



**21st
Annual Report
2012-2013**

SAINIK FINANCE & INDUSTRIES LIMITED

SAINIK FINANCE & INDUSTRIES LIMITED

Board of Directors

Sh. Rudra Sen Sindhu
Sh. Kuldeep Singh Solanki
Sh. Vivek Varma
Sh. Samai Singh

Audit Committee

Sh. Vivek Varma
Sh. Samai Singh
Sh. Rudra Sen Sindhu

Share Transfer and Shareholders'/ Investors' Grievances Committee

Sh. Vivek Varma
Sh. Rudra Sen Sindhu
Sh. Samai Singh

Listed At

The Bombay Stock Exchange, Mumbai

Auditors

M/s Kumra Bhatia & Co.
Chartered Accountants
8, 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
Website : www.sainikfinance.com
email : info@sainik.org

CONTENTS	
Particulars	Page No.
Notice	1
Directors' Report	7
Auditors' Report	23
Balance Sheet	26
Profit & Loss Statement	27
Cash Flow Statement	28
Notes	29

SAINIK FINANCE & INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the **21st Annual General Meeting** of the members of M/s Sainik Finance & Industries Limited will be held on **Monday, the 30th day of September, 2013** 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, 2013, the Profit & Loss Account for the period from 1st April, 2012 to 31st March, 2013 together with the report of the Board of directors and Auditors thereon.
2. To appoint a Director in place of **Sh. 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 **Sh. 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 for the financial year 2013-14 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 upon by the Chairman of the meeting and the Statutory Auditors."

SPECIAL BUSINESS:

5. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as the Ordinary Resolution:**

"RESOLVED THAT Pursuant to the section 260 of the Companies Act, 1956, **Sh. Vivek Varma**, who was appointed as an Additional Director of the Company at the meeting of Board of directors of the Company, held on 31st July, 2013 whose term expires on ensuing the Annual General Meeting and for appointment of whom a Notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director has been received, be and is hereby appointed as a Director of the Company whose period of office will be liable to be determined by rotation."

6. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as the Ordinary Resolution:**

"RESOLVED THAT Pursuant to the section 260 of the Companies Act, 1956, **Sh. Samai Singh**, who was appointed as an Additional Director of the Company at the meeting of Board of Directors of the Company, held on 31st July, 2013 whose term expires on ensuing the Annual General Meeting and for appointment of whom a Notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director has been received, be and is hereby appointed as a Director of the Company whose period of office will be liable to be determined by rotation."

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

Place : New Delhi
Dated : 27th August, 2013

Kuldeep Singh Solanki
Director

SAINIK FINANCE & INDUSTRIES LIMITED

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 TO 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 **Sh. Rudra Sen Sindhu** and **Sh. Kuldeep Singh Solanki**, Directors retiring by rotation and seeking re-appointment are annexed herewith. Further, pursuant to the requirement of Corporate Governance, a brief resume of the Directors proposed for reappointment are annexed with the notice.
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 **Wednesday, 25th day of September, 2013 to Monday, 30th day of September, 2013** (both days inclusive).
6. The relevant Explanatory statement, pursuant to section 173(2) of the Companies act, 1956, in respect of the special business set out above is annexed hereto.

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

Item No. 2 : Re-appointment of Sh. Rudra Sen Sindhu:

Sh. Rudra Sen Sindhu completed his bachelor's degree in arts in 1976 from Birendra Narayan Chakrabarty University and joined the Indian Army in 1977. After completing the short service commission period of five years, he joined his family concern, M/s. Mitter Sen and Co., which was then engaged in the business of iron ore mining. He has approximately 30 years of experience in the field of coal mining and mining logistics and setting up and operation of power plants and non-banking finance business. He has business interests in a number of companies engaged mainly in the business of mining and logistics, coal beneficiation, power generation, manufacturing of sponge iron and steel, stock broking, print media, finance and tourism. He has been the Chairman of the Expert Committee on Coal since 2008 and the Co-Chairman of the National Coal Committee of ASSOCHAM since 2009. He is also engaged in several charitable activities.

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

As on date, he is holding 3,52,717 Equity Shares of Rs.10/- (Rupees Ten only) each in the Company.

Apart from this Company, Sh. 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:

SAINIK FINANCE & INDUSTRIES LIMITED

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
Sainik Mining And Allied Services Limited	N.A.	N.A.
ACB (India) Limited	Share Transfer & Shareholders' & Investor Grievance Committee	Member
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	Audit Committee	Member
Aryan Energy Private Limited	N.A.	N.A.
Sindhu Realtors Limited		
Kalinga Coal Mining Private Limited	N.A.	N.A.
ACB (India) Power Limited	Audit Committee	Member
Kartikay Coal Washeries Private Limited	N.A.	N.A.
M.P. Sainik Coal Mining Private Limited	Audit Committee	Member
TRN Energy Limited	Audit Committee	Chairman
ACB (India) Coal Methane Private Limited	N.A.	N.A.

Item No. 3 : Re-appointment of Sh. Kuldeep Singh Solanki:

Mr. Kuldeep Singh Solanki completed his bachelor's degree in arts in 1976 from the University of Rajasthan, after which he joined the Indian army. After serving the army for a period of five years he joined Sainik Transporters Private Limited in 1982. At present he is also interested as the director of several companies engaged in the business of coal mining, coal washing and related industries. He has approximately 30 years of experience in the coal sector, power & finance sector.

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

As on date, he is holding 15,21,898 Equity Shares of Rs. 10/- (Rupees Ten only) each in the Company.

Apart from the Company, Sh. 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	Share Transfer & Shareholders' & Investor Grievance Committee	Chairman
ACB (India) Power Limited	Audit Committee	Chairman
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 Limited	N.A.	N.A.

SAINIK FINANCE & INDUSTRIES LIMITED

EXPLANATORY STATEMENT, PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, IN RESPECT OF THE SPECIAL BUSINESS SET OUT ABOVE IS GIVEN BELOW:

Item No. 5

Pursuant to the section 260 of the Companies Act, 1956, Sh. Vivek Varma was appointed as an Additional Director of the Company w.e.f. 31st July, 2013 whose tenure will expire on the date of the ensuing Annual General Meeting of the Company. He being eligible has offered himself to be appointed as Director of the Company whose office will be liable to be retired by rotation. A notice under Section 257 of the Companies Act, 1956 has been received by the Company from Sh. Vivek Varma offering his candidature for the office of Director liable to retire by rotation. He will act as an independent Director of the Company. You directors recommend the resolution for your approval.

None of the Directors is interested in the passing of this resolution except Sh. Vivek Varma

Item No. 6

Pursuant to the section 260 of the Companies Act, 1956, Sh. Samai Singh was appointed as an Additional Director of the Company w.e.f. 31st July, 2013 whose tenure will expire on the date of the ensuing Annual General Meeting of the Company. He being eligible has offered himself to be appointed as Director of the Company whose office will be liable to be retired by rotation. A notice under Section 257 of the Companies Act, 1956 has been received by the Company from Sh. Samai Singh offering his candidature for the office of Director liable to retire by rotation. He will act as an independent Director of the Company. You directors recommend the resolution for your approval.

None of the Directors is interested in the passing of this resolution except Sh. Samai Singh

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

Place : New Delhi
Dated : 27th August, 2013

Kuldeep Singh Solanki
Director

SAINIK FINANCE & INDUSTRIES LIMITED

DIRECTORS' REPORT

The members,
Ladies and Gentlemen,

Your directors have pleasure in presenting their 21st Annual Report and the Audited Statement of Accounts for the year ended on 31st March, 2013.

1. FINANCIAL RESULTS	(Amount in Rs.)	
Particulars	2012-13	2011-12
Net Sales and Other Income	70,518,441	103,161,602
Profit before financial costs, depreciation, and Tax	30,974,089	6,102,697
Finance Costs	31,338,130	14,290,823
Profit before depreciation and tax	(364,041)	(8,188,126)
Depreciation	4,540,283	5,778,530
Profit/(Loss) before tax	(4,904,324)	(13,966,656)
Tax	2,111,846	174,197
Profit / (Loss) after Tax	(7,016,170)	(14,140,853)
Profit/ (Loss) brought forward from last year	46,961,896	52,565,744
Provision for Bad & Doubtful Debts Written Back	8,143,110	8,113,558
Provision Written Back	882,791	588,636
Profit/(Loss) available for appropriation	48,971,627	47,127,085
Appropriation :		
Transfer to Reserve Fund	-	-
Taxes for earlier years	-	165,188
Balance Carried Forward	48,971,627	46,961,896

(The Company did not transfer any amount to Special Reserve Fund as required under Section 45IC of the Reserve Bank of India Act, 1934 because it did not earn any profit during the year under review.)

2. OPERATIONS OF THE COMPANY

During the year under review, the Board of Directors, vide their circular resolution passed on 1st June, 2012, has decided to suspend the production of the cement & pole plants with immediate effect because of the erratic power supply, high per unit cost of captive generation of power, non-availability of quality Lime stone etc. Such cement & pole plants have been permanently closed down with effect from 31st July, 2012. All scraps of plant and machineries have been disposed off/ sale out during the current year. Further, in order to find out new business opportunities in other sectors for the Company, the application had been submitted with the Director, Town and Country Planning Department Haryana, Chandigarh in respect to getting the Change of Land Use (CLU) of its Land situated at 94-8 K.M. Milestone, Delhi- Jaipur, N.H.- 8, Village-Jaliawas, Bawal (Rewari) Haryana. The said application is still pending. During the current year the Company has got

SAINIK FINANCE & INDUSTRIES LIMITED

itself deregistered under the Factories Act 1948 because the Plants have been closed permanently. The Company also made an application with Dakshin Haryana Bijli Vitran Nigam, Haryana in respect to reduction of electricity load.

