

20th
Annual Report
2011 - 2012

SAINIK FINANCE & INDUSTRIES LIMITED

SAINIK FINANCE & INDUSTRIES LIMITED

Board of Directors

Mr.Rudra Sen Sindhu
Mr.Kuldeep Singh Solanki
Lt.Gen.Gorakh Nath, AVSM, PVSM (Retd.)
Sh.Virender Kumar Sehgal
Sh.Gurinder Mohan Singh Johar
Dr.Punit Ghai

Audit Committee

Sh.Gurinder Mohan Singh Johar
Lt.Gen.Gorakh Nath AVSM, PVSM (Retd.)
Mr.Rudra Sen Sindhu

Share Transfer and Shareholders'/ Investors' Grievances Committee

Sh.Virender Kumar Sehgal
Mr. Rudra Sen Sindhu
Sh.Gurinder Mohan Singh Johar

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

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SAINIK FINANCE & INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the members of Sainik Finance & Industries Limited will be held on **Saturday, the 29th day of September, 2012** 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, 2012, the Profit & Loss Account for the period from 1st April, 2011 to 31st March, 2012 together with the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Virender Kumar Sehgal, 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 Mr. Gurinder Mohan Singh Johar, 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 2012-13 and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution in this regard:

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

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, **Dr. Punit Ghai**, who was appointed as an Additional Director of the Company at the meeting of Board of Directors of the Company, held on 29th December, 2011 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 Special Resolution:**

"RESOLVED THAT subject to the provisions of the Section 198, 269, 309 & 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, **Dr. Punit Ghai**, Director of the Company be and is hereby appointed as Managing Director of the Company for the period of three years commencing from 1st January, 2012 to 31st December, 2014 at the remuneration of Rs. 16,12,000/- (Rupees Sixteen Lacs Twelve Thousand only) per annum including all allowances, HRA, bonus, perquisites etc. and other benefits payable to other employees as per the policy of the Company or such other remuneration as may be approved by the Remuneration Committee constituted for the same, from time to time.

RESOLVED THAT FURTHER THAT Dr. Punit Ghai as Managing Director shall supervise the overall operation of Company's Plant / Factory situated at 94-8 K.M. Milestone, Delhi- Jaipur, N.H.-8, Village - Jaliawas, Bawal (Rewari) Haryana, handling day to day affairs of the company at this plant, shall deals with Central / State Government Authority, or public or private sector undertakings on behalf of the Company, shall regularly report to the Board on the activities of the Company and shall perform all other duties that are delegated to him by the Board from time to time.

RESOLVED FURTHER THAT in the event of inadequacy of profits/loss, the above mentioned remuneration will be the minimum remuneration in accordance with the provisions of Section 198(4) and any other applicable provisions and rules thereto of the Companies Act, 1956 and that the Board of Directors be and is hereby authorized to take such steps as may be necessary and desirable to give effect to this resolution.

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FURTHER RESOLVED THAT Sh. Rudra Sen Sindhu and Sh. Kuldeep Singh Solanki, Directors of the Company be and are hereby severally authorized to sign & file necessary e-Form(s)/ return alongwith other papers / documents with Registrar of Companies, NCT of Delhi & Haryana or any other Statutory Authority or authorities and to do all necessary acts, deeds and things in relation thereto on behalf of the Company."

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

Place : New Delhi
Dated : 27th August, 2012

Kuldeep Singh Solanki
Director

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE ON A POLL, IF ANY, INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO THE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THEN 48 HOURS BEFORE THE MEETING. A BLANK PROXY FORM IS ENCLOSED HEREWITH.**
- As required by Clause 49 of the Listing Agreement entered into with the Stock Exchange, the relevant details of **Mr. Virender Kumar Sehgal** and **Mr. Gurinder Mohan Singh Johar**, Directors retiring by rotation and seeking re-appointment are annexed herewith.
- 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.
- 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.
- The register of members and share transfer registers of the Company shall remain closed from **Monday, 24th day of September, 2012** to **Saturday, 29th day of September, 2012** (both days inclusive).
- Pursuant to the requirement of Corporate Governance, a brief resume of the Directors proposed for reappointment are annexed with the notice.
- 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.

BRIEF RESUME OF DIRECTORS, RETIRING BY ROTATION AND ELIGIBLE FOR RE-APPOINTMENT VIDE ITEM NOS. 2 & 3 OF NOTICE OF 20TH AGM OF THE COMPANY:

Item No. 2

Re-appointment of Mr.z Virender Kumar Sehgal:

Mr. Virender Kumar Sehgal is a Graduate in Mining Engineering from Indian School of Mines, Dhanbad. He has approximately 34 years of experience in the industry. He superannuated as CMD of SECL. His knowledge and strategic thinking will immensely support the growth of the Company. Now, as per Section 255 & 256 of the Companies Act, 1956, the person who has been longest period in the office is liable to retire by rotation and thus he has offered himself for being re-appointed.

As on date, he has no shares in the Company.

Apart from this Company, Mr. Virender Kumar Sehgal 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
Global Minetec Limited	-	-
Sainik Mining And Allied Services Limited	-	-
Orichem Limited	-	-
M.P. Sainik Coal Mining Private Limited	-	-

Item No. 3

Re-appointment of Mr. Gurinder Mohan Singh Johar:

Mr. Gurinder Mohan Singh Johar is a Graduate in Mining Engineering (Honours), Indian School of Mines, Dhanbad. He has 32 years experiences in Coal Industry both (private & public sector) in various capacities as Manager of Mine to Chief General Manager of largest Coal Project of the Country. In view of his knowledge and vast experience, it will be in the interest of the Company that he will be re-appointed as Director of the Company. Now, as per Section 255 & 256 of the Companies Act, 1956, the person who has been longest period in the office is liable to retire by rotation and thus he has offered himself for being re-appointed.

As on date, he has no shares in the Company.

Apart from this Company, Mr. Gurinder Mohan Singh Johar 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	-	-

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

Agenda No. 5

Pursuant to the section 260 of the Companies Act, 1956, Dr. Punit Ghai was appointed as an Additional Director of the Company w.e.f. 29th December, 2011 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 Dr. Punit Ghai, offering his candidature for the office of Director liable to retire by rotation. He will act as an Executive 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 Dr. Punit Ghai.

Agenda No. 6

Dr. Punit Ghai holds Doctorate Degree in Chemistry and was working with company as President (Operation-Cement Division) of the Company. He has played very instrumental role in the Company since last decade and is well versed with working of the Cement Plant. Keeping in view his performance, the Board of Directors decided to absorb him in the Whole time Employment of the Company w.e.f. 1st January, 2012 so that the Company may continue to enjoy his whole time devotion. The Board of Directors, at their meeting held on 29th December, 2011, has appointed Dr. Punit Ghai as Managing Director of the Company for period of three years commencing from 1st January, 2012 to 31st December, 2014 at the remuneration of Rs.16,12,000/- (Rupees Sixteen Lacs Twelve Thousands only) per annum including all allowances, HRA, bonus, perquisites etc. and other benefits payable to other employees as per the policy of the Company or such other remuneration as may be approved by the Remuneration Committee constituted for the same, from time to time and subject to the approval of members at the General meeting of the Company & any other Statutory Authority as may be required under the Schedule XIII of the Companies act, 1956 or any other provision of the Act.

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As the Company has loss/ insufficient profit to pay remuneration to the managerial person, the approval of the remuneration committee and the approval of the members will be required by way of passing special resolution at General Meeting of the Company in terms of provisions of Section - II (B) of Part - II of Schedule - XIII of the Companies Act, 1956.

Consequently, the approval of Audit Committee has been taken for the same by a resolution passed by Audit Committee at their meeting held on 29th December, 2011. Further the Board of Directors intends to take your acceptance and approval by passing Special Resolution at ensuing Annual General Meeting, pursuant to the provisions of Section 198 & 269, 309 and in terms of provisions of Section - II (B) of Part - II of Schedule - XIII of the Companies Act, 1956, to appoint and to pay remuneration to Dr. Punit Ghai, Managing Director of the Company.

A Statement as per requirement of Section II(B) of Part II of Schedule XIII to the Companies Act, 1956 is given to the Shareholders containing following information of the Company and Dr. Punit Ghai :-

I. GENERAL INFORMATION:

(1) Nature of industry

The Company is engaged in cement & PSC Pole manufacturing activities and also engaged in carrying on the business as Non - Banking Financial Company. However, the production of Cement & Pole Division was closed during the current year.

