FINANCE & INDUSTRIES LIMITED**

Place : New Delhi
Dated : 4th September, 2010

(Col. Girdhari Singh AVSM (Retd.))
Chairman

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of
Sainik Finance and Industries Limited

We have examined the compliance of conditions of corporate governance by Sainik Finance and Industries Limited, for the year ended 31st March, 2010 as per clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. 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 in all material respects with the conditions of corporate governance as stipulated in the listing agreement entered into by the said Company with the stock exchanges.

We certify that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the shareholders/ investors' Grievance Committee.

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

For **KUMRA BHATIA & CO.**
Chartered Accountants
FR No. 002848N

Place : New Delhi
Dated : 4th September, 2010

(P. K. Bhatia)
Partner
M. No. 81174

SAINIK FINANCE & INDUSTRIES LIMITED

AUDITORS' REPORT

The Members,

SAINIK FINANCE & INDUSTRIES LIMITED

1. We have audited the attached balance sheet of **SAINIK FINANCE & INDUSTRIES LIMITED**, as at 31st March 2010, and also the profit and loss account for the year ended 31st March 2010. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, the company has kept proper books of account as required by law so far as appears from our examination of those books.
 - iii) The balance sheet & profit and loss account dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the balance sheet, profit and loss account dealt with by this report complies with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v) On the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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 2010;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date.
 - c) In the case of cash flow statement of the cash flows for the year ended on that date.

For **KUMRA BHATIA & CO.**
Chartered Accountants
FR No. 002848N

(P. K. Bhatia)
Partner
M. No. 81174

Place : New Delhi
Dated : 4th September, 2010

SAINIK FINANCE & INDUSTRIES LIMITED

ANNEXURE

Re : Sainik Finance & Industries Limited

For the year ended 31st March, 2010

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

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) All the assets have not been physically verified by the management during the year. There is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) The company has sold few fixed assets during the year under report. The sales do not constitute or substantial part of the assets of the company and do not cast any doubt on the company's ability to continue as a going concern in the foreseeable future.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) The company has not taken any loans from company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. Nil and the year-end balance of loans given to such parties was Rs. Nil.
(b) The company has given loans to one company covered in the register maintained u/s 301 of the Companies' Act 1956. The maximum amount involved during the year was Rs. 59.46 Lacs and the year-end balance of loans given to such parties was Rs. 39.54 Lacs.
(c) In our opinion the terms and conditions on which loans have been taken from / granted to companies, firms or other parties listed in the register maintained under section 301 are not, prima facie, prejudicial to the interest of the company.
(d) The company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest. The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest.
(e) There is no overdue amount of loans taken from or granted to companies, firms or other parties listed in the registers maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The provision of section 209(1)(d) of the Companies Act, 1956 does not apply.

SAINIK FINANCE & INDUSTRIES LIMITED

9. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding., as at 31st March 2010 for a period of more than six months from the date they became payable.
- (c) According to the records of the company, there are no dues of sales tax, income tax, custom tax / wealth tax, excise duty / cess which have not been deposited on account of any dispute.
10. The company does not have any accumulated losses for the previous years. The company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is neither a Chit Fund nor a nidhi / mutual benefit society. Hence, in our opinion, the requirements of Clause 4 (xiii) of the order do not apply to the company.
14. On the basis of our examination of the companies records we are of the opinion that the company is maintaining adequate records regarding transaction and contracts regarding its trading activities in shares securities, debentures and other investment and timely entries have been made in these records. The shares securities, debentures and other investments have been held by the company in its own name except to the extent of exemption granted under section 49 of the Act.
15. The company has given guarantee in connection with loan taken by others from banks or Financial Institutions. In our opinion, the terms and conditions of the guarantees given are not pre-judicial to the interest of the company.
16. No term loan has been obtained during the year.
17. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, we report that no funds raised on short-term basis have been used for long-term investment and vice versa.
18. Based on our examination of records and the information provided to us by management we report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. During the period covered by our audit report, the company has issued 4479, 10% Debentures of Rs.1000/- each, the terms of issue of which require the creation of security. The company has during the year created the security in accordance with the terms of issue of the debentures. The debentures stands redeemed at the year end.
20. The company has not made any public issue during the year under reporting.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **KUMRA BHATIA & CO.**
Chartered Accountants
FR No. 002848N

(P. K. Bhatia)
Partner
M. No. 81174

Place : New Delhi
Dated : 4th September, 2010

SAINIK FINANCE & INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE NO.	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
SOURCES OF FUNDS			
Share Holders' Funds			
Share Capital	1	108,800,000.00	108,800,000
Reserves & Surplus	2	143,298,165.52	134,780,562
		252,098,165.52	243,580,562
Loan Funds			
Unsecured Loans	3	12,765,508.00	20,469,059
		12,765,508.00	20,469,059
Deferred Tax Liability			
		9,468,419.64	9,668,522
TOTAL		274,332,093.16	273,718,143
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	116,730,458.59	114,944,212
Less : Depreciation		56,908,470.35	51,745,035
Net Block		59,821,988.24	63,199,177
Less : Lease Adjustment Account		(3,040,110.34)	(2,939,162)
		62,862,098.58	66,138,339
Investments			
	5	68,461,410.00	68,461,410
Current Assets, Loans & Advances			
Inventories	6	27,000,633.52	27,894,224
Sundry Debtors		21,495,989.75	59,846,853
Cash & Bank Balances		69,774,487.33	14,895,341
Loans & Advances		69,864,434.09	83,497,335
		188,135,544.69	186,133,753
Less : Current Liabilities & Prov.			
Liabilities	7	12,592,924.11	17,412,528
Provisions		32,534,036.00	29,602,831
		45,126,960.11	47,015,359
Net Current Assets (7 - 8)		143,008,584.58	139,118,394
TOTAL		274,332,093.16	273,718,143

Significant accounting policies and notes to accounts 14

The accompanying notes and schedules form an integral part of the accounts

As per our separate report of even date
For **KUMRA BHATIA & CO.**
Chartered Accountants
FR No. 002848N