Presently the Company is engaged in carrying on the business as Non- Banking Financial Company without accepting public deposits. Therefore, it will continue to 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. Your directors also intend to diversify its operation into another area / business in order to make the Company profitable.

3. DIVIDEND

Your directors do not recommend for payment of any dividend for the financial year ended on 31st March, 2013.

4. DIRECTORS

Sh. Rudra Sen Sindhu and Sh. 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 as Directors of the Company.

Sh. Gurinder Mohan Singh Johar has resigned from the Board of Directors w.e.f. 26th March, 2013 and Sh. Punit Ghai, Sh. Virendra Kumar Sehgal and Lt. Gen. Gorakh Nath, AVSM/PVSM (Rtd.), Directors of the Company have resigned from the Board of Directors of the Company w.e.f. 31st July 2013.

Further, Sh. Samai Singh and Sh. Vivek Varma were appointed as additional directors of the Company w.e.f. 31st July, 2013 and their office will expire on the date of ensuing Annual General Meeting of the Company scheduled to be held on Monday, 30th day of September, 2013. They being eligible, have offered themselves to be appointed as Directors of the Company. The notices under Section 257 of the Companies Act, 1956 have been received by the Company from them offering their candidatures for the post of directors whose office is liable to retire by rotation. As they do not have any interest in any manner in the Company, hence they will act as the independent directors of the Company. Your directors recommend their appointment.

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 ended as at 31st March, 2013, the applicable Accounting Standards have been followed along with proper explanation relating to the material departures.
- 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, 2013 and of the profit or loss of the Company for the financial year ended on 31st March, 2013.

SAINIK FINANCE & INDUSTRIES LIMITED

- 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 as Annexure -I and is forming integral 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. COST AUDITORS

The Company has appointed Cost Auditors in terms of order issued by Central Government under section 233B of the Companies Act, 1956 to get the cost audit of the cost records of the Company for the financial year 2012-13. The Cost Audit Report shall be filed by the Cost Auditors in due course for the financial year 2012-13. Further the appointment of Cost Auditors for the financial year 2013-14 is not required because the cement plant has been closed permanently during the previous year.

10. AUDITORS REPORT

The Auditors' Report on Annual Accounts of the Company for the year ended on 31st March, 2013 is self-explanatory. Hence, no explanation is required to be given.

11. AUDITORS OF THE COMPANY

M/s Kumra Bhatia & 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

The Company is committed to good Corporate Governance as the requirement of the Clause 49 of the Listing Agreement. As required under Clause 49 of the Listing Agreement, a detailed report on Corporate Governance

SAINIK FINANCE & INDUSTRIES LIMITED

together with Auditor's Certificate on compliance of conditions of Corporate Governance is annexed herewith as Annexure - II and is forming integral part of this Report.

14. CONSTITUTION OF AUDIT COMMITTEE

The Company, in order to comply with the provision of section 292A of the Companies Act, 1956 and the provision of the listing agreement, has constituted an Audit Committee of the Board of Directors of the Company.

15. LISTING OF SECURITIES

Presently, the Securities of the Company are listed on Bombay Stock Exchange Limited, Mumbai. The listing fee for the financial year 2013-14 has been paid.

16. 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

Place : New Delhi
Dated : 27th August, 2013

Kuldeep Singh Solanki
(Director)

Rudra Sen Sindhu
(Director)

SAINIK FINANCE & INDUSTRIES LIMITED

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

Sl. Particulars	For the year ended on 31.03.2013	For the year ended on 31.03.2012
1. Electricity		
a) Purchased/consumption Units	325973	1964680
Total Amount (Rs.)	2997015	11,196,685
Rate/ Unit (Rs. per unit)	9.19	5.70
b) Own generation		
i) Through Diesel Generator Units	41192	43304
Unit per liter of diesel oil	2.49	2.47
Cost/ Unit (Rs.)	21.23	21.22
ii) Through steam turbine/ generator Units		
Units per liter of fuel oil/gas	N.A.	N.A.
2. Coal (specify quality and where used)		
Quantity (tonnes) (MT)	176.25	2143.467
Total Cost (Rs.)	1360237.66	16292645.21
Average rate (Rs.)	7717.66	7601.07
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)
<u>Cement</u>			
Products(with details)	Unit		
Electricity	--	128.98	112.01
Furnace Oil	--	-	-
Coal	--	0.11	0.12
Others (Specify)	--	-	-

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

Place : New Delhi
Dated : 27th August, 2013

Kuldeep Singh Solanki
(Director)

Rudra Sen Sindhu
(Director)

SAINIK FINANCE & INDUSTRIES LIMITED

ANNEXURE - II

CORPORATE GOVERNANCE REPORT **for the financial year ended on 31st March, 2013**

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 4 (Four) directors (of which 2 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
Sh. Kuldeep Singh Solanki	Non-Executive -Non Independent Director
Sh. Rudra Sen Sindhu	Non-Executive -Non Independent Director
Sh. Samai Singh	Independent Director
Sh. Vivek Varma	Independent Director

Sh. Gurinder Mohan Singh Johar has resigned from Board of directors of the Company w.e.f. 26th March, 2013 And Sh. Punit Ghai, Sh. Virendra Kumar Sehgal and Lt. Gen. Gorakh Nath, AVSM/PVSM (Retd.) have resigned from the Board of directors of the Company w.e.f. 31st July, 2013. Further Sh. Samai Singh and Sh. Vivek Varma have been appointed as independent directors of the Company w.e.f. 31st July, 2013.

Sh. Kuldeep Singh Solanki, Director of the Company acts as Chairman at the Board Meetings and at the General Meetings of the Company. He also acts as the Compliance Officer 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 Financial Year 2012-13, Seven (7) meetings of the Board of Directors of the Company were held on 30th April, 2012, 12th May, 2012, 31st July, 2012, 27th August, 2012, 31st October, 2012, 31st January, 2013 and 26th March, 2013.

Attendance of each director at Board meetings and at the last Annual General Meeting held during the year 2012-2013 and number of other directorship / committee memberships / chairmanships of each director are given below:

SAINIK FINANCE & INDUSTRIES LIMITED

NAME OF DIRECTORS	ATTENDANCE DETAILS		NUMBER OF OTHER COMPANIES IN WHICH DIRECTOR	OTHER COMMITTEES OF WHICH	
	AT BOARD MEETINGS	AT AGM HELD ON 29-09-12		CHAIRMAN	MEMBER
Sh. Rudra Sen Sindhu	7	Yes	14	1	6
Sh. Kuldeep Singh Solanki	7	Yes	13	2	1
Lt. Gen. Gorakhnath AVSM PVSM (Retd.)*	1	-	1	-	-
Sh. Virender Kumar Sehgal*	6	-	3	-	-
Dr. Punit Ghai*	6	Yes	-	-	-
Sh. Gurinder Mohan Singh Johar*	5	-	-	-	-
Sh. Samai Singh*	-	-	-	-	-
Sh. Vivek Varma*	-	-	-	-	-

* Sh. Gurinder Mohan Singh Johar has resigned from Board of directors of the Company w.e.f. 26th March, 2013 and Sh. Punit Ghai, Sh. Virendra Kumar Sehgal and Lt. Gen. Gorakh Nath, AVSM/PVSM (Retd.) have resigned from the Board of directors of the Company w.e.f. 31st July, 2013. Further Sh. Samai Singh and Sh. Vivek Varma have been appointed as independent directors of the Company w.e.f. 31st July, 2013.

It does not include the Independent Private Limited Companies and Foreign Companies.

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. The audit Committee has been re-constituted on 31st July, 2013. Sh. Vivek Varma and Sh. Samai Singh, Independent Directors of the Company have been inducted at the Audit Committee in place of Sh. Gurinder Mohan Singh Johar and Lt. Gen. Gorakh Nath, AVSM, PVSM (Retd.) who have resigned from the Board of Directors as well as form all the Committee thereof.

As on date the Audit Committee comprises of the following members:

Sh. Vivek Varma	Chairman	Independent Director.
Sh. Samai Singh	Member	Independent Director.
Sh. Rudra Sen Sindhu	Member	Non-Executive Director Non independent 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 fess for any other services rendered by them.

SAINIK FINANCE & INDUSTRIES LIMITED

- 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, 5 (Five) Audit Committee meetings were held. The attendance record of the members during these meetings is set down below:-

Date of Meeting	Lt. Gen. Gorakhnath AVSM PVSM (Retd.)	Mr. Rudra Sen Sindhu	Mr. Gurinder Mohan Singh Johar	Sh. Vivek Varma*	Sh. Samai Singh*
12-05-2012	No	Yes	Yes	N.A.	N.A.
31-07-2012	No	Yes	Yes	N.A.	N.A.
27-08-2012	Yes	Yes	No	N.A.	N.A.
31-10-2012	No	Yes	Yes	N.A.	N.A.
31-01-2013	No	Yes	Yes	N.A.	N.A.

*inducted as member of Audit committee of the Company w.e.f. 31st July, 2013.