(2) Date of commencement of commercial production

The Company commenced its operation since its incorporation i.e. 22nd August, 1991 as it was a private limited company at that time.

(3) In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus: Not Applicable.

(4) Financial performance based on given indicators:

Following is the financial performance of the Company since last 3 years: (Amount in Rs.)

Financial Year	Income from Operations	Gross Profit before Depreciation and Financial expenses	Net Profit after tax
2008-09	13,34,06,280	1,08,77,152	(11,46,911)
2009-10	15,10,49,908	1,37,90,785	20,16,265
2010-11	8,67,93,296	(55,82,491)	(1,19,23,074)

(5) Export performance and net foreign exchange earnings: Nil

(6) Foreign investments or collaborators, if any: Nil

II. INFORMATION ABOUT THE APPOINTEE:

(1) Background details:

Name: Dr. Punit Ghai
Designation: Managing Director
Age: 45 Years
Experience: Over 20 Years

(2) Past Remuneration

Salary, Perquisites and Allowances (Amount in Rs.):

Particulars	Annual Salary in 2011-12
Total Employee Remuneration (including HRA, bonus, perquisites etc.)	16,12,000/-

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(3) Recognition or awards:

Dr. Punit Ghai is holds a Doctorate Degree in Chemistry and has experience of over 20 years.

(4) Job profile and his suitability

As President (Operation-Cement Division) of the Company, he has played a very instrumental role in the Company since last decade and is well versed with working of the Cement Plant as well as Finance Activities. Keeping in view of his association and his job suitability, he has been appointed as a Managing director of the Company.

(5) Remuneration proposed

It is proposed that Dr. Punit Ghai, Managing Director of the Company shall be paid a total remuneration of Rs.16,12,000/- (Rupees Sixteen Lacs Twelve Thousand only) per annum including all allowances, HRA, bonus, perquisites etc. and other benefits payable to other employees as per the policy of the Company or such other remuneration as may be approved by the Remuneration Committee constituted for the same, from time to time subject to the maximum ceiling limit prescribed in Schedule XIII to the Companies Act 1956.

(6) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any. Not Applicable

III. OTHER INFORMATION:

Since last three years, the Company has incurred losses due to sluggish demand for cement. On the other hand, due to non-availability of quality Lime stone and erratic Power supply, the cement plant cannot meet the Economies of Scale. Further production of pole has also reduced since last three years. Further, due to the erratic power supply & high per unit cost of captive generation of power, it is difficult to run the plant on profit. However, the cement & pole divisions were closed during the current year in order to reduce the loss to the Company and the Company starts to explore new business opportunities in other segments.

IV. DISCLOSURES:

- (1) Salary, Perquisites and Allowances:** Dr. Punit Ghai shall be paid the remuneration of Rs.16,12,000/- (Rupees Sixteen Lacs Twelve Thousands only) per annum including all allowances, HRA, bonus, perquisites etc. and other benefits payable to other employees as per the policy of the Company or such other remuneration as may be approved by the Remuneration Committee constituted for the same, from time to time subject to the provisions section 198 & 269, 309 read with the provision of the Schedule XIII of the Companies Act, 1956.
- (2) Minimum Remuneration:** Notwithstanding anything to the contrary herein contained, where in any financial year, during the said period of 3 years, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and other allowances as specified above and not exceeding the ceiling limits set out in Section II(B) of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or re- enactment thereof, for the time being in force).
- (3)** The terms and conditions of payment of remuneration, perquisites, allowances specified herein above may be enhanced, enlarged, widened, altered or varied from time to time by Remuneration Committee and Board of Directors as they may in their discretion, deem fit, within the maximum amount payable to Managing Director in accordance with Schedule XIII to the Act and in conformity with any amendments to the relevant provisions of the Companies Act and/or the rules and regulations made thereunder from time to time in future and/or such guidelines and clarifications, as may be announced by the Central Government from time to time.
- (4)** The Managing Director, so long as he functions as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.
- (5)** For all other terms and conditions not specifically spelt out above, the Rules and Order of the Company shall apply.

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

Place : New Delhi
Dated : 27th August, 2012

Kuldeep Singh Solanki
Director

SAINIK FINANCE & INDUSTRIES LIMITED

DIRECTORS' REPORT

The members,
Ladies and Gentlemen,

Your directors have pleasure in presenting their 20th Annual Report and the Audited Statement of Accounts for the year ended on 31st March, 2012.

1. FINANCIAL RESULTS	(Amount in Rs.)	
	2011-12	2010-11
Particulars		
Net Sales and Other Income	103,161,602	102,198,384
Profit before financial costs, depreciation, and Tax	6,102,697	(5,186,685)
Finance Costs	14,290,823	1,379,593
Profit before depreciation and tax	(8,188,126)	(6,566,278)
Depreciation	5,778,530	5,843,618
Profit/(Loss) before tax	(13,966,656)	(12,409,896)
Tax	174,197	(486,822)
Profit / (Loss) after Tax	(14,140,853)	(11,923,074)
Profit/ (Loss) brought forward from last year	52,565,744	59,119,271
Provision for Bad & Doubtful Debts Written Back	8,113,558	5,369,548
Profit/(Loss) available for appropriation	46,538,449	52,565,744
Appropriation :		
Transfer to Reserve Fund	-	-
Taxes for earlier years	165,188	-
Balance Carried Forward	46,373,260	52,565,744

(The Company did not transfer any sum to Special Reserve Fund as required under Section 451C of the Reserve Bank of India Act, 1934 because it did not earn any profit during the year under review.)

2. DIVIDEND

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

3. OPERATIONS OF THE COMPANY

During the year under review, your company was engaged in cement & PSC Pole manufacturing activities and also engaged in carrying on the business as Non - Banking Financial Company. Due to the erratic power supply, high per unit cost of captive generation of power, non-availability of quality Lime stone, the Cement Plant could not meet the economies of scale. The production of cement & pole plant was reduced since last three years and became very difficult to run the same. In order to control heavy losses to be incurred to the Company, it was necessary to suspend the production of Cement & Pole division. Therefore, the Board of Directors, vide their resolution passed on 1st June, 2012, has taken decision to suspend the production of the Cement & Pole Plant with immediate effect which was culminated into closure of Cement & Pole Plant with effect from 31st July, 2012.

Your directors intend to diversify its operation into another area / business in order to increase the profit of the Company.

The Company 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.

4. DIRECTORS

Mr. Virender Kumar Sehgal and Mr. Gurinder Mohan Singh Johar, 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.

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During the year under review, Mr. Ganesh Chandra Mrig resigned from the Board of the Directors of the Company w.e.f. 12th November, 2011, Mr. Vir Sen Sindhu and Col. Girdhari Singh AVSM (Retd.) resigned from the directorship of the Company w.e.f. 29th December, 2011. Col. Girdhari Singh AVSM (Retd.) was the member of the Shareholder's/ Investor's Grievance Committee. Therefore, the Shareholder's/ Investor's Grievance Committee was re-constituted by introducing Sh. G.M.S. Johar, Independent Director as the member of the committee in place of Col. Girdhari Singh AVSM (Retd).

Further, Dr. Punit Ghai who holds Doctorate Degree in Chemistry and is working with company as President (Operation-Cement Division) was appointed as the additional director of the Company w.e.f. 29th December, 2011 and thereafter, with the consent of the Board of Directors of the Company, he was appointed as the Managing Director of the Company for period commencing from 01-01-2012 and ending on 31-12-2014.

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, 2012, 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, 2012 and of the profit or loss of the Company for the financial year ended on 31st March, 2012.
- 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 Cost Audit of Cost Records of the Company for the financial year 2011-12. The Cost Audit Report shall be filed by the Cost Auditors in due course for the financial year 2011-12.

10. AUDITORS REPORT

The Auditors' Report on Annual Accounts of the Company for the year ended on 31st March, 2012 is self-explanatory. Hence, no explanation is required to be given.

SAINIK FINANCE & INDUSTRIES LIMITED

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. You 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 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. LISTING OF SECURITIES

Presently, the Securities of the Company are listed on Bombay Stock Exchange Limited, Mumbai. The listing fee for the financial year 2012-13 has been paid.