On behalf of the Board of Directors
For **SAINIK FINANCE & INDUSTRIES LIMITED**

P. K. BHATIA
Partner
M.No. 81174

Col. Girdhari Singh AVSM (Retd.)
Chairman

Ex. Capt. R.S. Sindhu
Director

Place : New Delhi
Dated : 4th September, 2010

SAINIK FINANCE & INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE NO.	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
INCOME			
Sales	8	151,049,908.00	133,406,280
Lease Rentals	9	100,948.77	126,187
Interest & Finance Charges	10	17,673,915.27	13,503,597
Other Income	11	857,182.19	2,545,252
		169,681,954.23	149,581,316
EXPENDITURE			
Manufacturing Expenses	12	125,381,165.79	109,369,835
Administrative & Other Expenses	13	30,510,002.96	29,334,329
Interest Paid		2,066,215.00	2,304,458
Depreciation	4	5,846,184.10	5,808,015
		163,803,567.85	146,816,637
Profit Before Tax		5,878,386.38	2,764,679
Less : Provision for Income Tax- Current		4,062,223.00	3,538,924
Less : Provision for Income Tax- Deferred		(200,102.00)	22,679
Less : Provision for Income Tax- Fringe Benefit		-	349,987
Profit after Tax		2,016,265.38	(1,146,911)
Add : Brought forward from Last year		51,777,345.14	50,667,584
Add : Provision for Bad & Doubtful Debts Written Back		6,501,338.00	2,881,301
Available for Appropriations		60,294,948.52	52,401,974
APPROPRIATIONS :			
Transfer to Reserve Fund		1,175,678.00	552,936
Income Tax Paid for earlier years		-	71,693
Balance Carried to Balance Sheet		59,119,270.52	51,777,345
		60,294,948.52	52,401,974
Earning Per Share (Rs.)		(0.19)	(0.11)

Significant accounting policies and notes to accounts 14

The accompanying notes and schedules form an integral part of the accounts

As per our separate report of even date
For **KUMRA BHATIA & CO.**
Chartered Accountants
FR No. 002848N

On behalf of the Board of Directors
For **SAINIK FINANCE & INDUSTRIES LIMITED**

P. K. BHATIA
Partner
M.No. 81174

Col. Girdhari Singh AVSM (Retd.)
Chairman

Ex. Capt. R.S. Sindhu
Director

Place : New Delhi
Dated : 4th September, 2010

SAINIK FINANCE & INDUSTRIES LIMITED

YEAR ENDED 31ST MARCH, 2010

	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED CAPITAL		
11000000 Equity Shares of Rs. 10/- each	<u>110,000,000.00</u>	<u>110,000,000</u>
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
10880000 Equity Shares of Rs. 10/- each fully paid up	<u>108,800,000.00</u>	<u>108,800,000</u>
TOTAL RS.	<u>108,800,000.00</u>	<u>108,800,000</u>
 SCHEDULE - 2		
RESERVES & SURPLUS		
GENERAL RESERVE		
Balance as per last year	7,191,579.00	7,191,579
RESERVE FUND		
Balance as per last year	35,796,638.00	35,243,702
Add: Transferred from P&L		
Appropriation Account	<u>1,175,678.00</u>	<u>552,936</u>
	36,972,316.00	35,796,638
PROFIT & LOSS APPROPRIATION ACCOUNT		
Balance as per Profit & Loss Appropriation A/c	59,119,270.52	51,777,345
SHARE PREMIUM ACCOUNT		
Balance as per last year	40,015,000.00	40,015,000
TOTAL RS.	<u>143,298,165.52</u>	<u>134,780,562</u>
 SCHEDULE - 3		
UNSECURED LOANS		
i) Inter Corporate Deposits	8,971,508.00	15,990,059
ii) Non-Convertible Debentures		
Application Money -Pending Allotment	<u>3,794,000.00</u>	<u>4,479,000</u>
TOTAL RS.	<u>12,765,508.00</u>	<u>20,469,059</u>

SAINIK FINANCE & INDUSTRIES LIMITED

SCHEDULE - 4 SCHEDULE OF FIXED ASSETS AS AT 31ST MARCH, 2010

PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK			LEASE ADJUSTMENT BLOCK			NET BLOCK	
	As On 31/03/2009	Addition During the Year	Sale/ Adjustment during the year	As On 31/03/2010	For the year	Sale/ Adjustment during the year	Up to 31/03/2009	For the year	Sale/ Adjustment during the year	As On 31/03/2010	As On 31/03/2009
(A) FINANCE DIVISION											
ASSETS ON LEASE											
Other Equipments	5,300,000.00	-	-	5,300,000.00	100,948.77	-	4,795,257.55	(2,939,161.57)	(100,948.77)	3,443,904.02	3,443,904
OTHER ASSETS											
Vehicles	1,533,374.00	-	316,727.00	1,216,647.00	43,850.00	298,961.45	1,357,579.83	-	-	114,178.62	175,794
Office Equipments	1,751,194.50	-	277,879.50	1,473,315.00	50,603.00	277,879.50	1,476,852.41	-	-	223,739.09	274,342
Furniture & Fixture	565,216.22	-	31,150.00	534,066.22	19,725.33	31,150.00	492,926.60	-	-	52,564.29	72,290
Software	1,090,325.82	-	-	1,090,325.82	1,715.00	-	1,086,038.66	-	-	2,572.16	4,287
Total (Finance Div.)	10,240,110.54	-	625,756.50	9,614,354.04	216,842.10	607,990.95	9,208,655.05	(2,939,161.57)	(100,948.77)	3,836,958.18	3,970,617
(B) CEMENT DIVISION											
Land	1,341,059.75	-	-	1,341,059.75	-	-	-	-	-	1,341,059.75	1,341,060
Building	21,062,247.81	-	-	21,062,247.81	703,478.00	-	8,800,367.64	-	-	11,557,802.17	12,261,280
Plant & Machinery	63,717,720.98	2,468,591.00	-	66,186,311.98	3,098,327.00	-	29,893,830.55	-	-	33,194,154.43	33,823,890
Vehicles	2,173,469.50	-	135,000.00	2,038,469.50	864,407.51	233,524.00	864,407.51	-	-	1,015,295.92	1,309,062
Furniture & Fixture	1,221,684.35	20,000.00	-	1,241,684.35	77,430.00	-	899,404.27	-	-	264,850.08	322,280
Office Equipments	498,678.00	58,412.00	-	557,090.00	66,422.00	-	185,262.16	-	-	305,405.84	313,416
Total (Cement Div.)	90,014,860.39	2,547,003.00	135,000.00	92,426,863.39	4,179,181.00	74,757.93	40,643,872.13	-	-	47,678,568.19	49,370,988
(C) POLE DIVISION											
Plant & Machinery	11,917,369.00	-	-	11,917,369.00	1,347,854.00	-	1,756,285.44	-	-	8,813,229.56	10,161,084
Building	2,570,770.00	-	2,570,770.00	5,141,540.00	85,864.00	-	114,328.41	-	-	2,370,577.59	2,456,442
Office Equipments	37,587.30	-	37,587.30	75,174.60	6,093.00	-	8,112.84	-	-	23,381.46	29,474
Furniture & Fixture	163,514.86	-	-	163,514.86	10,350.00	-	13,781.26	-	-	139,383.60	149,734
Total (Cement Div.)	14,689,241.16	-	14,689,241.16	17,697,458.46	5,808,015	288,162	1,892,507.95	-	-	11,346,572.21	12,796,733
Current Year (A+B+C)	114,944,212.09	2,547,003.00	760,756.50	116,730,458.59	5,846,184.10	682,748.88	51,745,035.13	(2,939,161.57)	(100,948.77)	62,862,098.58	66,138,339
Previous Year	112,786,147	2,626,562	468,497	114,944,212	5,808,015	288,162	46,225,182	(2,812,975)	(126,187)	66,138,339	69,373,940