3.2 SHARE TRANSFER & SHAREHOLDERS'S 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.

The Share Transfer/ Shareholders' and Investors' Grievances Committee has been re-constituted w.e.f. 31st July, 2013. Sh. Vivek Varma and Sh. Samai Singh, Independent Directors of the Company have been inducted at the Share Transfer / Shareholders and Investors' Grievances Committee in place of Sh. Virendra Kumar Sehgal and Sh. Gurinder Mohan Singh Johar, who have resigned from the Board of Directors as well as form all the Committee thereof.

The **Share Transfer/ Shareholders' and Investors' Grievances Committee** as on date comprises of the following members:

Sh. Vivek Varma	Chairman	Independent Director
Sh. Samai Singh	Member	Independent Director
Sh. Rudra Sen Sindhu	Member	Non -Executive Non Independent Director.

The Committee met **5 (Five)** 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. Rudra Sen Sindhu	Sh. Virender Kumar Sehgal	Sh. GMS Johar	Sh. Vivek Varma*	Sh. Samai Singh*
30-06-2012	Yes	Yes	Yes	N.A.	N.A.
13-08-2012	Yes	Yes	Yes	N.A.	N.A.
27-12-2012	Yes	Yes	No	N.A.	N.A.
28-02-2013	Yes	Yes	No	N.A.	N.A.
26-03-2013	Yes	Yes	No	N.A.	N.A.

*inducted as members of this Committee of the Company w.e.f. 31st July, 2013.

SAINIK FINANCE & INDUSTRIES LIMITED

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, 2012 to March 31, 2013 regarding non-receipt of dividend/ interest warrants, non-receipt of shares sent for transfer, Annual Reports etc.	2	Resolved
2.	Number of queries/complaints not attended	NIL	N.A
3.	Number of request of Share Transfer / Transmission received during the year.	9	-
4.	Number of Share Transfer cases done during the year	9	-
5.	Number of Share Transfer pending during the year	NIL	N.A

3.3 REMUNERATION COMMITTEE

The Remuneration Committee of the Board recommends to the Board of Directors the compensation terms of Executive Directors and the senior most level of management immediately below the Executive Directors. The Remuneration Committee presently comprises three Non-Executive Directors.

The remuneration committee has been re- constituted with effect from 31st July, 2013. After reconstitution, the following are members of the Remuneration Committee:

Sh. Vivek Varma	Chairman	Independent Director
Sh. Samai Singh	Member	Independent Director
Sh. Rudra Sen Sindhu	Member	Non -Executive Non Independent Director

During the year under review, the Remuneration Committee did not meet to review the compensation terms of any directors and the senior most level of management immediately below the executive directors of the Company.

4. GENERAL MEETINGS

Location and time of the last three Annual General Meetings:

Year	Date	Time	Location
2012	29th September, 2012	9.30 A.M.	Farm House of Kapil Constructions Private Limited, Kishangarh-Mehrauli Road, Near Ma Anandmai Ashram, New Delhi-110 057
2011	30th September, 2011	9.30 A.M.	Farm House of Kapil Constructions Private Limited, Kishangarh-Mehrauli Road, Near Ma Anandmai Ashram, New Delhi-110 057
2010	30th September, 2010	9.30 A.M.	Farm House of Kapil Constructions Private Limited, Kishangarh-Mehrauli Road, Near Ma Anandmai Ashram, New Delhi-110 057

The following table summarises the details of the 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.	

SAINIK FINANCE & INDUSTRIES LIMITED

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/The Financial Express-** English / and **Dainik Haribhoomi-**Vernacular language (Hindi) www.sainikfinance.com
- c) Any website where displayed.
- d) Whether the website also displays official news releases. Yes
- 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	:	30 th September, 2013
Day	:	Monday
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, 2013– March 31, 2014
----------------	---	--------------------------------

Quarterly results- For Quarter ending

30-06-2013	–	4th/5th week of July, 2013.
30-09-2013	–	4th/5th week of October, 2013.
31-12-2013	–	4th/5th week of January, 2014.
31-03-2014	–	4th/5th week of April, 2014.

Book closure

Wednesday, 25th September, 2013 to Monday, 30th September, 2013 (both days inclusive).

Listing on Stock Exchange(s):

BSE 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 2013-14.

Stock Exchange Code

For Bombay Stock Exchange	–	530265 (SAINIK FINANCE)
---------------------------	---	-------------------------

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, 2012	7.84	6.45	October, 2012	7.54	4.67
May, 2012	6.77	6.76	November, 2012	7.87	6.51
June, 2012	6.45	6.14	December, 2012	6.64	5.71
July, 2012	6.76	5.86	January, 2013	6.61	4.90
August, 2012	5.84	4.22	February, 2013	5.41	4.90
September, 2012	5.12	4.43	March, 2013	-	-

Share Transfer system

During the year under review, all the transfer Share transfer requests (in physical form), on receipt by the Company were affected in approximately 30 (thirty) days. The demat requests received by RTA were processed in about 10(ten) 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, 2013

Category wise Shareholding (in shares)	No. of Shareholders	% to Total Shareholders	Number of Share held	% to total share capital
UPTO 500	3,020	85.51	3,10,096	2.85
501 - 1000	168	4.76	1,32,335	1.22
1001 - 5000	235	6.65	5,88,673	5.41
5001- 10000	44	1.25	3,27,393	3.01
10001-20000	22	0.62	3,32,986	3.06
20001-30000	3	0.08	76,200	0.7
30001-40000	4	0.11	1,39,166	1.28
40001-50000	4	0.11	1,77,550	1.63
50001-100000	12	0.34	8,11,935	7.46
ABOVE 100000	20	0.57	79,83,666	73.38
Total	3,532	100	1,08,80,000	100

Shareholding Details as on 31st March, 2013.

Category	No. of shares held	Percentage of shareholding
Promoters	56,05,345	51.52
Institutional Investors	-	-
Mutual Funds and UTI	-	-
Banks, Financial institutions, Insurance Companies (Central / State Govt. Institutions/Non-govt. Institutions)	-	-
FII's	-	-
Private Corporate Bodies	35,04,112	32.21
Indian Public	17,34,497	15.94
NRIs	35,913	0.33
Clearing House	133	0.00
Clearing Member	-	-
TOTAL	10880000	100.00

SAINIK FINANCE & INDUSTRIES LIMITED

Top 10 Shareholders as on 31st March, 2013.

Sr. No.	Name	Shares	Percentage
1.	Kuldeep Singh Solanki	1511665	13.89
2.	Sindhu Trade Links Limited	1173565	10.79
3.	Maneesha Finlease Limited	1046159	9.62
4.	Sainik Mining And Allied Services Limited	853666	7.85
5.	Parmeshwari Devi	456532	4.2
6.	Yuvraj Singh Solanki	432833	3.98
7.	Rudra Sen Sindhu	342484	3.15
8.	Indu Solanki	337833	3.11
9.	Sarvesh Sindhu	248866	2.29
10.	Vir Sen Sindhu	247066	2.27

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.

76,92,784 Equity shares of the Company i.e. 70.70% of total paid up share capital are held in dematerialised form as on 31st March, 2013.

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

BRANCH OFFICES OF THE COMPANY:

Finance Division

Head Office : 129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi - 110035.

Branch Office : Ashok Pingle Smriti Bhawan, 3rd Floor, Nehru Chowk, Bilaspur (Chhattisgarh)

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 : info@sainik.org

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

Place : New Delhi
Dated : 27th August, 2013

Kuldeep Singh Solanki
Director

Rudra Sen Sindhu
Director

SAINIK FINANCE & INDUSTRIES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Macro-Economic and Industry Developments

The economic slowdown persisting for last couple of years continued in the year 2012. The economic environment remained subdued for large part of year. Gross Domestic Product (GDP) growth is expected to decline to 5% for the FY 2012-2013 against 6.2% for the previous year. Against the backdrop of high current account deficit (estimated at around 4.2%) and sustained inflation (estimated at over 7%), the Reserve Bank of India has worked towards easing monetary and liquidity conditions in a calibrated manner. This is yet to translate to lower interest rates due to continuing liquidity concerns.

The government had projected a fiscal deficit target of 5.1% of GDP. Revenues were under pressure due to a number of factors including weak economic growth, higher subsidy bill and low receipts from disinvestment initiatives. Government of India has taken a number of steps towards fiscal consolidation such as gradual increase in fuel prices, targeted subsidy through direct cash transfers and allowing Foreign Direct Investment in select sectors. Improvement in investment climate is a pre-requisite for economic recovery. Several measures are expected to be announced that will boost investment, reduce inflation and fiscal deficit.

The economic environment prevailing in the country affected the NBFC sector also. Rainfall has been below normal, particularly in the key months of June and July. This affected sowing and resulted in a lower growth rate of agriculture and allied sectors. Global economic slowdown, depressed sentiments, high interest rates, moderation in credit growth and a deceleration in growth of investment also contributed to the reduction in growth of industrial sector. Lower growth in agriculture, industrial and mining sector has had an adverse impact on the growth of commercial vehicle and equipment segment.

Reserve Bank of India's initiatives of reducing the CRR and Repo rate in the second half of the financial year will certainly help in reducing the liquidity pressure and softening the interest rates and thereby reducing the borrowing cost. The various proactive steps envisaged by the Government will also enable the NBFCs to achieve higher credit growth.