15. ACKNOWLEDGEMENTS

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

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

Place : New Delhi
Dated : 27th August, 2012

Kuldeep Singh Solanki
(Director)

Dr. Punit Ghai
(Managing 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 31.03.2012	For the year ended on 31.03.2011
1. Electricity		
a) Purchased/consumption Units	1964680	2341180
Total Amount (Rs.)	11196685	11264154
Rate/ Unit (Rs.per units)	5.70	4.81
b) Own generation		
i) Through Diesel Generator Units	43304	64104
Unit per liter of diesel oil	2.47	2.25
Cost/ Unit (Rs.)	21.22	16.24
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)	2143.467	3234.702
Total Cost (Rs.)	16292645.21	23869958.27
Average rate (Rs.)	7601.07	7379.34
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	-	112.01	98.76
Furnace Oil	-	-	-
Coal	-	0.12	0.14
Others (Specify)	-	-	-

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

Place : New Delhi
Dated : 27th August, 2012

Kuldeep Singh Solanki
(Director)

Dr. Punit Ghai
(Managing Director)

SAINIK FINANCE & INDUSTRIES LIMITED

ANNEXURE - II

CORPORATE GOVERNANCE REPORT **for the financial year ended on 31st March, 2012**

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 **6 (Six)** Directors (of which 3 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
Mr. Kuldeep Singh Solanki	Non- Executive - Chairman Director
Mr. Rudra Sen Sindhu	Non-Executive -Non Independent Director
Dr. Punit Ghai*	Executive Director
Lt. Gen. Gorakhnath AVSM PVSM (Retd.)	Independent Director
Mr. V.K. Sehgal	Independent Director
Mr. G.M.S. Johar	Independent Director

During the year under review:

Mr. Ganesh Chandra Mrig resigned from the Board of Directors of the Company w.e.f. 12th November, 2011. Further,*Dr. Punit Ghai, was appointed as an additional director of the Company w.e.f 29th December, 2011. Thereafter, Dr. Punit Ghai was appointed as the Managing Director of the Company for period of three years commencing from 1st January, 2012 and ending on 31st December, 2014.

Col. Girdhari Singh AVSM (Retd), Chairman and Mr. Vir Sen Sindhu resigned from the Board of Directors of the Company w.e.f. 29th December, 2011.

Due to resignation of Col. Girdhari Singh AVSM (Retd), Non- Executive Chairman of the Company, Sh. Kuldeep Singh Solanki, Non- Executive Director of the Company was appointed as Non- Executive Chairman of the Company to take the chair of Board meeting and Shareholder's meeting of the Company. None of the Director of the Company is member in more than ten Committees and they do not act as Chairman of more than five Committees across all Companies in which they are directors.

Board Meetings held during the year under review:

During the Year 2011-12, Eight (8) meetings of the Board of Directors of the Company were held on 15th April, 2011, 30th April, 2011, 30th July, 2011, 25th August, 2011, 31st October, 2011, 29th December, 2011, 31st January, 2012 and 28th March, 2012.

SAINIK FINANCE & INDUSTRIES LIMITED

Attendance of each Director at Board Meetings and at the last Annual General Meeting held during the year 2011- 2012 and number of other Directorship / Committee Memberships / Chairmanships of each director are given below:

NAME OF DIRECTORS	ATTENDANCE DETAILS		NUMBER OF OTHER COMPANIES IN WHICH DIRECTOR	OTHER COMMITTEES OF WHICH	
	AT BOARD MEETINGS	AT AGM HELD ON 30-09-11		CHAIRMAN	MEMBER
Col. Girdhari Singh AVSM (Retd.)**	1	-	1	-	-
Mr. Rudra Sen Sindhu	7	Yes	14	1	4
Mr. Kuldeep Singh Solanki	7	Yes	12	1	1
Lt. Gen. Gorakhnath AVSM PVSM (Retd.)	-	-	1	-	-
Mr. Vir Sen Sindhu**	3	-	11	1	2
Mr. Ganesh Chandra Mrig*	-	-	4	-	-
Mr. Virender Kumar Sehgal	7	-	4	-	-
Mr. Gurider Mohan Singh Johar	8	-	1	-	-
Dr. Punit Ghai#	2	-	-	-	-

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

* Mr. Ganesh Chandra Mrig resigned from Board of Directors of the Company w.e.f. 12th November, 2011.

** Mr. Vir Sen Sindhu and Col. Girdhari Singh AVSM (Retd) resigned from Board of Directors of the Company w.e.f. 29th December, 2011.

Dr. Punit Ghai was appointed as additional Director of the Company w.e.f. 29th December, 2011.

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** as on 31st March, 2012 comprises of the following members:

Mr. Gurinder Mohan Singh Johar	Chairman	Independent Director.
Lt. Gen. Gorakh Nath AVSM PVSM (Retd.)	Member	Independent Director.
Mr. 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 less 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
30-04-2011	No	Yes	Yes
30-07-2011	No	Yes	Yes
25-08-2011	No	Yes	Yes
31-10-2011	No	Yes	Yes
31-01-2012	No	Yes	Yes

3.2 Share Transfer & Shareholders' and Investors' Grievances Committee

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

The **Share Transfer/ Shareholders' and Investors' Grievances Committee** as on 31st March, 2012 comprises of the following members:

Mr. Virender Kumar Sehgal	Chairman	Independent Director.
Mr. Rudra Sen Sindhu	Member	Non -Executive Non Independent Director.
Col. Girdhari Singh Johar	Member	Independent Director

The Committee met **10 (Ten)** 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	Col. Girdhari Singh AVSM (Retd.)*	Mr. Rudra Sen Sindhu	Mr. Virender Kumar Sehgal	Mr. GMS Johar*
30-04-2011	No	Yes	Yes	-
30-06-2011	No	Yes	Yes	-
30-07-2011	No	Yes	Yes	-
31-10-2011	No	Yes	Yes	-
07-12-2011	No	Yes	Yes	-
31-12-2011	-	No	Yes	Yes
31-01-2012	-	Yes	Yes	Yes
16-02-2012	-	Yes	Yes	No
07-03-2012	-	Yes	Yes	No
31-03-2012	-	Yes	Yes	No

* Due to resignation of Col. Girdhari Singh, AVSM (Retd.) from Board of Director of the Company w.e.f. 29th December, 2011, Mr. Gurinder Mohan Singh Johar was inducted as member of the Committee w.e.f. 29th December, 2011 in place of Col. Girdhari Singh AVSM (Retd.).

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, 2011 to March 31, 2012 regarding non-receipt of dividend/ interest warrants, non-receipt of shares sent for transfer, Annual Reports etc.	1	
2.	Number of queries/complaints not attended	NIL	
3.	Number of request of Share Transfer / Transmission received during the year.	14	
4.	Number of Share Transfer cases done during the year	14	
5.	Number of Share Transfer pending during the year	NIL	

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; all of them which are Independent Directors including the Chairman of the Committee.

Mr. Virender Kumar Sehgal	Chairman	Independent Director.
Lt. Gen Gorakh Nath (Retd.)	Member	Independent Director
Mr. Gurinder Mohan Singh Johar	Member	Independent Director

During the year under review, the committee was constituted on 29th December, 2011 to approve the managerial remuneration of the Managing Director of the Company.

4. GENERAL MEETINGS

Location and time of the last three Annual General Meetings:

Year	Date	Time	Location
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
2009	29th September, 2009	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-English, and
Dainik Haribhoomi-Vernacular language (Hindi)
- c) Any website where displayed www.sainikfinance.com
- 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	:	29 th September, 2012
Day	:	Saturday
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, 2012– March 31, 2013

Quarterly results- For Quarter ending

30-06-2012	–	4th/5th week of July, 2012.
30-09-2012	–	4th/5th week of October, 2012.
31-12-2012	–	4th/5th week of January, 2013.
31-03-2013	–	4th/5th week of April, 2013.

Book closure

Monday, 24th September, 2012 to Saturday, 29th September, 2012 (both days inclusive).

Listing on Stock Exchange(s):

Bombay Stock Exchange Limited, Mumbai,
Floor 25, P.J. Towers, Dalal Street,
Mumbai - 400 001.

The Listing fees have been paid to the Stock Exchange for the year 2012-13.