SAINIK FINANCE & INDUSTRIES LIMITED

YEAR ENDED 31ST MARCH, 2010

	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
SCHEDULE - 5		
INVESTMENTS (AT COST)		
LONG TERM INVESTMENT		
UNQUOTED		
Govt. Shares / Securities :		
Haryana Financial Corporation (250000 Equity Shares @ Rs.10/- each)	2,500,000.00	2,500,000
National Saving Certificate	5,000.00	5,000
Others :		
Sainik Mining And Allied Services Ltd. (Unlisted) (2451 Equity Shares of Face Value of Rs.10/- each)	65,956,410.00	65,956,410
TOTAL RS.	68,461,410.00	68,461,410

SCHEDULE - 6

CURRENT ASSETS, LOANS & ADVANCES

A. CURRENT ASSETS

i) Inventories

(As per Inventory prepared, valued & Certified by the management)

a) Finished Goods (At Cost or Market price whichever is lower)	3,400,558.20		5,259,970
b) Semi-Finished Goods (At Cost or Market price whichever is lower)	726,792.68		560,231
c) Raw Material (At Cost or Market price whichever is lower)	9,119,736.76		7,104,379
d) Packing Material (At Cost or Market price whichever is lower)	386,068.80		190,262
e) Fuel Oil & Lubricant (At Cost or Market price whichever is lower)	47,166.25		524,552
f) Spares & Stores (At Cost or Market price whichever is lower)	917,827.19		703,779
g) Shares (At Cost or Market price whichever is lower)	69,370.00		43,330
h) Stock on Hypothecation under Hypothecation Aggt.	14,028,366.00		12,176,659.00
Less: Unmatured Hyp.Charges	1,953,845.44	12,074,520.56	1,205,858.30
			10,970,801
i) Stock on Loan Syndication -Principal	258,593.08		2,536,921
	27,000,633.52		27,894,224

SAINIK FINANCE & INDUSTRIES LIMITED

YEAR ENDED 31ST MARCH, 2010

	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)	
ii) Sundry Debtors			
a) Hire Money Receivable			
Outstanding for a period exceeding 6 month	135,500.00	135,500	
Other Debts	-	-	
	<u>135,500.00</u>	<u>135,500</u>	
Less: Unmatured Finance Charges (NPA)	<u>25,126.00</u>	<u>25,126</u>	110,374
b) Lease Rent Receivable			
Outstanding for a period exceeding 6 month	-	-	
Other Debts	-	-	
c) Hypothecation Money Receivable			
Outstanding for a period exceeding 6 month	1,801,629.00	5,356,753	
Other Debts	270,700.00	2,665,469	
	<u>2,072,329.00</u>	<u>8,022,222</u>	
Less: Unmatured Finance Charges (NPA)	<u>173,378.00</u>	<u>188,222</u>	7,834,000
d) Loan Syndication Receivable			
Outstanding for a period exceeding 6 month	3,549,408.00	8,174,523	
Other Debts	5,070,942.00	22,068,759	
	<u>8,620,350.00</u>	<u>30,243,282</u>	
Less: Unmatured Finance Charges(NPA)	<u>218,033.00</u>	<u>-</u>	30,243,282
e) Cement Division			
Outstanding for a period exceeding 6 month	2,760,139.75	2,266,731	
Other Debts	4,209,433.00	7,706,637	9,973,368
f) Pole Division			
Outstanding for a period exceeding 6 month	-	-	
Other Debts	4,114,775.00	11,685,829	11,685,829
	<u>4,114,775.00</u>	<u>11,685,829</u>	<u>11,685,829</u>
	21,495,989.75	59,846,853	
iii) Cash & Bank Balances			
Cash Balance on hand (Including imprest with employees)		936,152.50	1,003,314
Bank Balances with scheduled banks			
In Current Accounts	25,049,251.16	10,501,549	
In Term Deposit	5,112,173.67	1,643,424	12,144,972
	<u>38,676,910.00</u>	<u>1,747,055</u>	<u>1,747,055</u>
Cheques in hand		69,774,487.33	14,895,341
	<u>118,271,110.60</u>	<u>102,636,418</u>	<u>102,636,418</u>
B. LOANS AND ADVANCES (Unsecured Considered Good)			
i) Advances Recoverable in cash or in kind or for value to be received		38,008,357.09	30,977,375
ii) Trade Advances	37,872,775.00	56,943,671	
Less : Unmatured Interest	6,016,698.00	4,423,711	52,519,960
	<u>69,864,434.09</u>	<u>83,497,335</u>	<u>83,497,335</u>
TOTAL 'B'		188,135,544.69	186,133,753
TOTAL 'A' + 'B'		<u><u>188,135,544.69</u></u>	<u><u>186,133,753</u></u>