Opportunities

Government has announced a number of policy measures to kickstart investments. This includes an investment allowance for manufacturing companies, policy measures for creating affordable housing and addressing requirements of agriculture sector through measures other than price supports. Steps are being taken to address requirements of mining and power generation sectors which will remove supply bottlenecks to a number of sectors. Improvement in connectivity to rural areas will result in robustness of demand from semi urban and rural areas. With the government's initiative to boost infrastructure projects, NBFCs can also look for growth in asset financing.

Threats

Growth of the company's asset book, quality of assets and ability to raise funds depends significantly on the economy. Unfavorable events in the Indian economy can affect consumer sentiment and in turn impact consumer decision to purchase financial products. Competition from a broad range of financial services providers and changes in Government policy / regulatory framework could impact the company's operations.

Outlook

The markets will continue to grow and mature leading to differentiation of products and services. Each financial intermediary will have to find its niche in order to add value to consumers. The Company is cautiously optimistic in its outlook for the year 2013-14.

SAINIK FINANCE & INDUSTRIES LIMITED

Fixed Deposits

The Company is a non-deposit accepting company -NBFC. The Company has not accepted any fixed deposit during the period under review.

Internal Control, Audit and Compliance

The Company conducts its internal audit and compliance functions within the parameters of regulatory framework which is well commensurate with the size, scale and complexity of operations. The internal controls and compliance functions are evolved, installed, reviewed, and upgraded periodically. The internal audit function is being carried out by an external firm of chartered accountants.

Risk Management

The Company recognizes the importance of risk management and has accordingly invested in appropriate processes, people and a management structure. The Board of Directors of the Company reviews the asset quality at frequent intervals. The asset quality of the company continues to remain healthy. Comprehensive risk management practices form an integral part of the operations at SFIL. The nature of business the company is engaged in exposes it to a slew of complex and variable risks. The rapid and continuous changes in the business environment have ensured that the organization becomes increasingly risk focused to achieve its strategic objectives. SFIL's policies ensure timely identification, management and mitigation of relevant risks, such as credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risks, which help the company move forward with vigour.

RBI Guidelines

The company has complied with all the applicable regulations of the Reserve Bank of India.

Human Resources/ Industrial Relations

The Company has a dedicated team who has been contributing to the progress and growth of the Company. The manpower requirement at the offices of the Company is assessed continuously and recruitment is conducted accordingly.

Performance During the year

During the year under review, the Company incurred the losses of Rs.49,04,324/-(before tax) as compared to the losses of Rs.1,39,66,656/-(before tax) incurred during the previous year.

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

Place : New Delhi
Dated : 27th August, 2013

Kuldeep Singh Solanki
(Director)

SAINIK FINANCE & INDUSTRIES LIMITED

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT:

This is to certify that all the Members of the Board of Directors and Senior Management (i.e. one level below the Executive Directors i.e. Vice President level) of the Company, have confirmed compliance with the Company's Code of Conduct during year 1st April, 2012 to 31st March, 2013:-

The Company's Code requires every member of the Board and Senior Management to:

- Fulfill the functions of their office with integrity as well as professionalism and exercise the powers attached thereto, with due care and diligence.
- Act in the best interests of, and fulfill their fiduciary obligations to the Company's shareholders, whilst also considering the interests of other stakeholders.
- Take informed business decisions based on independent judgment and in the best interests of the Company, not influenced by personal interest or gain.
- Respect the confidentiality of information and use utmost discretion whilst deciding its disclosure or dissemination, ensuring that no personal advantage or detriment to the Company results from the same.
- Make available to, and share information with fellow Directors/Executives when considered expedient in the best interests of the Company.
- Protect and use the Company's assets for legitimate business purposes and be alert to situations that could lead to loss or misuse of these assets.
- Minimize any situation or action that can create conflict of interests of the Company vis-à-vis personal interest or interests of associated persons, and make adequate disclosures, where necessary.
- Act in a manner that will protect the Company's reputation.
- Encourage reporting of behavior, which is contrary to the Company's 'Values', and ensure that the person reporting such violation is not aggrieved in any manner.
- Comply, in letter and spirit, with all applicable laws, rules and regulations, and also honour the philosophy of 'good faith', guided by one's sense of right and wrong.
- Abide by the relevant terms of the Insider Trading Code formulated by the Company, and any other Code that may be formulated from time to time, as applicable.
- Adhere to the terms of the powers delegated by the Board.
- Whilst entering into contracts with Service Providers and Consultants, protect the arrangement for disclosure or dissemination of confidential information.
- Establish processes and systems for storage, retrieval and dissemination of documents, both in physical and electronic form, so that the obligations of this Code of Conduct are fulfilled.
- Raise concerns, if any, on the above issues, at a Board Meeting.

By order of the Board of Directors

For SAINIK FINANCE & INDUSTRIES LIMITED

Place : New Delhi
Dated : 27th August, 2013

Kuldeep Singh Solanki
Director

Rudra Sen Sindhu
Director

SAINIK FINANCE & INDUSTRIES LIMITED

Chief Executive Officer and Chief Financial Officer's Certificate on Corporate Governance:

To

The Board of Directors

Sainik Finance & Industries Limited

CERTIFICATE

We have reviewed the financial results and the cash flow Statement of Sainik Finance & Industries Limited for the financial year ended as at 31st March 2013, and certifies that:

- 1) These results and statements, to the best of our knowledge and belief:
 - (i) do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) present, a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) To the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- 3) We accept responsibility for establishing and maintaining internal controls and have evaluated the effectiveness of the internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls of which we are aware, and the steps taken and proposed to be taken to rectify these deficiencies.
- 4) We have also intimated to the Auditors and the Audit Committee that there were no:
 - (i) Significant changes in the internal controls with respect to financial reporting during the year under review.
 - (ii) Significant changes in accounting policies during the year under review.
- 5) To the best of our knowledge and belief, there are no instances of significant fraud involving either the management or employees having a significant role in the Company's internal control systems with respect to financial reporting.

For and on behalf of the Company
SAINIK FINANCE & INDUSTRIES LIMITED

Place : New Delhi
Dated : 27th August, 2013

Kuldeep Singh Solanki
Director

SAINIK FINANCE & INDUSTRIES LIMITED

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of
Sainik Finance & Industries Limited

We have examined the compliance of conditions of corporate governance by Sainik Finance and Industries Limited, for the year ended 31st March, 2013 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 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

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

Place : New Delhi
Dated : 27th August, 2013

SAINIK FINANCE & INDUSTRIES LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of Sainik Finance & Industries Limited

Report on Financial Statements

We have audited the accompanying financial statements of Sainik Finance & Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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, 2013;
- 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.

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) 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) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

SAINIK FINANCE & INDUSTRIES LIMITED

- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

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

Place : New Delhi
Dated : 30th May, 2013

Annexure to the Auditors' Report

The Annexure referred to in our report to the members of Sainik Finance & Industries Limited ('the Company') for the year ended 31st March, 2013. We report that:

- 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 part of fixed assets during the year under report. This has been done as a consequence of the decision of the management to close down manufacturing of Cement and Poles w.e.f. 31st July'2012.
- 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 taken loans from Five companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs 1810 Lacs and the year-end balance of loans given to such parties was Rs 1225 Lacs
- (b) The company has given no loans to company covered in the register maintained u/s 301 of the Companies' Act 1956.
- (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

SAINIK FINANCE & INDUSTRIES LIMITED

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 is applicable.
- 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 2013 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 The Company has not issued debenture of any type during the financial year.
- 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 : 30th May, 2013

SAINIK FINANCE & INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2013

PARTICULARS	NOTE NO.	AS AT 31ST, MARCH 2013 (₹)	AS AT 31ST, MARCH 2012 (₹)
<u>EQUITY AND LIABILITIES</u>			
Share Holders' Funds			
Share Capital	3	108,800,000	108,800,000
Reserves and Surplus	4	133,150,522	131,140,791
		241,950,522	239,940,791
Non- current liabilities			
Deferred Tax liabilities (Net)	6	7,453,375	9,155,795
Other Long term liabilities	7	4,000,000	1,580,000
Long-term Provisions	8	13,643,054	9,765,475
		25,096,429	20,501,270
Current Liabilities			
Short term borrowings	5	163,317,215	249,000,299
Trade payables	9	1,070,689	5,699,148
Other current liabilities	10	13,870,581	18,857,224
Short term provisions	8	3,814,266	-
		182,072,751	273,556,671
TOTAL		449,119,702	533,998,732
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	11	35,510,259	49,735,786
- Intangible assets	11	555	926
- Capital work-in-progress	11	-	2,483,366
Non-current investments	12	2,505,000	2,505,000
Long-term loans and advances	13	20,790,868	15,488,581
Other non-current assets	14	4,637,240	4,084,286
		63,443,922	74,297,945
Current assets			
Inventories	15	3,601,378	8,941,257
Trade receivables	16	6,275,378	9,823,624
Cash and Cash equivalents	17	5,200,118	8,228,762
Short-term loans and advances	13	370,598,906	432,707,144
		385,675,780	459,700,787
TOTAL		449,119,702	533,998,732
Significant accounting policies and notes to accounts	1-32		