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, 2011	8.44	7.28	Oct., 2011	14.67	10.41
May, 2011	8.42	8.42	Nov., 2011	15.20	13.05
June, 2011	8.83	8.39	Dec., 2011	15.19	13.06
July, 2011	8.71	7.90	Jan., 2012	15.22	13.74
Aug., 2011	8.29	7.89	Feb., 2012	14.30	7.90
Sept., 2011	10.00	7.49	Mar., 2012	8.29	7.12

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, 2012

Category wise Shareholding (in shares)	No. of Shareholders	% to Total Shareholders	Number of Share held	% to total share capital
UPTO 500	3035	85.37	311841	2.87
501 - 1000	169	4.75	132361	1.22
1001 - 5000	236	6.64	591498	5.43
5001- 10000	45	1.27	334230	3.07
10001-20000	25	0.7	382984	3.52
20001-30000	3	0.09	76200	0.70
30001-40000	4	0.11	139237	1.28
40001-50000	4	0.11	177550	1.63
50001-100000	12	0.34	804831	7.4
ABOVE 100000	22	0.62	7929268	72.88
	3555	100.00	1,08,80,000	100.00

Shareholding Details as on 31st March, 2012.

Category	No. of shares held	Percentage of shareholding
Promoters	5600945	51.479
Institutional Investors	Nil	Nil
Mutual Funds and UTI	Nil	Nil
Banks, Financial institutions, Insurance Companies (Central / State Govt. Institutions/Non-govt. Institutions)	Nil	Nil
FII's	Nil	Nil
Private Corporate Bodies	3496020	32.133
Indian Public	1746015	16.048
NRIs	36162	0.332
Clearing House	858	0.008
Clearing Member	Nil	Nil
TOTAL	10880000	100.00

SAINIK FINANCE & INDUSTRIES LIMITED

Top 10 Shareholders as on 31st March, 2012.

Sr. No.	Name	Shares	Percentage
1.	Sindhu Trade Links Limited	1167066	10.73
2.	Maneesha Finlease Limited	1046159	9.62
3.	Col. Girdhari Singh AVSM (Retd.)	988900	9.09
4.	Sainik Mining And Allied Services Limited	853666	7.85
5.	Kuldeep Singh Solanki	520565	4.78
6.	Parmeshwari Devi	456532	4.20
7.	Yuvraj Singh Solanki	432833	3.98
8.	Rudra Sen Sindhu	340284	3.13
9.	Indu Solanki	337833	3.11
10.	Sarvesh Sindhu	248866	2.29

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.

76,82,986 Equity shares of the Company i.e. **70.62%** of total paid up share capital are held in dematerialised form as on 31st March, 2012.

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

Plants/Branch Offices of the Company:

Finance Division

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

Branch Office : 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, 2012

Dr. Punit Ghai
(Managing Director)

SAINIK FINANCE & INDUSTRIES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIAN ECONOMY

With recent global developments contributing to a significant rebalancing of portfolios as a result of rapidly changing risk perceptions and appetites, the Indian macroeconomic environment has looked turbulent during the past year. After a promising start to the decade in 2010-11, with achievements like maintaining GDP growth rate around 8%, bringing down fiscal deficit to 4.8% of GDP as well as containing current account deficit to 2.6%, the fiscal year 2011-12 has been challenging for the Indian Economy. The year started on a note of optimism through impressive growth in exports and high levels of foreign exchange inflows, only to moderate as the year progressed through continued monetary tightening in response to the untamed inflationary pressures. Gradually, high levels of inflation gave way to a slow-down in the growth. Additionally, as fiscal conditions worsened over the year, export numbers were revised in light of data discrepancies leading to a widening of trade deficit. In light of a perceivably weak macro-economic environment, a well-planned economic revival policy from the Government's part is required to get back the Indian Economy on the path to stable and prosperous growth.

CEMENT INDUSTRY STRUCTURE AND DEVELOPMENT

Portland cement

With the hike in interest rates and partial roll back of stimulus programmes Cement demand growth slowed down. Further, heavy rains and severe floods had adverse impact on cement demand growth due to major disruption to the movement of material and construction activities in some regions during second quarter of the fiscal. Demand could not pick up to the expected levels in the third quarter also post festive season due to unseasonal weather conditions.

OUTLOOK

Economy

Though the overall global outlook suggests some moderation in growth in both advanced and emerging economies in 2012, downside risks to India's growth momentum have receded considerably. The inflation outlook, which is being conditioned by both demand side and supply side factors, suggests slow paced moderation in inflation, with the possibility of rigidity at above the comfort level in the near-term.

OPPORTUNITIES AND THREATS

Growth of GDP and cement consumption has a correlation and cement growth is normally 2% over the GDP growth. Demand will be driven by Government's ambitious plans for infrastructure development and its stimulus for enhancing rural income and affordable housing. Strong demand from housing sector is also anticipated arising out of increasing urbanization and higher disposable income of middle class. Though Indian economy has strong fundamentals, it has also witnessed impact of slowdown on growth. If demand growth is hampered due to loss of impetus to implement infrastructure development programmes and/ or escalating inflationary pressures, the oversupply could potentially become a significant issue.

RISKS AND CONCERNS

Concerns to the Indian cement industry are high cost of power & coal/pet coke, high freight cost, inadequate Infrastructure, non-availability of wagons, competitive environment, skilled workers & managerial talent and taxes/royalty levies. Coal is the primary input for Cement production and captive power generation remains the most important cost element for the cement industry.

INTERNAL CONTROL SYSTEMS

Considering the size and nature of activities, the Company has adequate Internal Control System covering both accounting and administrative control. In addition, the internal audit is carried out periodically. The management is ensuring an effective internal control system so that the financial statements and reports give a true and fair view.

SAINIK FINANCE & INDUSTRIES LIMITED

PERFORMANCE DURING THE YEAR

The Company has three divisions

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

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

Cement & Pole Division:

During the year under review, your company was engaged in cement & PSC Pole manufacturing activities and also engaged in carrying on the business as Non - Banking Financial Company. Due to the erratic power supply, high per unit cost of captive generation of power, non-availability of quality Lime stone, the Cement Plant could not meet the Economies of Scale. The production of cement & pole plant was reduced since last three years and was became very difficult to run the same. In order to control heavy losses to be incurred to the Company, it was necessary to suspend the production of Cement & Pole division. Therefore, the Board of Directors, vide their resolution passed on 1st June, 2012, has taken decision to suspend the production of the Cement Plant with immediate effect which has culminated into closure of Cement Plant with effect from 31st July, 2012.

Finance Division:

The Finance division of the Company is engaged in financing heavy earth moving equipment like loaders and tippers etc. in various States in India and has retained its competitive edge in the industry. The Company also provides loan syndication facilities besides direct funding to maintain its lead and has an excellent track record in collections & recovery of loan.

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

Place : New Delhi
Dated : 27th August, 2012

Dr. Punit Ghai
(Managing 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, 2011 to 31st March, 2012:-

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.

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

Dr. Punit Ghai
(Managing Director)

Place : New Delhi
Dated : 27th August, 2012

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 2012, and certify that:

- (a) 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.
- (b) 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.
- (c) 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.
- (d) 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.
- (e) 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, 2012

(Chief Executive Officer)

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, 2012 as per clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of corporate governance as stipulated in the listing agreement entered into by the said Company with the stock exchanges.

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

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

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

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

Place : New Delhi
Dated : 27th August, 2012

SAINIK FINANCE & INDUSTRIES LIMITED

AUDITORS' REPORT

The Members,

SAINIK FINANCE & INDUSTRIES LIMITED

1. We have audited the attached balance sheet of SAINIK FINANCE & INDUSTRIES LIMITED, as at 31st March 2012, and also the profit and loss account for the year ended 31st March 2012. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, the company has kept proper books of account as required by law so far as appears from our examination of those books.
 - iii) The balance sheet & profit and loss account dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the balance sheet, profit and loss account dealt with by this report complies with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v) On the basis of written representations received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2012;
 - b) in the case of the profit and loss account, of the Loss for the year ended on that date.
 - c) In the case of cash flow statement of the cash flows for the year ended on that date.