SAINIK FINANCE & INDUSTRIES LIMITED

YEAR ENDED 31ST MARCH, 2010

	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
SCHEDULE - 7		
CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
i) Lease Security Deposit	1,500,000.00	1,500,000
ii) Security Deposit -Agency	80,000.00	80,000
iii) Sundry Creditors	6,052,934.11	5,089,637
iv) Expenses Payable	1,530,667.00	2,708,060
v) Advances from Customers	1,530,551.00	986,450
vi) Advance Payment for the portion for which value still to be given	1,898,772.00	6,822,081
vii) Bank Book Overdraft- ICICI Bank (Connaught Place)	-	226,300
TOTAL 'A'	12,592,924.11	17,412,528
B. PROVISIONS		
i) For Income Tax		
Assessment Year 2007-08	9,020,542.00	9,020,542
Assessment Year 2008-09	7,549,584.00	7,549,584
Assessment Year 2009-10	3,538,924.00	3,538,924
Assessment Year 2010-11	4,062,223.00	-
For Fringe Benefit Tax		
Assessment Year 2007-08	258,694.00	258,694
Assessment Year 2008-09	301,407.00	301,407
Assessment Year 2009-10	349,987.00	349,987
ii) For Non-performing Assets & Doubtful Debts (Pursuant to R.B.I. Norms)		
	5,369,548.00	6,501,338
iii) For Gratuity		
	2,083,127.00	2,082,355
TOTAL 'B'	32,534,036.00	29,602,831
TOTAL 'A' + 'B'	45,126,960.11	47,015,359

SAINIK FINANCE & INDUSTRIES LIMITED

YEAR ENDED 31ST MARCH, 2010

	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
SCHEDULE - 8		
SALES		
Sale of Cement & other receipts	112,908,361.00	97,909,499
Sale of PCC Poles	37,748,612.00	34,922,810
Sale of Scrap	392,935.00	573,971
TOTAL Rs.	151,049,908.00	133,406,280
 SCHEDULE - 9		
LEASE RENTALS		
Lease Rent	-	-
Less : Lease Equalisation Reserve	(100,948.77)	(126,187)
TOTAL Rs.	100,948.77	126,187
 SCHEDULE - 10		
INTEREST & FINANCE CHARGES		
Interest Income	7,469,815.00	6,536,953
Hypothecation Charges	2,243,758.86	2,220,599
Loan Syndication Charges	7,960,341.41	4,746,045
TOTAL Rs.	17,673,915.27	13,503,597
 SCHEDULE - 11		
OTHER INCOME		
Miscellaneous Receipts	855,956.19	2,542,976
Dividend Received	1,226.00	2,276
TOTAL Rs.	857,182.19	2,545,252

SAINIK FINANCE & INDUSTRIES LIMITED

YEAR ENDED 31ST MARCH, 2010

**CURRENT YEAR
FIGURES (RS.)**

**PREVIOUS YEAR
FIGURES (RS.)**

SCHEDULE - 12

MANUFACTURING AND OTHER EXPENSES

Raw Materials, Stores, Packing Material & Fuel, Oil & Lubricants Consumed

Clinker

Purchased during the year	2,868,321.50		127,465
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Raw Materials Consumed

Opening Stock	7,104,378.97		13,114,481
Add: Purchased during the year	82,911,847.92		64,581,046
	90,016,226.89		77,695,527
Less: Closing Stock	9,119,736.76	80,896,490.13	7,104,379
			70,591,148

Stores & Spares Consumed

Opening Stock	703,779.00		854,511
Add: Purchased during the year	6,750,133.86		7,346,142
	7,453,912.86		8,200,652
Less: Closing Stock	917,827.19	6,536,086.67	703,779
			7,496,873

Packing Material Consumed

Opening Stock	190,262.10		269,668
Add: Purchased during the year	5,062,464.00		4,627,102
	5,252,726.10		4,896,770
Less: Closing Stock	386,068.80	4,866,657.30	190,262
			4,706,508

Fuel, Oil & Lubricants

Opening Stock	524,551.61		203,168
Add: Purchased during the year	2,334,782.00		2,230,796
	2,859,333.61		2,433,964
Less: Closing Stock	47,166.25	2,812,167.36	524,552
			1,909,412

Finished & Semi Finished Goods

A. Opening Stock

Finished Goods	5,259,969.86		3,604,080
Semi-Finished Goods	560,230.85		4,593,835
	5,820,200.71		8,197,915

Add : Purchased during the year

	5,820,200.71		8,197,915
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B. Less : Closing Stock

Finished Goods	3,400,558.20		5,259,970
Semi-Finished Goods	726,792.68		560,231
	4,127,350.88		5,820,201

(Increase)/Decrease in Stocks (A-B)

	1,692,849.83		2,377,714
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Shares & Units

Opening Stock	43,330.00		64,985
Add : Purchased during the year	-		-
	43,330.00		64,985

Less : Sales During the year

Less : Closing Stock	69,370.00	(26,040.00)	43,330
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Other Manufacturing Expenses

Factory Wages	8,510,062.00		6,651,440
Electricity & Water Charges	17,224,572.00		15,487,621
	125,381,165.79		109,369,835