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

Kuldeep Singh Solanki
Director

Rudra Sen Sindhu
Director

Place : New Delhi
Dated : 30th May, 2013

SAINIK FINANCE & INDUSTRIES LIMITED

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

PARTICULARS	NOTE NO.	YEAR ENDED 31ST, MARCH, 2013(₹)	YEAR ENDED 31ST MARCH, 2012(₹)
INCOME			
I Revenue from operations	18	68,669,388	102,065,768
II Other Income	19	1,849,053	1,095,834
III Total Revenue (I+II)		70,518,441	103,161,602
IV Expense			
Cost of Materials Consumed	20	8,023,029	62,461,476
Purchases of Stock in Trade	-	-	
Changes in inventories of finished goods, work-in- progress and Stock-in- trade	21	2,783,548	2,151,959
Employee benefits expense	22	10,554,691	15,222,575
Finance Costs	23	31,338,130	14,290,823
Depreciation and amortization expense	24	4,540,283	5,778,530
Other expense	25	18,183,084	17,222,895
Total Expense		75,422,765	117,128,258
V Profit before exceptional and extraordinary items and tax (III-IV)		(4,904,324)	(13,966,656)
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax (V-VI)		(4,904,324)	(13,966,656)
VIII Extraordinary items		-	-
IX Profit before tax (VII-VIII)		(4,904,324)	(13,966,656)
X Tax expense:			
(1) Current tax		3,814,266	-
(2) Deferred tax		(1,702,420)	174,197
		2,111,846	174,197
XI Profit/(Loss) for the period from continuing operations (VII-VIII)		7,572,531	(14,140,853)
XII Profit/(Loss) for the period from discontinuing operations		(14,588,701)	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(Loss) from discontinuing operations (after tax) (XII- XIII)		(14,588,701)	-
XV Profit/(Loss) for the period (XI+XIV)		(7,016,170)	(14,140,853)
XVI Earnings per equity share:			
(1) Basic		(0.64)	(1.30)
(2) Diluted		(0.64)	(1.30)
See accompanying notes to the financial statements	1-32		

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

Kuldeep Singh Solanki
Director

Rudra Sen Sindhu
Director

Place : New Delhi
Dated : 30th May, 2013

SAINIK FINANCE & INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

PARTICULARS	YEAR ENDED 31ST, MARCH, 2013(₹)	YEAR ENDED 31ST MARCH, 2012(₹)
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax	(4,904,324)	(13,966,656)
Adjustments for :-		
Depreciation and amortisation	4,540,283	5,778,530
Provision for bad & doubtful debts & Gratuity	12,903,480	8,143,110
Bad Debt written off (Net)	743,746	-
Profit & (Loss) on sale of assets	(239,564)	(600,928)
Profit & (Loss) on sale of Investments	-	-
Lease Equalisation Reserve	(51,650)	(64,784)
Operating profit before working capital changes-	12,991,971	(710,728)
Adjustments for :-		
Trade and other Receivables	98,990,051	(326,545,392)
Inventories	5,339,879	2,192,090
Trade payables & other liabilities	(9,615,102)	12,513,570
Cash used in operations-		
Interest paid	(31,338,130)	(14,290,823)
Direct taxes paid	(5,621,470)	(2,566,579)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	70,747,199	(329,407,862)
Extraordinary items	-	-
Net Cash from operating activities (A)	70,747,199	(329,407,862)
B) CASH FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(281,300)	(2,679,275)
Proceeds from Sale of fixed assets	12,741,495	2,540,236
Purchase of long-term Investments	-	-
Proceeds from Sale of long-term Investments	-	65,956,410
Net cash used in investing activities (B)	12,460,195	65,817,371
C) CASH FLOW FROM FINANCING ACTIVITIES		
NCD Application Money	-	(3,764,000)
Dividends & Tax on Dividend	-	-
Proceeds from Intercompany Deposits	(85,683,084)	243,900,000
Borrowing (Net)	-	-
Net cash used in financing activities (C)	(85,683,084)	240,136,000
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(2,475,690)	(23,454,491)
Cash and cash equivalents as at the beginning of the year	12,313,048	35,767,539
Cash and cash equivalents as at the end of the year		
- Cash and Cash equivalents	5,200,118	8,228,762
- Non-Current bank balances	4,637,240	4,084,286
	9,837,358	12,313,048

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

Kuldeep Singh Solanki
Director

Rudra Sen Sindhu
Director

Place : New Delhi
Dated : 30th May, 2013

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

1. GENERAL

The Company was incorporated on 22nd August 1991 with Registrar of Companies, NCT Delhi and Haryana in the name of M/s Garuda Clays Limited (a manufacturing company). Later on M/s Ramanuj Leasing Ltd which was incorporated on 02.01.1985 and was doing leasing & finance activities merged with M/s Garuda Clays Limited by order of the Hon'ble High Court of Delhi dt. 01.11.1999 and the said order was filed with registrar of companies on 04.12.2000. The name of M/s Garuda Clays Ltd. was later on changed to M/s Sainik Finance & Industries Ltd. and Company Identification Number is L26912DL1991PLC045449

The Company was engaged in manufacturing of 43 & 53 Grade Portland Cement (ITC Code : 25.23.29.10) and Pre-stressed Concrete Pole (ITC Code-68.69.60.00). The Company's manufacturing unit was located at Rewari, Haryana.

The Company has discontinued its manufacturing activities in the Cement and Poles manufacturing segment. The Board of Directors, vide resolution passed on 1st June, 2012, had taken a decision to suspend the production of Cement etc. with immediate effect due to the erratic power supply, high per unit cost of captive generation of power, non-availability of quality raw material. Pursuant to the resolution passed, the Company has discontinued its manufacturing operations w.e.f. 31st July 2012 and has taken steps to dispose off the assets deployed in the said operations.

The Company is also engaged in non-banking finance activities and registered with Reserve Bank of India as Non Banking Finance Company. The Reserve Bank of India has renewed its registration on 03/09/2003 vide new registration certificate No. N.14.02967.

2. SIGNIFICANT ACCOUNTING POLICIES

Finance Division policies:

- A. The fixed assets of the Company are valued at historical cost less depreciation and lease adjustment account.
- B. 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.
- C. 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.
- D. 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.
- E. Hire Purchase Finance Charges / Hypothecation charges / Loan Syndication Charges have been accounted for on instalment due basis based on Internal Rate of Return.
- F. All Incomes and expenses have been accounted for on accrual basis. Overdue charges from hirers / lessees are accounted for on realisation.

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

- G. 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.
- H. 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.
- I. Closing Stock of Shares/Securities has been valued at cost or market price which ever is lower.

Manufacturing (Cement & Pole) Division policies :

- J. The accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
- K. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.
- L. Sales represent invoiced value of goods sold net of excise duty.
- M. 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.
- N. 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.
- O. Investments are stated at cost.

Other policies

- P. 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.
- Q. 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.
- R. Contribution to Provident Fund is accounted for on accrual basis and charged to Profit and Loss Account.
- S. 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.

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(All amount in ₹)

	As at 31st March 2013	As at 31st March 2012
3. SHARE CAPITAL		
<u>Authorised Share Capital</u>		
110,00,000 Equity Shares face value of Rs. 10/- each (Previous year 110,00,000 equity shares)	110,000,000	110,000,000
<u>ISSUED, SUBSCRIBED & PAID UP CAPITAL</u>		
108,80,000 Equity Shares of face value Rs. 10/- each fully paid up (Previous year 108,80,000 equity shares)	108,800,000	108,800,000
TOTAL	108,800,000	108,800,000

3.1 The details of Shareholders holding more than 5% shares

	As at 31st March 2013		As at 31st March 2012	
	No. of Shares	%held	No. of Shares	%held
Kuldeep Singh Solanki	1,511,665	13.89%	-	-
Sindhu Trade Links Limited	1,173,565	10.79%	1,167,066	10.73%
Maneesha Finlease Limited	1,046,159	9.62%	1,046,159	9.62%
Girdhari Singh	-	-	988,900	9.09%
Sainik Mining And Allied Services Limited	853,666	7.85%	853,666	7.85%

4. RESERVES & SURPLUS

	As at 31st March 2013	As at 31st March 2012
General Reserve		
Balance as per last year	7,191,579	7,191,579
Reserve Fund		
Balance as per last year	36,972,316	36,972,316
Add : Tranferred from P & L Account	-	-
	36,972,316	36,972,316
Profit and Loss Appropriation Account		
Balance as per last year	46,961,896	52,565,744
Add : Profit for the year	(7,016,170)	(14,140,853)
Add : Provision for Bad & Doubtful Debts Written Back	8,143,110	8,113,558
Add : Provision for Gratuity Written Back	882,791	588,636
	48,971,627	47,127,085
Less : Appropriations -		
Transfer to Reserve Fund	-	-
Income Tax Paid for earlier years	-	165,189
	48,971,627	46,961,896
Securities Premium Reserve		
Balance as per last year	40,015,000	40,015,000
TOTAL	133,150,522	131,140,791

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

5. BORROWINGS

	Long-Term		Short-Term	
	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012
Unsecured				
Inter Corporate Deposits	-	-	163,317,215	249,000,299
TOTAL	-	-	163,317,215	249,000,299

5.1 Maturity profile of Unsecured Loan - Inter Corporate Deposits is 360 days.

6 DEFERRED TAX LIABILITY (Net)

	As at 31st March 2013	As at 31st March 2012
Deferred Tax Liability on Account of :		
- Related to fixed assets	7,453,375	9,155,795
Net Deferred Tax Liability	7,453,375	9,155,795

6.1 **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.91,55,795/- in respect of timing differences upto 1st April, 2012 as a reduction to General Reserves. Further, the deferred tax asset of the year amounting to Rs.17 02 420/- has been debited to the Profit & Loss Account.