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

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

Place : New Delhi
Dated : 27th August, 2012

SAINIK FINANCE & INDUSTRIES LIMITED

ANNEXURE

Re : Sainik Finance & Industries Limited

For the year ended 31st March, 2012

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

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) All the assets have not been physically verified by the management during the year. There is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) The company has sold few fixed assets during the year under report. The sales do not constitute or substantial part of the assets of the company and do not cast any doubt on the company's ability to continue as a going concern in the foreseeable future.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) The company has taken loans from four companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs 6650 Lacs and the year-end balance of loans given to such parties was Rs 2339 Lacs
(b) The company has given loans to four companies covered in the register maintained u/s 301 of the Companies' Act 1956. The maximum amount involved during the year was Rs. 6520 Lacs and the year-end balance of loans given to such parties was Rs 1390 Lacs.
(c) In our opinion the terms and conditions on which loans have been taken from / granted to companies, firms or other parties listed in the register maintained under section 301 are not, prima facie, prejudicial to the interest of the company.
(d) The company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest. The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest.
(e) There is no overdue amount of loans taken from or granted to companies, firms or other parties listed in the registers maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

SAINIK FINANCE & INDUSTRIES LIMITED

8. The provision of section 209(1)(d) of the Companies Act, 1956 does not apply.
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 2012 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 : 27th August, 2012

SAINIK FINANCE & INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2012

PARTICULARS	NOTE NO.	AS AT 31ST, MARCH 2012 (₹)	AS AT 31ST, MARCH 2011 (₹)
<u>EQUITY AND LIABILITIES</u>			
Share Holders' Funds			
Share Capital	3	108,800,000	108,800,000
Reserves and Surplus	4	131,140,791	136,744,639
		239,940,791	245,544,639
Share application money pending allotment			
		-	-
Non-current liabilities			
Deferred Tax liabilities (Net)	6	9,155,795	8,981,598
Other Long term liabilities	7	1,580,000	1,580,000
Long-term Provisions	8	9,765,475	18,275,693
		20,501,270	28,837,291
Current Liabilities			
Short term borrowings	5	249,000,299	8,864,299
Trade payables	9	5,699,148	6,988,006
Other current liabilities	10	18,857,224	5,054,796
Short term provisions	8	-	-
		273,556,671	20,907,101
		533,998,732	295,289,031
TOTAL			
<u>ASSETS</u>			
Non-current Assets			
Fixed assets			
- Tangible assets	11	49,735,786	57,192,314
- Intangible assets	11	926	1,543
- Capital work-in-progress	11	2,483,366	-
Non-current investments	12	2,505,000	68,461,410
Long-term loans and advances	13	15,488,581	43,955,513
Other non-current assets	14	4,084,286	19,703,653
		74,297,945	189,314,433
Current assets			
Inventories	15	8,941,257	20,548,043
Trade receivables	16	9,823,624	12,015,714
Cash and Cash equivalents	17	8,228,762	16,063,886
Short-term loans and advances	13	432,707,144	57,346,955
Other current assets	14	-	-
		459,700,787	105,974,598
		533,998,732	295,289,031
TOTAL			

Significant accounting policies and notes to accounts 1-33

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

Dr. Punit Ghai
Managing Director

Place : New Delhi
Dated : 27th August, 2012

SAINIK FINANCE & INDUSTRIES LIMITED

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	NOTE NO.	YEAR ENDED 31ST, MARCH, 2012(₹)	YEAR ENDED 31ST MARCH, 2011(₹)
INCOME			
I Revenue from operations	18	102,065,768	102,003,239
II Other Income	19	1,095,834	195,145
III Total Revenue (I+II)		103,161,602	102,198,384
IV Expense			
Cost of Materials Consumed	20	62,461,476	76,594,054
Purchases of Stock in Trade		-	-
Changes in inventories of finished goods, work-in- progress and Stock-in- trade	21	2,151,959	(1,326,349)
Employee benefits expense	22	15,222,575	16,242,552
Finance Costs	23	14,290,823	1,379,593
Depreciation and amortization expense	24	5,778,530	5,843,618
Other expense	25	17,222,895	15,874,812
Total Expense		117,128,258	114,608,280
V Profit before exceptional and extraordinary items and tax (III-IV)		(13,966,656)	(12,409,896)
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax (V-VI)		(13,966,656)	(12,409,896)
VIII Extraordinary items		-	-
IX Profit before tax (VII-VIII)		(13,966,656)	(12,409,896)
X Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		174,197	(486,822)
		174,197	(486,822)
XI Profit/(Loss) for the period from continuing operations (VII-VIII)		(14,140,853)	(11,923,074)
XII Profit/(Loss) for the period from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(Loss) from discontinuing operations (after tax) (XII- XIII)		-	-
XV Profit/(Loss) for the period (XI+XIV)		(14,140,853)	(11,923,074)
XVI Earnings per equity share:			
(1) Basic		(1.30)	(1.10)
(2) Diluted		(1.30)	(1.10)
See accompanying notes to the financial statements	1-33		

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

Dr. Punit Ghai
Managing Director

Place : New Delhi
Dated : 27th August, 2012

SAINIK FINANCE & INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	YEAR ENDED 31ST, MARCH, 2012(₹)	YEAR ENDED 31ST MARCH, 2011(₹)
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax	(13,966,656)	(12,409,896)
Adjustments for :-		
Depreciation and amortisation	5,778,530	5,843,618
Provision for bad & doubtful debts & Gratuity	8,143,110	8,241,432
Bad Debt written off (Net)	-	-
Profit & (Loss) on sale of assets	(600,928)	1,368
Profit & (Loss) on sale of Investments	-	-
Lease Equalisation Reserve	(64,784)	(80,759)
Operating profit before working capital changes-	(710,728)	1,595,763
Adjustments for :-		
Trade and other Receivables	(326,545,392)	(32,239,387)
Inventories	2,192,090	6,452,591
Trade payables & other liabilities	12,513,570	1,029,905
Cash used in operations-		
Interest paid	(14,290,823)	(983,787)
Direct taxes paid	(2,566,579)	(5,867,574)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	(329,407,862)	(30,012,489)
Extraordinary items	-	-
Net Cash from operating activities (A)	(329,407,862)	(30,012,489)
B) CASH FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(2,679,275)	(95,350)
Proceeds from Sale of fixed assets	2,540,236	2,100
Purchase of long-term Investments	-	-
Proceeds from Sale of long-term Investments	65,956,410	-
Net cash used in investing activities (B)	65,817,371	(93,250)
C) CASH FLOW FROM FINANCING ACTIVITIES		
NCD Application Money	(3,764,000)	(30,000)
Dividends & Tax on Dividend	-	-
Proceeds from Intercompany Deposits	243,900,000	(3,871,209)
Borrowing (Net)	-	-
Net cash used in financing activities (C)	240,136,000	(3,901,209)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(23,454,491)	(34,006,948)
Cash and cash equivalents as at the beginning of the year	35,767,539	69,774,487
Cash and cash equivalents as at the end of the year		
- Cash and Cash equivalents	8,228,762	16,063,886
- Non-Current bank balances	4,084,286	19,703,653
	12,313,048	35,767,539

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

Dr. Punit Ghai
Managing Director

Place : New Delhi
Dated : 27th August, 2012

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES FOR THE YEAR ENDED 31ST MARCH, 2012

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 is now 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 are located at Rewari, Haryana. The Company is also engaged in non-banking finance activities and registered with Reserve Bank of India. The Reserve Bank of India was 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.
- 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.