SAINIK FINANCE & INDUSTRIES LIMITED

YEAR ENDED 31ST MARCH, 2010

	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
SCHEDULE - 13		
ADMINISTRATIVE AND OTHER EXPENSES		
Salary, Wages and Other Benefits	10,582,702.00	8,136,183
Advertisement Expenses	323,246.00	251,427
Bank Charges	647,338.11	402,805
Staff Welfare	1,417,565.40	1,562,725
Repairs & Maintenance		
Plant & Machinery	891,916	1,253,530
Factory Building	644,332	661,184
Others	21,947	33,217
Pollution Control Expenses	63,600.00	52,800
Vehicle Running & Maintenance	914,443.32	1,080,910
ISI / ISO Fee	141,163.00	208,059
Travelling & Conveyance	1,269,497.00	1,234,786
Rates Fees & Taxes	388,886.00	131,345
General Expenses	1,598,522.03	1,478,880
Insurance Charges	85,149.00	19,305
Freight & Cartage, Carriage outward	1,304,539.00	1,207,748
Commission, Rebate and Discounts	826,768.73	345,109
Donation	-	16,054
Legal & Professional Charges	220,828.00	152,599
Newspaper & periodicals	7,006.00	49,150
Auditor Remuneration	110,300.00	104,635
AGM Expenses	117,169.00	134,508
Printing & Stationery	544,231.58	594,755
Postage & Telegram	148,014.00	168,229
Telephone Expenses	570,728.00	484,006
Software Maintenance expenses	186,251.00	60,813
Rent Paid	180,000.00	180,000
Electricity & Water Charges	-	38,150
Loss on sale of assets	32,007.62	25,335
Internal Audit Fees & Expenses	827,250.00	1,681,280
Diwali Expenses	216,969.00	315,143
Bad Debts Written Off	560,314.00	-
Provision for bad & doubtful debts (Pursuant to RBI Norms)	5,369,548.00	6,501,338
Provision for Gratuity	772.00	768,321
	30,510,002.96	29,334,329

SAINIK FINANCE & INDUSTRIES LIMITED

SCHEDULE - 14

CONTINGENT LIABILITIES & NOTES TO ACCOUNTS (Forming Part of Balance Sheet as at 31ST March, 2010)

A. Significant Accounting Policies.

Finance Division:

- 1) The fixed assets of the Company are valued at historical cost less depreciation and lease adjustment account.
- 2) The company has provided depreciation on fixed assets as per written down value method under the Companies (Amendment) Act, 1988. Further depreciation on additions & sales of fixed assets during the year has been provided on pro-rata basis.
- 3) Stock on Hire/Hypothecation/Loan Syndication Principal represents disbursed value of assets less capital repayments matured including un-matured finance/hypothecation/loan syndication charges thereon as per IRR. The un-matured finance/hypothecation/loan syndication charges are reduced from stock on hire/hypothecation/loan syndication to reflect the net principal outstanding.
- 4) Lease Rentals are accounted for on accrual basis and full months rental is considered as income irrespective of the date on which the lease rentals fall due during the month. Further the company accounts for income arising out of leasing activities on the method recommended by the Institute of Chartered Accountants of India. For assets leased up to 31st March 2001, the lease income is recognised at an Internal Rate of Return (IRR) on the principal amount outstanding at the due date of the lease rental. An annual lease equalisation charge is computed by deducting from lease rentals the income derived at IRR, which is then compared with depreciation provided. The difference is adjusted through lease equalisation in lease adjustment account. No assets have been leased after 1-4-2001 and therefore the mandatory provisions under Accounting standard (A 8-9) in respect of leased assets after 1-4-2001 do not apply.
- 5) Hire Purchase Finance Charges/ Hypothecation charges/ Loan Syndication Charges have been accounted for on instalment due basis based on Internal Rate of Return.
- 6) All Incomes and expenses have been accounted for on accrual basis. Overdue charges from hirers/lessees are accounted for on realisation.
- 7) Income Recognition, assets classification and provisioning in respect of Non- Performing Assets has been done in accordance with the Reserve Bank of India Directions, 1998 as amended upto 12th May, 1998. Income in respect of non performing assets has been considered on realisation basis.
- 8) Revenue is being recognised in accordance with the guidance note on Accrual Basis of accounting issued by the Institute of Chartered Accountants of India. Accordingly, if there are any uncertainties in the realisation of income, the same are not accounted for.
- 9) Closing Stock of Shares/Securities has been valued at cost or market price whichever is lower.

Cement & Pole Division:

- 1) The accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
- 2) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.
- 3) Sales represent invoiced value of goods sold net of excise duty.
- 4) Depreciation on Fixed Assets has been provided in accordance with the rates prescribed under Straight Line Method & in the manner specified in Schedule XIV of the Companies Act., 1956.
- 5) Raw Material, Packing Materials, Stores and spares, Finished goods, Semi-finished goods & Stocks in process are valued at cost or market price whichever is lower. In accordance with valuation principles laid out in AS-2 issued by The Institute of Chartered Accountants of India.
- 6) Investments are stated at cost.

Others

- 1) Accounting for taxes on Income- Income Taxes are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income"(AS-22) issued by the Institute of Chartered Accountants of India. Tax expenses comprise both current and deferred tax.

SAINIK FINANCE & INDUSTRIES LIMITED

- 2) Current tax is determined as the amount of tax payable in respect of taxable income for the period using the applicable tax rates and tax laws. Deferred tax assets and liabilities are recognized, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. The carrying amount of deferred tax assets and liabilities are reviewed at each balance sheet date.
- 3) Contribution to Provident Fund is accounted for on accrual basis and charged to Profit and Loss Account.
- 4) Provision for Gratuity Payable has been made in accordance with the period of qualifying service put in by the each employee of the Company from the date of joining and upto the end of the financial year. The calculation is performed annually by an independent actuary.