7 OTHER LONG TERM LIABILITIES

	As at 31st March 2013	As at 31st March 2012
Lease Security Deposit	1,500,000	1,500,000
Security Deposit from Agencies	2,500,000	80,000
	4,000,000	1,580,000

8 PROVISIONS

	Long-Term		Short-Term	
	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012
For Income Tax				
Assessment Year 2013-14	-	-	3,814,266	-
For Non-performing Assets & Doubtful Debts (Pursuant to R.B.I. Norms)	12,903,480	8,143,110	-	-
For Gratuity	739,574	1,622,365	-	-
	13,643,054	9,765,475	3,814,266	-

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

8.1 The company has made provision on Non Performing Assets in accordance with the RBI directives to the extent of Rs.1,29,03,480/- which has been debited to the Profit & Loss Account.

8.2 Upto the financial year ended 31.03.2012, the company has made provision for gratuity of Rs.16,22,365/- under the payment of Gratuity Act, 1972. The company has made provision of Rs. Nil - for Gratuity in the financial year ended 31.03.2013. Although the company has written back excess provision of Gratuity due to decrease in number of employees.

9 TRADE PAYABLES

	As at 31st March 2013	As at 31st March 2012
Micro, Small and Medium Enterprises	-	-
Others	1,070,689	5,699,148
	1,070,689	5,699,148

9.1 The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under

Particulars	As at 31st March 2013	As at 31st March 2012
Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-

10 OTHER CURRENT LIABILITIES

	As at 31st March 2013	As at 31st March 2012
Expenses Payable	12,382,796	13,306,184
Advances from Customers	919,674	974,842
Advance Payment for the portion for which value still to be given	568,111	1,146,557
Bank book overdraft	-	3,429,641
	13,870,581	18,857,224

Expenses payable includes statutory dues

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

11 FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK			LEASE ADJUSTMENT BLOCK			NET BLOCK	
	As On 31st March 2012	Addition During the Year	Sale/ Adjustment during the year	As On 31st March 2013	Upto 31st March 2012	For the year ending 31st March 2013	Sale/ Adjustment during the year	Upto 31st March 2012	For the year ending 31st March 2013	Upto 31st March 2013	As On 31st March 2012
TANGIBLE ASSETS											
Finance Division (WDV) - ASSETS ON LEASE											
Other Equipments	5,300,000	-	-	5,300,000	5,041,750	51,650	-	5,093,400	(51,650)	(3,185,654)	3,443,904
OTHER ASSETS											
Vehicles	1,216,647	-	-	1,216,647	1,153,936	16,236	-	1,170,172	-	-	46,475
Office Equipments	1,328,114	19,000	-	1,347,114	1,142,405	41,548	-	1,183,953	-	-	163,161
Furniture & Fixture	534,066	-	-	534,066	498,808	6,382	-	505,190	-	-	28,876
Cement & Pole Division (SLM) -											
Land	1,341,060	262,300	-	1,603,360	-	-	-	-	-	-	1,603,360
Building	23,633,018	2,483,366	-	26,116,384	11,283,322	872,286	-	12,155,608	-	-	13,960,776
Vehicles	2,038,470	-	280,000	1,758,470	1,478,524	186,906	223,932	1,441,498	-	-	316,972
Furniture & Fixture	1,413,749	-	-	1,413,749	1,179,865	89,490	-	1,269,355	-	-	144,394
Office Equipments	644,077	-	-	644,077	422,109	71,824	-	493,933	-	-	150,144
Plant & Machinery (Assets held for Disposal)*	74,580,197	-	30,351,595	44,228,601	43,278,546	3,203,590	17,905,732	28,576,404	-	-	15,652,197
Total (Tangible assets)	112,029,397	2,764,666	30,631,595	84,162,468	65,479,265	4,539,912	18,129,664	51,889,513	(51,650)	(3,185,654)	35,510,259
INTANGIBLE ASSETS											
Finance Division (WDV) - Software	1,090,326	-	-	1,090,326	1,089,400	371	-	1,089,771	-	-	555
Total (Intangible assets)	1,090,326	-	-	1,090,326	1,089,400	371	-	1,089,771	-	-	555
CAPITAL WORK-IN-PROGRESS											
Road	2,483,366	-	2,483,366	-	-	-	-	-	-	-	2,483,366
Total (CWIP)	2,483,366	-	2,483,366	-	-	-	-	-	-	-	2,483,366
Current Year (A+B+C)	115,603,089	2,764,666	33,114,961	85,252,794	66,568,664	4,540,283	18,129,664	52,979,283	(51,650)	(3,185,654)	35,510,814
Previous Year	116,639,809	2,679,275	3,715,995	115,603,089	62,566,820	5,778,530	1,776,686	66,568,664	(64,784)	(3,120,869)	52,220,078

11.1* During the current year the company has entered into an agreement for sale of Plant & Machinery, wherein the company has agreed to sell the Plant & Machinery of the Cement & Pole production plant situated at Rewari (Haryana). Consequently the Company has treated the said Plant & Machinery as assets retired from active use and held for disposal and has accordingly stated the same at the net book value since the net realisable value of the same is higher than the net block.

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

12 INVESTMENTS

	Non-Current		Current	
	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012
LONG TERM INVESTMENT (At Cost)				
UNQUOTED				
<u>Govt. Shares / Securities :</u>				
Haryana Financial Corporation (250000 Equity Shares @ Rs.10/- each)	2,500,000	2,500,000	-	-
National Saving Certificate	5,000	5,000	-	-
	<u>2,505,000</u>	<u>2,505,000</u>	<u>-</u>	<u>-</u>

12.1 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.

13 LOANS & ADVANCES

(Unsecured Considered Good, unless otherwise stated)

	Long-Term		Short-Term	
	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012
Advances Recoverable in cash or in kind or for value to be received	13,332,698	7,711,228	330,907,345	389,970,420
Trade Advances	8,243,457	9,079,745	48,722,803	51,648,589
Less : Unmatured Interest	785,287	1,302,392	9,031,242	8,911,865
	<u>20,790,868</u>	<u>15,488,581</u>	<u>370,598,906</u>	<u>432,707,144</u>

14 OTHER ASSETS

	Non-Current		Current	
	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012
Fixed deposits with banks with maturity period more than 12 months (see note 17)	4,637,240	4,084,286	-	-
	<u>4,637,240</u>	<u>4,084,286</u>	<u>-</u>	<u>-</u>

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

15 INVENTORIES

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

	As at 31st March 2013		As at 31st March 2012
a) Finished Goods (At Cost or Market price whichever is lower)	542,323		3,065,080
b) Semi-Finished Goods (At Cost or Market price whichever is lower)	3,289		266,736
c) Raw Material (At Cost or Market price whichever is lower)	1,486,772		2,102,296
d) Packing Material (At Cost or Market price whichever is lower)	481,852		577,872
e) Fuel Oil & Lubricant (At Cost or Market price whichever is lower)	25,070		24,000
f) Spares & Stores (At Cost or Market price whichever is lower)	867,458		1,063,976
g) Shares (At Cost or Market price whichever is lower)	41,952		39,295
h) Stock on Hypothecation under Hypothecation Aggt. Less: Unmatured Hypothecation Charges	166,595 13,933	1,979,415 184,442	
	152,662		1,794,973
i) Stock on Loan Syndication -Principal	-		7,030
	3,601,378		8,941,257
16 TRADE RECEIVABLES (Unsecured and Considered Good)			
Hire Money Receivable			
Outstanding for a period exceeding 6 month	135,500	135,500	
Other Debts	-	-	
	135,500	135,500	
Less: Unmatured Finance Charges (NPA)	25,126	25,126	
	110,374		110,374
Lease Rent Receivable			
Outstanding for a period exceeding 6 month	-	-	
Other Debts	-	-	
	-	-	
Hypothecation Money Receivable			
Outstanding for a period exceeding 6 month	1,576,204	1,489,529	
Other Debts	-	50,510	
	1,576,204	1,540,039	
Less: Unmatured Finance Charges (NPA)	202,763	192,356	
	1,373,441		1,347,683
Loan Syndication Receivable			
Outstanding for a period exceeding 6 month	36,393	325,697	
Other Debts	-	-	
	36,393	325,697	
Less: Unmatured Finance Charges (NPA)	-	-	
	36,393		325,697
Cement Receivable			
Outstanding for a period exceeding 6 month	1,903,320	3,566,762	
Other Debts	2,744,930	1,765,589	
	4,648,249		5,332,351
Pole Receivable			
Outstanding for a period exceeding 6 month	106,921	955,874	
Other Debts	-	1,751,645	
	106,921		2,707,519
	6,275,378		9,823,624

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

17 CASH AND CASH EQUIVALENTS

	Non-Current		Current	
	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012
Cash Balance on hand #	-	-	805,630	447,982
Balances with Banks	-	-	2,969,860	4,898,334
Fixed deposits with banks	4,637,240	4,084,286	1,424,629	2,882,446
Cheques/DD/PO in hand	-	-	-	-
	4,637,240	4,084,286	5,200,118	8,228,762
Amount disclosed under non-current assets (refer note 14)	4,637,240	4,084,286	-	-
	-	-	5,200,118	8,228,762