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES FOR THE YEAR ENDED 31ST MARCH, 2012

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, 2012

	As at 31st March 2012	As at 31st March 2011
3. SHARE CAPITAL		
Authorised Share Capital		
110,00,000 Equity Shares face value of Rs. 10/- each (Previous year 110,00,000 equity shares)	110,000,000	110,000,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
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 2012 (₹)		As at 31st March 2011 (₹)	
	No. of Shares	%held	No. of Shares	%held
Sindhu Trade Links Limited	1,167,066	10.73%	1,167,066	10.73%
Maneesha Finlease Ltd.	1,046,159	9.62%	1,046,159	9.62%
Col. Girdhari Singh, AVSM (Retd)	988,900	9.09%	988,900	9.09%
Sainik Mining And Allied Services Ltd.	853,666	7.85%	853,666	7.85%

4. RESERVES & SURPLUS

	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
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 : Transferred from P & L Account	-	-
	36,972,316	36,972,316
Profit and Loss Appropriation Account		
Balance as per last year	52,565,744	59,119,271
Add : Profit for the year	(14,140,853)	(11,923,074)
Add : Provision for Bad & Doubtful Debts Written Back	8,113,558	5,369,548
Add : Provision for Gratuity Written Back	588,636	-
	47,127,085	52,565,744
Less : Appropriations -		
Transfer to Reserve Fund	-	-
Income Tax Paid for earlier years	165,189	-
	46,961,896	52,565,744
Securities Premium Reserve		
Balance as per last year	40,015,000	40,015,000
TOTAL	131,140,791	136,744,639

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

5. BORROWINGS

	Long-Term		Short-Term	
	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
Unsecured				
Inter Corporate Deposits	-	-	249,000,299	5,100,299
Non-Convertible Debentures Application Money	-	-	-	3,764,000
TOTAL	-	-	249,000,299	8,864,299

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

5.2 Non convertible debentures application is subject to allotment, during the year application money is refunded to depositors with interest.

6 DEFERRED TAX LIABILITY (Net)

	As at 31st March 2012	As at 31st March 2011
Deferred Tax Liability on Account of :		
- Related to fixed assets	9,155,795	8,981,598
Net Deferred Tax Liability	9,155,795	8,981,598

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.89,81,598/- in respect of timing differences upto 1st April, 2011 as a reduction to General Reserves. Further, the deferred tax asset of the year amounting to Rs.1,74,197/- has been debited to the Profit & Loss Account

7 OTHER LONG TERM LIABILITIES

	As at 31st March 2012	As at 31st March 2011
Lease Security Deposit	1,500,000	1,500,000
Security Deposit from Agencies	80,000	80,000
	1,580,000	1,580,000

8 PROVISIONS

	Long-Term		Short-Term	
	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
For Income Tax				
Assessment Year 2009-10	-	3,538,924	-	-
Assessment Year 2010-11	-	4,062,223	-	-
For Fringe Benefit Tax				
Assessment Year 2009-10	-	349,987	-	-
For Non-performing Assets & Doubtful Debts (Pursuant to R.B.I. Norms)	8,143,110	8,113,558	-	-
For Gratuity	1,622,365	2,211,001	-	-
	9,765,475	18,275,693	-	-

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

- 8.1** The company has made provision on Non Performing Assets in accordance with the RBI directives to the extent of Rs.75,36,775/- which has been debited to the Profit & Loss Account.
- 8.2** Upto the financial year ended 31.03.2011, the company has made provision for gratuity of Rs.22,11,001/- under the payment of Gratuity Act, 1972. The company has made provision of Rs. Nil - for Gratuity in the financial year ended 31.03.2012. Although the company has written back excess provision of Gratuity due to decrease in number of employees.

9 TRADE PAYABLES

	As at 31st March 2012	As at 31st March 2011
Micro, Small and Medium Enterprises	-	-
Others	5,699,148	6,988,006
	<u>5,699,148</u>	<u>6,988,006</u>

- 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 2012	As at 31st March 2011
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 2012	As at 31st March 2011
Expenses Payable	13,306,184	2,022,758
Advances from Customers	974,842	850,643
Advance Payment for the portion for which value still to be given	1,146,557	2,181,395
Bank book overdraft	3,429,641	-
	<u>18,857,224</u>	<u>5,054,796</u>

Expenses payable includes statutory dues

SAINIK FINANCE & INDUSTRIES LIMITED

11 FIXED ASSETS

SCHEDULE OF FIXED ASSETS AS AT 31ST MARCH, 2012

PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK			LEASE ADJUSTMENT BLOCK			NET BLOCK			
	As On 31/03/2011	Addition During the Year	Sale/ Adjustment during the year	As On 31/03/2012	Upto 31/03/2011	For the Adjustment during the year	Sale/ Adjustment during the year	Upto 31/03/2012	For the Adjustment during the year	Sale/ Adjustment during the year	Upto 31/03/2012	As On 31/03/2011	As On 31/03/2012
TANGIBLE ASSETS													
Finance Division (WDV) -													
ASSETS ON LEASE													
Other Equipments	5,300,000	-	-	5,300,000	4,976,965	64,784	-	5,041,750	(64,784)	-	(3,185,654)	3,443,904	3,443,904
OTHER ASSETS													
Vehicles	1,216,647	-	-	1,216,647	1,132,028	21,908	-	1,153,936	-	-	-	84,619	84,619
Office Equipments	1,287,315	40,799	-	1,328,114	1,102,895	39,510	-	1,142,405	-	-	-	184,420	184,420
Furniture & Fixture	534,066	-	-	534,066	491,016	7,792	-	498,808	-	-	-	35,258	43,050
Cement & Pole Division (SLN)													
Land	1,341,060	-	-	1,341,060	-	-	-	-	-	-	-	1,341,060	1,341,060
Building	23,633,018	-	-	23,633,018	10,493,980	789,342	-	11,283,322	-	-	-	12,349,696	13,139,038
Plant & Machinery	78,149,481	146,710	3,715,995	74,580,197	40,590,862	4,464,370	1,776,686	43,278,546	-	-	-	31,301,650	37,558,619
Vehicles	2,038,470	-	-	2,038,470	1,253,726	224,798	-	1,478,524	-	-	-	559,946	784,744
Furniture & Fixture	1,413,749	-	-	1,413,749	1,090,375	89,490	-	1,179,865	-	-	-	233,884	323,374
Office Equipments	635,677	8,400	-	644,077	346,190	75,919	-	422,109	-	-	-	221,968	289,487
Total (Tangible assets)	115,549,483	195,909	3,715,995	112,029,397	61,478,038	5,777,913	1,776,686	65,479,265	(64,784)	-	(3,185,654)	49,735,786	57,192,314
INTANGIBLE ASSETS													
Finance Division (WDV)-													
Software	1,090,326	-	-	1,090,326	1,088,783	617	-	1,089,400	-	-	-	926	1,543
Total (Intangible assets)	1,090,326	-	-	1,090,326	1,088,783	617	-	1,089,400	-	-	-	926	1,543
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)	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)	-	(3,185,654)	52,220,078	57,193,858
Previous Year	116,730,459	95,350	186,000	116,639,809	56,908,470	5,843,618	185,268	62,566,820	(80,759)	-	(3,120,869)	57,193,858	62,862,099

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

12 INVESTMENTS

	Non-Current		Current	
	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
LONG TERM INVESTMENT (At Cost)				
UNQUOTED				
Govt. Shares / Securities :				
Haryana Financial Corporation	2,500,000	2,500,000	-	-
(250000 Equity Shares @ Rs.10/- each)				
National Saving Certificate	5,000	5,000	-	-
Others :				
Sainik Mining And Allied Services Ltd. (Unlisted)	-	65,956,410	-	-
(Previous year 2451 Equity Shares of Face Value of Rs.10/- each)				
	<u>2,505,000</u>	<u>68,461,410</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.

12.2 The company has sold 2451 equity shares (face value of Rs.10/-each) of Sainik Mining And Allied Services Ltd at a price of Rs.26910/-

13 LOANS & ADVANCES

	Long-Term		Short-Term	
	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
(Unsecured Considered Good, unless otherwise stated)				
Advances Recoverable in cash or in kind or for value to be received	7,711,228	14,067,560	389,970,420	57,346,955
Trade Advances	9,079,745	37,944,613	51,648,589	-
Less : Unmatured Interest	1,302,392	8,056,660	8,911,865	-
	<u>15,488,581</u>	<u>43,955,513</u>	<u>432,707,144</u>	<u>57,346,955</u>

14 OTHER ASSETS

	Non-Current		Current	
	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
Fixed deposits with banks with maturity period more than 12 months (see note 17)	4,084,286	19,703,653	-	-
	<u>4,084,286</u>	<u>19,703,653</u>	<u>-</u>	<u>-</u>