B. Notes to Accounts

- 1) Claims against the company not acknowledged as debts Rs. NIL (Previous year - Rs. NIL)
- 2) Estimated amount of contracts remaining to be executed on capital account not provided for Rs. NIL (Previous Year - Rs. NIL)
- 3) Auditor's Remuneration :

Particulars	2009-2010	2008-2009
a) Audit Fees	30,000	30,000
b) Tax Audit Fees	15,000	15,000
c) Income Tax Representation Fees	55,000	55,000
d) Service tax	10,300	4,635
Total	1,10,300	1,04,635

- 4) In the opinion of the Board, Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business. Provision for Depreciation on Fixed Assets and other known liabilities has not been made in excess of the amount reasonably necessary.
- 5) Profit & Loss Account does not include any remuneration paid to directors.
- 6) None of the Employees of the Company was in receipt of remuneration exceeding Rs.2,00,000/- per month where employed for the part of the year or Rs.24,00,000/- per annum where employed throughout the year.
- 7) Upto the financial year ended 31.03.2009, the company has made provision for gratuity of Rs.20,82,355/- under the payment of Gratuity Act, 1972. The company has made provision of Rs.772/- for Gratuity in the financial year ended 31.03.2010.
- 8) Debit & credit balances of parties are subject to confirmation.
- 9) Previous year figures have been re-grouped/recast & rounded off to make the same comparable with those of the current year. Paise have been rounded off to nearest Rupee in the Previous Year figures.
- 10) The company has made provision on Non Performing Assets in accordance with the RBI directives to the extent of Rs.53,69,548/- which has been debited to the Profit & Loss Account.
- 11) The company has made an investment of Rs.25,00,000 in the equity shares of M/s Haryana Financial Corporation(HFC). The said equity shares were forfeited by HFC and the company has filed an appeal against the same before the Hon'ble Company Law Board at New Delhi. The company law board has given directions for filing of a case before the appropriate court of law and the company has accordingly filed a case with Hon'ble Delhi High Court, which is pending for disposal.
- 12) **Deferred Tax:** In accordance with the Accounting standard (AS-22) relating to "Accounting for Taxes on Income", the company has recorded cumulative net deferred tax liability of Rs.96.68 lacs in respect of timing differences upto 1st April, 2009 as a reduction to General Reserves. Further, the deferred tax asset of the year amounting to Rs.2.00 lacs has been debited to the Profit & Loss Appropriation Account.

SAINIK FINANCE & INDUSTRIES LIMITED

The major component of deferred tax assets and liabilities as at 31st March, 2010 are as follows :

Deferred Tax Assets. (Rs.in lacs)
Total Nil

Deferred Tax Liabilities
Fixed Assets 94.68
Total Deferred Tax Liability – Net 94.68

13) Earning per share -

Earning per share has been computed as under :

Particulars	2009-10	2008-09
a) Profit after Taxation (Rs.Lakhs)	20.16	(11.47)
b) Number of equity shares outstanding	10880000	10880000
c) Earning per share (Face value Rs.10)	0.19	0.11

14) Segment Information -

Particulars	Cement	Pole	Finance	(Rs.in lacs) Consolidated
1. Segment Revenue				
External Sales	1131.38	379.11	177.76	1688.25
Other Revenue	-	-	8.57	8.57
Total Revenue	1131.38	379.11	186.33	1696.82
2. Segment Result -Profit/(Loss)				
Profit before interest & tax	40.46	(40.00)	78.99	79.45
Interest Paid	-	-	20.66	20.66
Provision for taxation	-	-	-	38.62
3. Profit after Taxation	40.46	(40.00)	58.33	20.17
Other information				
1. Segment Assets	133.01	31.90	2642.21	2743.32
2. Segment Liabilities	133.01	31.90	2642.21	2743.32
3. Depreciation	41.79	14.50	2.17	58.46
4. Non cash expenditure other than depreciation	-	-	53.70	53.70

15) Related party Disclosures -

1. Enterprises where control Exist :
 - Subsidiaries - Nil
 - Other Entities under control of company - Nil
2. Other related party with whom the company had transactions, etc.
 - i) Associates
 - a) Sainik Mining And Allied Services Ltd.
 - b) Kapil Construction Pvt.Ltd.
 - c) Indus Portfolio Pvt.Ltd.
 - d) Global Minetec Ltd.
 - e) Purshottam Buildwell Pvt.Ltd.
 - f) Sindhu Trade Links Limited
 - g) Shyam Indus Power Solutions Pvt.Ltd.
 - h) Aryan Clean Goal Technologies Pvt.Ltd.
 - i) Rajasthan Explosives & Chemicals Ltd.
 - ii) Joint Venture - Nil
 - iii) Key Management Personnel
 - a) Sh.G.C.Mrig

SAINIK FINANCE & INDUSTRIES LIMITED

3. Disclosure of transactions between the company and related parties as on 31st March, 2010.

	(Rs. in Lacs)		
Transaction	Associates	Key Management	Total
Purchase of Goods	0.17	-	0.17
Sale of Goods	138.35	0.96	139.31
Purchase of Fixed Assets	-	-	-
Sale of Fixed Assets	-	-	-
Rendering of Services	2.84	-	2.84
Service Received	-	-	-
Leasing/HP/Hypothecation arrangements Received	6.93	-	6.93
Share Application Money Given	450.00	-	450.00
Finance Provided	59.47	-	59.47
Finance Received	-	-	-
Interest Income	24.14	-	24.14
Interest Paid	-	-	-
Director Remuneration	-	-	-
Dividend Paid to shareholders	-	-	-

16) Schedule in terms of paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998

Liabilities side:	(Rs. in lakhs)		
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
	(a) Debentures : Secured	Nil	Nil
	: Unsecured	Nil	Nil
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	Nil	Nil
	(d) Inter-corporate loans and borrowing	89.71	Nil
	(e) Commercial Paper	Nil	Nil
	(f) Public Deposits*	Nil	Nil
	(g) Other Loans	37.94	Nil
	(Non Convertible Debenture-Application Money)		
	* 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	Nil	Nil
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
	(c) Other public deposits	Nil	Nil
	* Please see Note 1 below		

Assets side:

3	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	Amount Outstanding
	(a) Secured	318.56
	(b) Unsecured	380.08

SAINIK FINANCE & INDUSTRIES LIMITED

4 Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities

(i)	Lease assets including lease rentals under sundry debtors :	
	(a) Financial lease	34.44
	(b) Operating lease	Nil
(ii)	Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	1.21
	(b) Repossessed Assets	Nil
(iii)	Hypothecation loans counting towards EL/HP activities	
	(a) Loans where assets have been repossessed	Nil
	(b) Loans other than (a) above	20.09
(iv)	Loan Syndication Principal -activities	
	(a) Loans where assets have been repossessed	Nil
	(b) Loans other than (a) above	86.60