Cash Balance on hand including imprest with employee

18 REVENUE FROM OPERATIONS

	For the year ended 31st March 2013	For the year ended 31st March 2012
<u>Sales</u>		
Sale of Cement & other receipts	5,988,359	56,910,873
Sale of PCC Poles	3,950,969	16,961,387
Sale of Scrap	2,057,525	152,878
	11,996,853	74,025,138
<u>Lease Rentals</u>		
Lease Rent	-	-
Less : Lease Equalisation Reserve	(51,650)	(64,784)
	51,650	64,784
<u>Interest & Finance Charges</u>		
Interest Income	56,317,090	26,721,406
Hypothecation Charges	114,834	683,662
Loan Syndication Charges	188,962	570,778
	56,620,886	27,975,845
	68,669,388	102,065,768
19 OTHER INCOME		
Miscellaneous Receipts	409,473	493,681
Dividend Received*	16	1,225
Management Fees	1,200,000	-
Profit on sale of Assets	239,564	600,928
	1,849,053	1,095,834

* Dividend received from non-current Investment

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

20 COST OF MATERIAL CONSUMED

	For the year ended 31st March 2013	For the year ended 31st March 2012
Raw Materials, Stores, Packing Material, Fuel & Lubricants Clinker		
Purchased during the year	497,169	2,894,750
Raw Materials Consumed		
Opening Stock	2,102,296	5,531,698
Add:Purchased during the year	2,649,868	37,952,217
	4,752,163	43,483,916
Less:Closing Stock	1,486,772	2,102,296
	3,265,391	41,381,620
Stores & Spares Consumed		
Opening Stock	1,063,976	1,309,204
Add:Purchased during the year	108,201	2,646,369
	1,172,177	3,955,573
Less:Closing Stock	867,458	1,063,976
	304,719	2,891,597
Packing Material Consumed		
Opening Stock	577,872	866,143
Add:Purchased during the year	167,483	2,535,824
	745,355	3,401,967
Less:Closing Stock	481,852	577,872
	263,503	2,824,095
Fuel, Oil & Lubricants		
Opening Stock	24,000	28,151
Add:Purchased during the year	696,302	1,268,577
	720,302	1,296,728
Less:Closing Stock	25,070	24,000
	695,232	1,272,728
Other Manufacturing Expenses		
Electricity & Water Charges	2,997,015	11,196,685
	8,023,029	62,461,476

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	For the year ended 31st March 2013	For the year ended 31st March 2012
Finished & Semi Finished Goods		
A. Opening Stock		
Finished Goods	3,065,080	4,395,509
Semi-Finished Goods	266,736	1,071,153
	3,331,816	5,466,662
Add : Purchased during the year	-	-
	3,331,816	5,466,662
B. Less : Closing Stock		
Finished Goods	542,323	3,065,080
Semi-Finished Goods	3,289	266,736
	545,612	3,331,816
(Increase)/Decrease in Stocks (A-B)	2,786,205	2,134,846
Shares & Units		
Opening Stock	39,295	56,408
Add : Purchased during the year	-	-
	39,295	56,408
Less : Sales During the year	-	-
Less : Closing Stock	41,952	39,295
	(2,657)	17,113
	2,783,548	2,151,959
22 EMPLOYEE BENEFITS EXPENSE		
Factory Wages	4,390,431	7,231,583
Salary, Wages and Other Benefits	5,753,681	5,536,584
Staff Welfare	410,579	1,904,408
Compensation Expenses	-	550,000
	10,554,691	15,222,575
22.1 Compensation paid Rs.Nil (Previous year to Mr.Kulwant Singh due to casualty at Plant during the repairing of electricity control panel.		
22.2 Salary includes Director remuneration of Rs 15,60,000/- paid to Dr.Punit Ghai, M.D of the Company (Previous year Rs.3,90,000/-)		
23 FINANCE COSTS		
Interest Paid on loan	31,258,820	14,067,212
Bank/BG Charges	79,310	223,611
	31,338,130	14,290,823
24 DEPRECIATION AND AMORTIZATION EXPENSE		
Deprecation and amortization	4,540,283	5,778,530
	4,540,283	5,778,530

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

25 OTHER EXPENSES

	For the year ended 31st March 2013	For the year ended 31st March 2012
Advertisement Expenses	160,583	280,620
Repairs & Maintenance		
Plant & Machinery	365,453	1,167,533
Factory Building	176,535	578,334
Others	113,936	98,069
	655,924	1,843,936
Pollution Control Expenses	-	103,953
Vehicle Running & Maintenance	340,718	464,119
ISI / ISO Fee	-	205,822
Travelling & Conveyance	799,176	1,639,600
Rates Fees & Taxes	204,083	130,230
General Expenses	380,242	1,558,776
Insurance Charges	12,238	18,469
Freight & Cartage, Carriage outward	704,524	71,735
Commission, Rebate and Discounts	45,792	363,592
Donation	1,100	-
Legal & Professional Charges	232,945	649,998
Newspaper & periodicals	5,070	10,135
- Statutory & Tax Audit Fees	70,000	70,000
- Income Tax Representation Fees	55,000	55,000
- Service tax	15,450	15,450
Auditor Remuneration -	140,450	140,450
AGM Expenses	127,569	131,703
Printing & Stationery	191,113	477,097
Postage & Telegram	72,915	207,073
Telephone Expenses	212,477	341,458
Software Maintenance expenses	36,504	26,353
Rent Paid	60,000	148,236
Internal Audit Fees & Expenses	112,360	112,360
Diwali Expenses	40,075	154,070
Bad Debts Written Off	743,746	-
Provision for bad & doubtful debts (Pursuant to RBI Norms)	12,903,480	8,143,110
	18,183,084	17,222,895

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

26. 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.
27. Debit & credit balances of parties are subject to confirmation.
28. Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

29. Segment Information -

<u>Particulars</u>	<u>Cement</u>	<u>Pole</u>	<u>Finance</u>	<u>Consolidated</u>
1. Segment Revenue				
External Sales	7939331	4057522	56672536	68669388
Other Revenue	1371553	464438	13062	1849053
Total Revenue	9310884	4521960	56685598	70518441
2. Segment Result (Profit/(Loss))				
Profit before interest & tax	-13888598	-700103	40943197	26354496
Interest Paid	-	-	31258820	31258820
Provision for taxation			2111846	2111846
3. Profit after Taxation	-13888598	-700103	7572531	-7016170
Other information				
1. Segment Assets	37766131	8892077	402461494	449119702
2. Segment Liabilities	4736511	-	202432669	207169180
3. Depreciation	3595503	828593	116187	4540283
4. Non cash expenditure other than depreciation	-	-	13647226	13647226

30. Related party Disclosures –

- a. Enterprises where control Exist :
- | | | |
|---|---|-----|
| Subsidiaries | – | Nil |
| Other Entities under control of company | – | Nil |
- b. Other related party with whom the company had transactions, etc.
- i) Associates
- a) Sainik Mining And Allied Services Ltd.
 - b) Kapil Construction Private Limited
 - c) Indus Portfolio Private Limited
 - d) Global Coal Mining Private Limited
 - e) Sindhu Trade Links Limited
 - f) Shyam Indus Power Solutions Private Limited
 - g) ACB (India) Power Limited
 - h) Aryan Energy Private Limited
 - i) Kartikay Coal Washery Private Limited
 - j) Sarvesh Coal Tech Private Limited
- ii) Joint Venture
- | | | |
|--|---|-----|
| | – | Nil |
|--|---|-----|
- iii) Key Management Personnel
- a) Dr. Puneet Ghai

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

c) Disclosure of transactions between the company and related parties as on 31st March, 2013 (Rs.)

<u>Transaction</u>	<u>Associates</u>	<u>Key Management</u>	<u>Total</u>
Purchase of Goods	-	-	-
Sale of Goods	1618951	-	1618951
Purchase of Fixed Assets	-	-	-
Sale of Fixed Assets	-	-	-
Sale of Investment	-	-	-
Rendering of Services	123933	-	123933
Service Received	1348320	-	1348320
Leasing/HP/Hypothecation arrangements Received	69883	-	69883
Share Application Money Given	213500000	-	213500000
Finance Provided	-	-	-
Finance Received	181000000	-	181000000
Interest Income	10204904	-	10204904
Interest Paid	11404163	-	11404163
Director Remuneration	-	1560000	1560000
Dividend Paid to shareholders	-	-	-

31. Schedule in terms of paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007

Liabilities side:

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	163317215	Nil
(e)	Commercial Paper	Nil	Nil
(g)	Other Loans	Nil	Nil

Assets side:

2	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	Amount Outstanding
(a)	Secured	47149731
(b)	Unsecured	344240043
3	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
(i)	Lease assets including lease rentals under sundry debtors :	
	(a) Financial lease	3443904
	(b) Operating lease	Nil
(ii)	Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	110374
	(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	1526103
(iv)	Loan Syndication Principal -activities	
	(a) Loans where assets have been repossessed	Nil
	(b) Loans other than (a) above	36393

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

4 Break-up of Investments :

Current Investments :

1.	<u>Quoted</u>		
	(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.	<u>Unquoted</u> :		
	(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.	<u>Quoted</u> :		
	(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.	<u>Unquoted</u> :		
	(i) Shares : (a) Equity	2500000	
	(b) Preference		Nil
	(ii) Debentures and Bonds		Nil
	(iii) Units of mutual funds		Nil
	(iv) Government Securities		Nil
	(v) Others (Please specify)		Nil

5 Borrower group-wise classification of assets financed as in (2) and (3) above :

(Please see Note 2 below)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	396506548	Nil	396506548
Total	396506548	Nil	396506548

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

6 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 up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	2500000	2500000
Total	2500000	2500000

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

7 Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	24523944
(ii) Net Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	13225694
(iii) Assets acquired in satisfaction of debt	Nil

- Notes :**
- i) As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
 - ii) Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
 - iii) 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 (4) above.