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

15 INVENTORIES

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

	As at 31st March 2012	As at 31st March 2011
a) Finished Goods (At Cost or Market price whichever is lower)	3,065,080	4,395,509
b) Semi-Finished Goods (At Cost or Market price whichever is lower)	266,736	1,071,153
c) Raw Material (At Cost or Market price whichever is lower)	2,102,296	5,531,698
d) Packing Material (At Cost or Market price whichever is lower)	577,872	866,143
e) Fuel Oil & Lubricant (At Cost or Market price whichever is lower)	24,000	28,151
f) Spares & Stores (At Cost or Market price whichever is lower)	1,063,976	1,309,204
g) Shares (At Cost or Market price whichever is lower)	39,295	56,408
h) Stock on Hypothecation under Hypothecation Aggt.	1,979,415	7,913,775
Less: Unmatured Hypothecation Charges	184,442	930,883
	1,794,973	6,982,892
i) Stock on Loan Syndication -Principal	7,030	306,884
	8,941,257	20,548,043

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	1,489,529	1,955,112
Other Debts	50,510	100,549
	1,540,039	2,055,661
Less: Unmatured Finance Charges (NPA)	192,356	192,356
	1,347,683	1,863,305

Loan Syndication Receivable

Outstanding for a period exceeding 6 month	325,697	1,407,595
Other Debts	-	-
	325,697	1,407,595
Less: Unmatured Finance Charges (NPA)	-	266,336
	325,697	1,141,259

Cement Receivable

Outstanding for a period exceeding 6 month	3,566,762	3,164,872
Other Debts	1,765,589	2,170,127
	5,332,351	5,334,999

Pole Receivable

Outstanding for a period exceeding 6 month	955,874	-
Other Debts	1,751,645	3,565,777
	2,707,519	3,565,777
	9,823,624	12,015,714

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

17 CASH AND CASH EQUIVALENTS

	As at 31st March 2012	Non-Current As at 31st March 2011	As at 31st March 2012	Current As at 31st March 2011
Cash Balance on hand	-	-	447,982	853,639
Balances with Banks	-	-	4,898,334	11,914,768
Fixed deposits with banks	4,084,286	19,703,653	2,882,446	-
Cheques/DD/PO in hand	-	-	-	3,295,479
	4,084,286	19,703,653	8,228,762	16,063,886
Amount disclosed under non-current assets (refer note 14)	4,084,286	19,703,653	-	-
	-	-	8,228,762	16,063,886

Cash Balance on hand including imprest with employee

18 REVENUE FROM OPERATIONS

	For the year ended 31st March 2012		For the year ended 31st March 2011
<u>Sales</u>			
Sale of Cement & other receipts	56,910,873		70,227,756
Sale of PCC Poles	16,961,387		16,292,251
Sale of Scrap	152,878		273,289
		74,025,138	86,793,296
<u>Lease Rentals</u>			
Lease Rent	-		-
Less : Lease Equalisation Reserve	(64,784)		(80,759)
		64,784	80,759
<u>Interest & Finance Charges</u>			
Interest Income	26,721,406		9,744,209
Hypothecation Charges	683,662		1,758,852
Loan Syndication Charges	570,778		3,626,123
		27,975,845	15,129,184
		102,065,768	102,003,239

19 OTHER INCOME

Miscellaneous Receipts	493,681		192,552
Dividend Received*	1,225		1,225
Profit on sale of Assets	600,928		1,368
	1,095,834		195,145

* Dividend received from non-current Investment

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

20 COST OF MATERIAL CONSUMED

	For the year ended 31st March 2012	For the year ended 31st March 2011
Raw Materials, Stores, Packing Material, Fuel & Lubricants Clinker		
Purchased during the year	2,894,750	2,122,668
Raw Materials Consumed		
Opening Stock	5,531,698	9,119,737
Add:Purchased during the year	37,952,218	51,887,386
	43,483,916	61,007,122
Less:Closing Stock	2,102,296	5,531,698
	41,381,620	55,475,424
Stores & Spares Consumed		
Opening Stock	1,309,204	917,827
Add:Purchased during the year	2,646,369	3,337,569
	3,955,573	4,255,397
Less:Closing Stock	1,063,976	1,309,204
	2,891,597	2,946,192
Packing Material Consumed		
Opening Stock	866,143	386,069
Add:Purchased during the year	2,535,824	3,788,204
	3,401,967	4,174,273
Less:Closing Stock	577,872	866,143
	2,824,095	3,308,130
Fuel, Oil & Lubricants		
Opening Stock	28,151	47,166
Add:Purchased during the year	1,268,577	1,458,470
	1,296,728	1,505,636
Less:Closing Stock	24,000	28,151
	1,272,728	1,477,485
Other Manufacturing Expenses		
Electricity & Water Charges	11,196,685	11,264,154
	62,461,476	76,594,054

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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

	For the year ended 31st March 2012	For the year ended 31st March 2011
Finished & Semi Finished Goods		
A. Opening Stock		
Finished Goods	4,395,509	3,400,558
Semi-Finished Goods	1,071,153	726,793
	5,466,662	4,127,351
Add : Purchased during the year	-	-
	5,466,662	4,127,351
B. Less : Closing Stock		
Finished Goods	3,065,080	4,395,509
Semi-Finished Goods	266,736	1,071,153
	3,331,816	5,466,662
(Increase)/Decrease in Stocks (A-B)	2,134,846	(1,339,311)
Shares & Units		
Opening Stock	56,408	69,370
Add : Purchased during the year	-	-
	56,408	69,370
Less : Sales During the year	-	-
Less : Closing Stock	39,295	56,408
	17,113	12,962
	2,151,959	(1,326,349)
22 EMPLOYEE BENEFITS EXPENSE		
Factory Wages	7,231,583	7,977,034
Salary, Wages and Other Benefits	5,536,584	6,930,962
Staff Welfare	1,904,408	1,206,682
Compensation Expenses	550,000	-
Provision for Gratuity	-	127,874
	15,222,575	16,242,552
22.1 Compensation paid to Mr.Kulwant Singh due to casualty happened at Plant during the repairing of electricity control panel.		
22.2 Salary includes Director remuneration of Rs.390,000/- paid to Dr.Punit Ghai, Director of the Company (Previous year Rs.Nil)		
23 FINANCE COSTS		
Interest Paid on loan	14,067,212	983,787
Bank Charges	223,611	395,806
	14,290,823	1,379,593
24 DEPRECIATION AND AMORTIZATION EXPENSE		
Deprecation and amortization	5,778,530	5,843,618
	5,778,530	5,843,618

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

25 OTHER EXPENSES

	For the year ended 31st March 2012	For the year ended 31st March 2011
Advertisement Expenses	280,620	324,862
<u>Repairs & Maintenance</u>		
Plant & Machinery	1,167,533	633,987
Factory Building	578,334	398,011
Others	98,069	68,936
	1,843,936	1,100,934
Pollution Control Expenses	103,953	52,800
Vehicle Running & Maintenance	464,119	521,273
ISI / ISO Fee	205,822	157,511
Travelling & Conveyance	1,639,600	1,090,900
Rates Fees & Taxes	130,230	184,848
General Expenses	1,558,776	1,610,026
Insurance Charges	18,469	26,901
Freight & Cartage, Carriage outward	71,735	363,672
Commission, Rebate and Discounts	363,592	448,848
Donation	-	100,000
Legal & Professional Charges	649,998	152,948
Newspaper & periodicals	10,135	3,475
Auditor Remuneration	-	
- Statutory & Tax Audit Fees	70,000.00	70,000
- Income Tax Representation Fees	55,000.00	55,000
- Service tax	15,450.00	12,875
	140,450	137,875
AGM Expenses	131,703	62,248
Printing & Stationery	477,097	397,143
Postage & Telegram	207,073	179,217
Telephone Expenses	341,458	263,717
Software Maintenance expenses	26,353	59,092
Rent Paid	148,236	180,000
Internal Audit Fees & Expenses	112,360	110,300
Diwali Expenses	154,070	192,664
Bad Debts Written Off	-	40,000
Provision for bad & doubtful debts (Pursuant to RBI Norms)	8,143,110	8,113,558
	17,222,895	15,874,812

25.1 Donation - Rs. Nil (Previous year Rs.100000/- paid to Bhartiya Janata Party Vishesh Sahyog Nidi-complied u/s 293A)

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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. Event occurring between the date of Balance Sheet and date of approval of financial statement (AS-4) -
The Board of Directors, vide resolution passed on 1st June, 2012, have 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.

28. Debit & credit balances of parties are subject to confirmation.
29. 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.