5 Break-up of Investments :

Current Investments :

1. Quoted

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

2. Unquoted :

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

Long Term investments :

1. Quoted :

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

2. Unquoted :

(i)	Shares : (a) Equity	684.61
	(b) Preference	Nil
(ii)	Debentures and Bonds	Nil
(iii)	Units of mutual funds	Nil
(iv)	Government Securities	Nil
(v)	Others (Please specify)	Nil

SAINIK FINANCE & INDUSTRIES LIMITED

6 Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:
(Please see Note 2 below)

Category	Amount net of provisions		Total
	Secured	Unsecured	
1. Related Parties **			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	69.73	Nil	69.73
2. Other than related parties	535.30	Nil	535.30
Total	605.03	Nil	605.03

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):
Please see note 3 below

Category	Market Value/Break	Book Value
	up or fair value or NAV	(Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group	Nil	Nil
(c) Other related parties	659.56	659.56
2. Other than related parties	25.05	25.05
Total	684.61	684.61

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

8 Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	141.08
(ii) Net Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	77.82
(iii) Assets acquired in satisfaction of debt	Nil

- 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 Companies Prudential Norms (Reserve Bank) Directions, 1998.
 - 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.

17) Additional information in accordance with Part II of Schedule VI of Companies Act, 1956 :

a) Licensed & Installed Capacity and Actual Production in MT :

Cement:

Particulars	Licenced		Installed		Actual	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Portland Cement	66000	66000	66000	66000	37611.900	35030.450

SAINIK FINANCE & INDUSTRIES LIMITED

b) Quantitative Detail of Consumption of Raw Materials and packing material :

Particulars	Current Year		Previous Year	
	Quantity (MT)	Amount	Quantity (MT)	Amount
Lime Stone	42741.594	18321157.56	40704.198	15864245.29
Breeze Coke	4642.912	25045977.26	4886.850	24413171.89
Clay	6433.632	1796292.24	7249.850	1983071.87
Iron Dust	1059.503	926495.15	615.272	705956.27
Gypsum	590.768	296104.64	706.000	390257.29
Laterite	395.511	353623.44	630.589	521658.43
AER (Additive)	4.923	333098.98	-	-
Fly Ash	4013.923	3226134.80	2538.548	1232707.82
Packing Material (Nos)	752238	4866657.30	700207	4696685.32
C.Dust	-	-	704.050	397607.30

c) Quantitative Detail of Finished & Semi-Finished Goods :

i) Opening & Closing Stocks :

Particulars	Opening Stock				Closing Stock			
	Quantity (MT)		Amount		Quantity (MT)		Amount	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Finished								
C.Silo	0.756	151.530	1395.06	390422.80	163.781	0.756	250457.18	1395.06
Portland Cement	Nil	20.100	Nil	54262.77	41.100	Nil	62600.23	Nil
Semi-Finished								
Clinker	198.194	1989.263	359734.00	4501430.33	168.663	198.194	284988.18	359734.00
Raw Mix	207.899	84.77	200496.58	92404.31	218.000	207.899	191347.32	200496.58

ii) Sales :

Particulars	Quantity (MT)		Amount	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Portland Cement	37570.800	35010.350	11,29,08,361	97909499.00

Poles:

a) Licenced & Installed Capacity and Actual Production in Nos. :

Particulars	Licenced		Installed		Actual	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
PCC Poles	99000	99000	99000	99000	16426	16489

b) Quantitative Detail of Consumption of Raw Materials :

Particulars	Current Year		Previous Year	
	Quantity (MT)	Amount	Quantity (MT)	Amount
Cement	2393.475	9394674.44	2296.914	7569443.24
PCWire	401.297	14876780.45	308.613	13115617.94
Sand	3589.218	1284756.09	3504.940	718879.07
Rodi 10 mm	2521.796	1313765.62	2486.837	747859.95
Rodi 20 mm	3624.079	1897642.08	3691.809	1138605.00
Ad-Mixture	15.443	662605.93	9.857	445695.27
G.I.Wire	12.860	546165.89	12.651	556868.63
Hooks	15.891	578359.56	11.012	405779.81

SAINIK FINANCE & INDUSTRIES LIMITED

c) Quantitative Detail of Finished Goods :

i) Opening & Closing Stocks :

Particulars	Opening Stock				Closing Stock			
	Quantity (Nos.)		Amount		Quantity (Nos.)		Amount	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Poles	2479	2165	5258578.75	3159394.38	1766	2479	3337957.92	5258578.75

ii) Sales :

Particulars	Quantity (Nos.)		Amount	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Poles	17139		15980	3,77,48,612
				34876230

d) C.I.F. Value of Imports & Expenditure in foreign currency :

Current Year – Nil

Previous Year – Nil

e) Quantitative detail of Shares/Stock

NAME OF SCRIPT	OPENING		PURCHASES		SALES		CLOSING STOCK			
	QTY.	AMOUNT	QTY.	AMOUNT	QTY.	AMOUNT	QTY.	COST PRICE	MARKET RATE	COST OR MARKET PRICE WHICHEVER IS LESS
RANA MOHINDRA PAPER LTD.	1,300	3,900	-	-	-	-	1,300	39,917	3,900	3,900
BIRLA CENTURY FINANCE LTD.	500	4,950	-	-	-	-	500	30,662	4,950	4,950
CHINAR EXPORTS LTD.	300	3,600	-	-	-	-	300	15,846	3,600	3,600
HOTEL SHREE KRISHNA INTL.	600	1,140	-	-	-	-	600	13,410	1,140	1,140
HANSAFLON PLASTO CHEM. LTD.	100	110	-	-	-	-	100	4,368	110	110
NAHAR SUGAR & ALLIED IND. LTD.	100	2405	-	-	-	-	100	7,511	2,405	2,405
PUNWIRE LTD.	200	14,080	-	-	-	-	200	20,213	14,080	14,080
THE TIMES GAURANTEE LTD.	100	1,189	-	-	-	-	100	73,716	10,845	10,845
OSWAL AGRO LTD	500	725	-	-	-	-	500	54,033	725	725
SOMDAIT FINANCE CORP. LTD.	700	5026	-	-	-	-	700	12696	7042	7042
ARVIND PRODUCTS LTD.	100	385	-	-	-	-	100	6,445	503	503
NAMESTE EXPORTS LTD.	200	520	-	-	-	-	200	17,322	520	520
SHREE RAM URBAN INFRASTR. LTD	100	5300	-	-	-	-	100	47559	19550	19,550
	4800	43330	-	-	-	-	4800	343698	69370	69370

18) Schedule 1-14 are duly authenticated and form an integral part of the Balance Sheet as at 31st March, 2010.