32. Additional information in accordance with Part-II of Schedule VI of Companies Act, 1956. The company has discontinued its operation in the Cement and Poles manufacturing segment w.e.f. 31st July, 2012 and thereafter the installed capacity of 66000 MTPA for Cement and 99000 Nos Poles per annum has been reflected on pro-rata basis for 4 months as 22000 MT for Cement and 33000 Nos for Poles.

Cement:

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

Particulars	<u>Licensed(MT)</u>		<u>Installed(MT)</u>		<u>Actual(MT)</u>	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Portland Cement	66000	66000	22000	66000	1640.050	17540.300

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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

Particulars	<u>Current Year</u>		<u>Previous Year</u>	
	Quantity (MT)	Amount	Quantity (MT)	Amount
Lime Stone	1562.532	786818.81	18415.051	8985666.57
Breeze Coke	176.250	1360237.66	2143.467	16292645.21
Clay	192.720	38360.47	2799.201	55555.69
Iron Dust	54.898	189539.48	634.231	1592029.97
Gypsum	33.986	23790.20	309.500	216658.00
Laterite	-	-	197.085	216136.61
AER (Additive)	-	-	-	-
Fly Ash	226.430	256505.64	1852.070	2064184.81
Packing Material (Nos)	32801	263503.79	355750	2824095.32

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

i) Opening & Closing Stocks :

Particulars	<u>Opening Stock</u>				<u>Closing Stock</u>			
	Quantity (MT)		Amount		Quantity (MT)		Amount	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
<u>Finished</u>								
C-Silo	35.486	202.886	66452	428989	1.150	35.486	3288.58	66452
Portland Cement	5.000	0.100	9768.450	194	-	5.000	-	9768
<u>Semi-Finished</u>								
Clinker	54.207	199.563	103925	387740	-	54.207	-	103925
Raw Mix	72.125	225.000	96352	254424	-	72.125	-	96359

ii) Sales :

Particulars	<u>Quantity (MT)</u>		<u>Amount</u>	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Portland Cement	1645.050		17535.40	59,09,310
				5,69,10,873

Poles:

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

Particulars	<u>Licenced</u>		<u>Installed</u>		<u>Actual</u>	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
PCC Poles	99000	99000	33000	99000	178	5228

b) Quantitative Detail of Consumption of Raw Materials :

Particulars	<u>Current Year</u>		<u>Previous Year</u>	
	Quantity (MT)	Amount	Quantity (MT)	Amount
Cement	20.414	81965.84	791680.843	33,51,863
P.C Wire	8.931	457315.06	125087.146	54,49,230
Sand	24.541	11243.75	3731160.968	3,34,277
Rodi 10 mm	19.063	13098.48	1608566.572	5,10,364
Rodi 20 mm	28.595	20025.38	2156513.808	755,841
Ad-Mixture	0.143	11398.73	11098.860	6,82,228
G.I. Wire	0.160	8650.80	4135.200	2,05,311
Hooks	0.029	1060.93	4704.100	1,68,386

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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	1221	1992	30,55,311	43,95,315	206	1221	5,42,322.94	30,55,311

ii) **Sales :**

Particulars	Quantity (Nos.)		Amount	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Poles	1193	5999	39,50,969	1,69,61,387

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 MOHENDRA PAPERS LIMITED	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 SH REE KRISHNA INTL.	600	1,140	-	-	-	-	600	13,410	1,140	1,140
HANSAFLOX PLASTOCHEM. LTD.	100	110	-	-	-	-	100	4,368	110	110
NAHAR SUGAR & ALLIED IND. LTD	100	2,405	-	-	-	-	100	7,511	2,405	2,405
THE TIMES GAURANTEE LTD.	100	1,915	-	-	-	-	100	12,696	1,800	1,800
OSWAL AGRO LTD	500	725	-	-	-	-	500	20,213	5,995	5,995
SOMDATT FINANCE CORP. LTD.	700	4,690	-	-	-	-	700	54,033	6,370	6,370
ARVIND LTD*	100	735	9	-	100	-	9	6,445	697	697
NAMESTE EXPORTS LTD.	200	520	-	-	-	-	200	17,322	520	520
SHREE RAM URBAN INFRAS T. LT D.	100	14605	-	-	-	-	100	47559	10465	10,465
	4600	39295	9	-	100	-	4509	269982	41952	41952

* Arvind Product Ltd merged with Arvind Limited with swap ration 100 : 9

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

For and on behalf of the Board of Directors
SAINIK FINANCE & INDUSTRIES LIMITED

P. K. BHATIA
Partner
M. No. 81174

Kuldeep Singh Solanki
Director

Rudra Sen Sindhu
Director

Place : New Delhi
Dated : 30th May, 2013

SAINIK FINANCE & INDUSTRIES LIMITED

Registered Office : 129, Transport Centre, New Rohtak Road, Punjabi Bagh, New Delhi-110035
Phone No. : 011-28315036, Fax No. : 011-28315044

ATTENDANCE SLIP

PLEASE FILL THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE

* DP. Id.	
-----------	--

Regd. Folio No.	
-----------------	--

* Client Id.	
--------------	--

No. of shares held	
--------------------	--

Name and Address of the Shareholders

I hereby record my presence at the 21st Annual General Meeting of the Company held on Monday, the 30th September, 2013 at 9:30 a.m. at the Farm House of M/s Kapil Constructions Private Limited, Kishangarh- Mehrauli Road, Near Maa Anandmai Ashram, New Delhi-110 057

Signature of the shareholder/proxy

-----TEAR HERE-----

SAINIK FINANCE & INDUSTRIES LIMITED

Registered Office : 129, Transport Centre, New Rohtak Road, Punjabi Bagh, New Delhi-110035
Phone No. : 011-28315036, Fax No. : 011-28315044

PROXY FORM

* DP. Id.	
-----------	--

Regd. Folio No.	
-----------------	--

* Client Id.	
--------------	--

No. of shares held	
--------------------	--

I/We _____
of _____ being Member/s
of **Sainik Finance & Industries Limited** hereby appoint _____
of _____ or failing him _____
of _____ as my/our proxy to vote for me/us and on my/our behalf at the
21st Annual General Meeting of the Company held at Farm House of M/s Kapil Constructions Private Limited, Kishangarh-
Mehrauli Road, Near Maa Anandmai Ashram, New Delhi-110 057 on Monday, the 30th September, 2013 at 9:30 a.m. or at
any adjournment thereof.

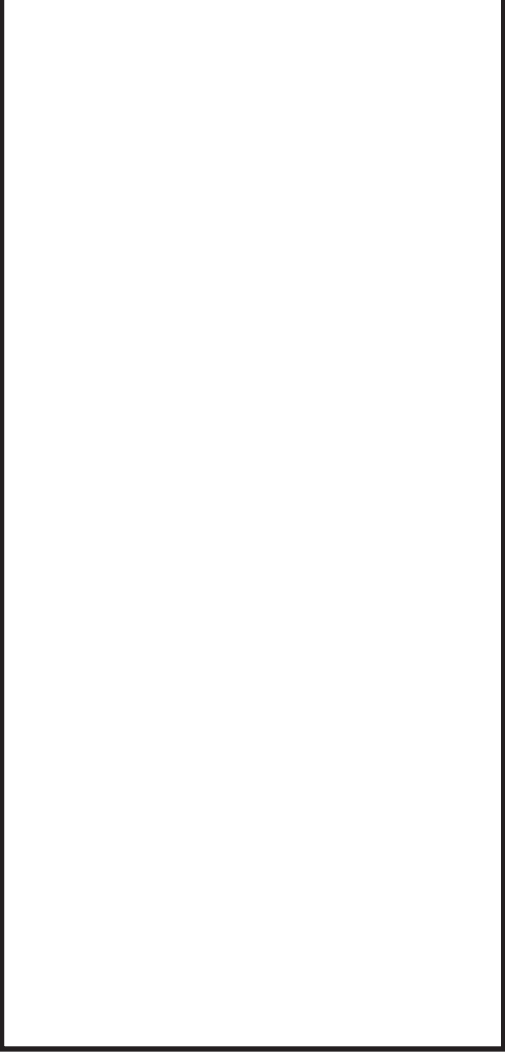
Affix a Re. 1/- Revenue Stamp
--

Notes :

1. The Proxy need not be a member of the Company.
2. The proxy form duly signed across revenue stamp should be deposited at the Registered Office of the Company at 129, Transport Centre, New Rohtak Road, Punjabi Bagh, New Delhi - 110035 not later than 48 hours before the time of the meeting.

*** Applicable for holders of shares in electronic form**

BOOK-POST



If undelivered, please return to :-
SAINIK FINANCE & INDUSTRIES LIMITED
129, Transport Centre, New Rohtak Road,
Punjabi Bagh, New Delhi-110035