30 Segment Information -	(Rs.in lacs)			
<u>Particulars</u>	<u>Cement</u>	<u>Pole</u>	<u>Finance</u>	<u>Consolidated</u>
1. Segment Revenue				
External Sales	57022368	17002770	28040630	102065768
Other Revenue	-	994909	100925	1095834
Total Revenue	57022368	17997679	28141555	103161601
2. Segment Result (Profit/(Loss))				
Profit before interest & tax	(17525020)	603249	17022328	100556
Interest Paid	-	-	14067212	14067212
Provision for taxation				174197
3. Profit after Taxation	(17525020)	603249	2955116	(14140853)
Other information				
1. Segment Assets	99013612	19682690	415302430	533998732
2. Segment Liabilities	22818512	15809495	255429934	294057941
3. Depreciation	4221850	1422069	134611	5778530
4. Non cash expenditure other than depreciation	-	-	8143110	8143110

- 31 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 Pvt.Ltd.
 - c) Indus Portfolio Pvt.Ltd.
 - d) Paramitra Holdings Pvt.Ltd.
 - e) Maneesha Finlease Ltd.
 - f) Global Coal Mining Pvt.Ltd.
 - g) Sindhu Trade Links Limited
 - h) Shyam Indus Power Solutions Pvt.Ltd.
 - i) Aryan Clean Coal Technologies Pvt.Ltd.
 - j) ACB (India) Ltd.
 - k) Aryan Energy Pvt.Ltd.

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

- l) Spectrum Coal & Power Ltd.
 m) Kartikay Coal Washeries Pvt.Ltd
 n) Pragati Vanijaya Limited
- ii) Joint Venture – Nil
- iii) Key Management Personnel
 a) Sh.G.C.Mrig
 b) Dr.Puneet Ghai

- c) Disclosure of transactions between the company and related parties as on 31st March, 2012 (Rs.)

<u>Transaction</u>	<u>Associates</u>	<u>Key Management</u>	<u>(₹ in Lacs)</u> <u>Total</u>
Purchase of Goods	-	-	-
Sale of Goods	7374726	44803	7419529
Purchase of Fixed Assets	-	-	-
Sale of Fixed Assets	-	-	-
Sale of Investment	65956410	-	65956410
Rendering of Services	211858	-	211858
Service Received	-	-	-
Leasing/HP/Hypothecation arrangements Received	406738	-	406738
Share Application Money Given	-	-	-
Finance Provided	652000000	-	652000000
Finance Received	665000000	-	665000000
Interest Income	9053811	-	9053811
Interest Paid	13798481	-	13798481
Director Remuneration	-	390000	390000
Dividend Paid to shareholders	-	-	-

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

Liabilities side:

(Rs. in lakhs)

1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
(a)	Debentures: Secured	Nil	Nil
	: Unsecured	Nil	Nil
	(other than falling within the meaning of public deposits*)		
(b)	Deferred Credits	Nil	Nil
(c)	Term Loans	Nil	Nil
(d)	Inter-corporate loans and borrowing	249000299	Nil
(e)	Commercial Paper	Nil	Nil
(f)	Public Deposits*	Nil	Nil
(g)	Other Loans	Nil	Nil
	(Non Convertible Debenture-Application Money)		
	* Please see Note 1 below		
2	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a)	In the form of Unsecured debentures	Nil	Nil
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
(c)	Other public deposits	Nil	Nil
	* Please see Note 1 below		

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Assets side:

	Amount Outstanding
3 Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	
(a) Secured	50514077
(b) Unsecured	448195724
4 Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities	
(i) Lease assets including lease rentals under sundry debtors :	
(a) Financial lease	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	3142656
(iv) Loan Syndication Principal -activities	
(a) Loans where assets have been repossessed	Nil
(b) Loans other than (a) above	332727
5 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

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

6 Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:

(Please see Note 2 below)

Category	Amount net of provisions		Total
	Secured	Unsecured	
1. Related Parties **			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	140521622	Nil	140521622
2. Other than related parties	310312410	Nil	310312410
Total	450834032	Nil	450834032

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

Please see note 3 below

Category	Market Value/Break 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	2505000	2505000
Total	2505000	2505000

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

8 Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	22540822
(ii) Net Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	12791268
(iii) Assets acquired in satisfaction of debt	Nil

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

33. Additional information in accordance with Part-II of Schedule VI of Companies Act, 1956 :

Cement:

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

Particulars	Licenced(MT)		Installed(MT)		Actual(MT)	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Portland Cement	66000	66000	66000	66000	17540.300	23705.000

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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

Particulars	Current Year		Previous Year	
	Quantity (MT)	Amount	Quantity (MT)	Amount
Lime Stone	18415.051	8985666.57	26369.355	11754805.70
Breeze Coke	2143.467	16292645.21	3234.702	23869958.27
Clay	2799.201	55555.69	3608.270	765999.64
Iron Dust	634.231	1592029.97	1092.434	1922883.21
Gypsum	309.500	216658.00	376.000	261296.80
Laterite	197.085	216136.61	371.625	515146.21
AER (Additive)	-	-	0.205	10974.24
Fly Ash	1852.070	2064184.81	2578.414	2802852.94
Packing Material (Nos)	355750	2824095.32	474100	3308130.17

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

i) Opening & Closing Stocks :

Particulars	Opening Stock				Closing Stock			
	Quantity (MT)		Amount		Quantity (MT)		Amount	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Finished								
C-Silo	202.886	163.781	428989.08	250457.18	35.486	202.886	66452.11	428989.08
Portland Cement	0.100	41.10	193.81	62600.23	5.000	0.100	9768.45	193.81
Semi-Finished								
Clinker	199.563	168.663	387739.79	284988.18	54.207	199.563	103925.29	387739.79
Raw Mix	225.000	218.000	254424.33	191347.32	72.125	225.000	96358.81	254424.33

ii) Sales :

Particulars	Quantity (MT)		Amount	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Portland Cement	17535.40		23746.000	5,69,10,873.00
				7,02,27,756

Poles:

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

Particulars	Licenced		Installed		Actual	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
PCC Poles	99000	99000	99000	99000	5228	6362

b) Quantitative Detail of Consumption of Raw Materials :

Particulars	Current Year		Previous Year	
	Quantity (MT)	Amount	Quantity (MT)	Amount
Cement	791680.843	33,51,863	1076.845	37,25,089
P.CWire	125087.146	54,49,230	174.687	67,71,576
Sand	3731160.968	3,34,277	1453.981	4,57,053
Rodi 10 mm	1608566.572	5,10,364	995.445	5,03,800
Rodi 20 mm	2156513.808	755,841	1483.229	7,98,665
Ad-Mixture	11098.860	6,82,228	13.231	8,24,525
G.I.Wire	4135.200	2,05,311	5.689	2,42,161
Hooks	4704.100	1,68,386	7.581	2,48,639

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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	1992	1766	43,95,315	33,37,958	1221	1992	30,55,311	43,95,315

ii) **Sales :**

Particulars	Quantity (Nos.)		Amount	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Poles	5999	6136	1,69,61,387	1,63,32,969

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 SHREE 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
PUNWIRE LTD.#	200	14,080	-	-	200	-	-	73,716	-	-
THE TIMES GAURANTEE LTD.	100	4,005	-	-	-	-	100	12,696	1,915	1,915
OSWAL AGRO LTD	500	725	-	-	-	-	500	20,213	725	725
SOMDATT FINANCE CORP. LTD.	700	6,384	-	-	-	-	700	54,033	4,690	4,690
ARVIND PRODUCTS LTD.	100	584	-	-	-	-	100	6,445	735	735
NAMESTE EXPORTS LTD.	200	520	-	-	-	-	200	17,322	520	520
SHREE RAM URBAN INFRASTR. LTD.	100	14005	-	-	-	-	100	47559	14605	14,605
	4800	56408	-	-	200	-	4600	343698	39295	39295

200 equity shares of Punwire Ltd. has been written off due to company has been liquidated.

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

Dr. Punit Ghai
Managing Director

Place : New Delhi
Dated : 27th August, 2012

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.	
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Regd. Folio No.	
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* Client Id.	
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No. of shares held	
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Name and Address of the Shareholders

I hereby record my presence at the 20th Annual General Meeting of the Company held on Saturday, the 29th September, 2012 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.	
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Regd. Folio No.	
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* Client Id.	
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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
20th 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 Saturday, the 29th September, 2012 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**