As per our separate report of even date
For **KUMRA BHATIA & CO.**
Chartered Accountants
FR No. 002848N

On behalf of the Board of Directors
For **SAINIK FINANCE & INDUSTRIES LIMITED**

P. K. BHATIA
Partner
M. No. 81174

Col. Girdhari Singh AVSM (Retd.)
Chairman

Ex-Capt R.S.Sindhu
Director

Place : New Delhi
Dated : 4th September, 2010

SAINIK FINANCE & INDUSTRIES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration Details

Registration No.	L26912DL1991PLC045449	State Code	55
Balance Sheet Date	31.03.2010		

II. Capital Raised during the year (Amount in Rs. Thousand)

Public Issue	NIL	Right Issue	NIL
Bonus Shares	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	274332	Total Assets	274332
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Sources of funds

Paid up Capital	108800	Reserve & Surplus	143298
Secured Loans	NIL	Unsecured Loans	12766
Deferred Tax Liability	9468		

Application of funds

Net Fixed Assets	62862	Investments	68462
Net Current Assets	143008	Misc. Expenditure	Nil
Accumulated Losses	Nil		

IV. Performance of Company (Amount in Rs. Thousand)

Turnover	169681	Total Expenditure	163803
Profit before tax	5878	Profit after tax	(2016)
Earning per share (in Rs.)	(0.19)	Dividend rate %	Nil

V. Generic Names of Three principal products/services of company (As per monitory terms)

Cement :

Item Code No (ITC Code)	25.23.29.10
Product Description	CEMENT CLINKERS

Pole :

Item Code No (ITC Code)	68.69.60.00
Product Description	PCC POLES

Finance :

HIRE PURCHASE FINANCE, HYPOTHECATION, LEASE, LOAN SYNDICATION AND TRADING IN SHARES

As per our separate report of even date
For **KUMRA BHATIA & CO.**
Chartered Accountants
FR No. 002848N

On behalf of the Board of Directors
For **SAINIK FINANCE & INDUSTRIES LIMITED**

P. K. BHATIA
Partner
M. No. 81174
Place : New Delhi
Dated: 4th September, 2010

Col. Girdhari Singh AVSM (Retd.)
Chairman

Ex-Capt R.S.Sindhu
Director

SAINIK FINANCE & INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	(Rs.in lacs)	
PARTICULARS	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax and interest and extraordinary items	79.45	50.69
Adjustments for :-		
Depreciation	58.46	58.08
Profit & Loss on sale of assets	(0.32)	(0.25)
Provision for bad & doubtful debts & Gratuity	53.70	72.70
Discarded assets written off	5.60	-
Investments	-	-
Interest/Dividend Income	-	-
Lease Equalisation Reserve	(1.01)	(1.26)
Operating profit before working capital changes	195.88	179.96
Adjustments for :-		
Trade and other Receivables	519.84	(111.16)
Inventories	8.94	220.83
Trade payables & other liabilities	(97.98)	(242.42)
Cash generated from operations		
Interest paid	(20.66)	(23.04)
Direct taxes paid	(42.81)	(30.78)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	563.21	(6.61)
Extraordinary items	-	-
Net Cash from operating activities (A)	563.21	(6.61)
B) CASH FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(25.47)	(26.27)
Sale of fixed assets	0.78	1.80
Acquisitions of Companies	-	-
Purchase of Investments	-	-
Sale of Investments	-	-
Interest received	-	-
Dividend received	-	-
Net cash used in investing activities (B)	(24.69)	(24.47)

SAINIK FINANCE & INDUSTRIES LIMITED

	(Rs.in lacs)	
	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue share capital	-	-
NCD Application Money	(6.85)	4.31
Repayment of finance lease liabilities	-	-
Secured Loan	-	(37.35)
Dividends & Tax on Dividend	-	-
Repayment of Public Deposits	-	-
Proceeds from Intercompany Deposits	(70.19)	9.47
Borrowing (Net)	-	-
Net cash used in financing activities (C)	(77.04)	(23.57)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	461.49	(54.65)
Cash and cash equivalents as at 31.03.2009 (Opening Balance)	148.95	203.61
Cash and cash equivalents as at 31.03.2010 (Closing Balance)	697.74	148.95

As per our separate report of even date
For **KUMRA BHATIA & CO.**
Chartered Accountants
FR No. 002848N

On behalf of the Board of Directors
For **SAINIK FINANCE & INDUSTRIES LIMITED**

P. K. BHATIA
Partner
M. No. 81174

Col. Girdhari Singh AVSM (Retd.)
Chairman

Ex-Capt R.S.Sindhu
Director

Place : New Delhi
Dated : 4th September, 2010

To,

The Board of Directors
Sainik Finance & Industries Ltd.
New Delhi

We have examined the above cash flow statement of **M/s Sainik Finance & Industries Ltd.** for the year ended 31st March, 2010, the statement has been prepared by the company in accordance with the requirement of the listing agreement under Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report of even date to the members of the company.

For **Kumra Bhatia & Co.**
Chartered Accountants
FR No. 002848N

Place : New Delhi
Dated : 4th September, 2010

(P. K. Bhatia)
Partner
M. No. 81174