
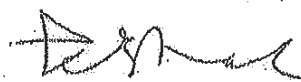



Form A

(Pursuant to Clause 31(a) of Listing Agreement)

No.	Particulars	Details
1.	Name of the Company	Sainik Finance & Industries Limited
2.	Annual Standalone financial statements for the year ended	31 st March, 2014
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	N.A.
5.	To be Signed by-	
	• Director	 (Rudra Sen Shidhu)
	• CFO	
	• Auditor of the Company	For Kumra Bhatia & Co. Chartered Accountants (Firm Registration No.002848N)
		 (P.K. Bhatia) (Membership No. 81174)
	• Audit Committee Chairman	 (Vivek Varma)

22nd
Annual Report
2013–2014

SAINIK FINANCE & INDUSTRIES LIMITED

SAINIK FINANCE & INDUSTRIES LIMITED

Board of Directors

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

Audit Committee

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

Share Transfer and Shareholders'/ Investors' Grievances Committee

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

Listed At

The Bombay Stock Exchange, Mumbai

Auditors

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

Bankers

Bank of India
ICICI Bank
Indian Overseas Bank
State Bank of Patiala
HDFC Bank
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 **22nd Annual General Meeting** of the members of M/s Sainik Finance & Industries Limited will be held on **Tuesday, the 30th day of September, 2014** 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 Audited Balance Sheet as at 31st March, 2014, the Profit & Loss Account of the Company for the period commencing from 1st April, 2013 to 31st March, 2014 together with the report of the Board of directors and Auditors thereon.
2. To appoint a Director in place of Sh. Rudra Sen Sindhu, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration:

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 pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, **M/s Kumra Bhatia & Co, Chartered Accountants**, (bearing ICAI Registration No.002848N) be and are hereby re-appointed as Auditors of the Company to hold office from the date of conclusion of this Annual General Meeting (AGM) till the date of conclusion of the twenty-fifth AGM of the Company to be held for the financial year ended on 31st March, 2017 (subject to ratification of their appointment at every AGM), at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

SPECIAL BUSINESS:

4. Appointment of Sh. Samai Singh as an Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, read with Schedule IV to the Companies Act, 2013 as amended from time to time, Sh. Samai Singh (DIN 00235036), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for the term of three years with effect from 30th September, 2014."

5. Appointment of Sh. Vivek Varma as an Independent Director of the Company

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

"RESOLVED that pursuant to the provisions of sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, read with Schedule IV to the Companies Act, 2013 as amended from time to time, Sh. Vivek Varma (DIN 02250513), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for the terms of three years with effect from 30th September, 2014."

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing the proxy, in order to be effective, must be deposited at the company's registered office, duly completed and signed, not less than forty-eight hours before the meeting. A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in aggregate not more than 10 (ten) percent of the total share capital of the Company. Provided that a member holding more than 10 (Ten) percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other member.
3. Proxies submitted on behalf of the companies, societies, etc., must be supported by appropriate resolutions / authority, as applicable.
4. The proxy form and attendance slip are annexed herewith.
5. Members/ proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the AGM.
6. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Businesses as per item No. 4 to item No. 5 is annexed hereto.
7. The relevant details as required under clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment / re-appointment as Directors under Item No. 2, Item No. 4 and Item No. 5 of the Notice are also annexed.
8. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days except Saturdays, Sundays and Bank Holidays between 11.00 a.m. and 1.00 p.m. up to the date of the AGM.
9. The Register of Members and Transfer Books of the Company will be closed from Saturday, 27th, September, 2014 to Tuesday, 30th September, 2014, (both days inclusive) for the purpose of holding Annual General Meeting of the Company.
10. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agent - M/s Indus Portfolio Private Limited, to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to the Company's Registrars and Transfer Agent.
11. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or the Company's Registrars and Transfer Agent for assistance in this regard.
12. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or the Company's Registrars and Transfer Agent, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
13. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.

SAINIK FINANCE & INDUSTRIES LIMITED

14. The Notice of the AGM along with the Annual Report 2013-14 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
15. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with M/s Indus Portfolio Private Limited / Depositories.
16. In compliance with the provisions of section 108 of the Company Act, 2013 and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice.
17. The instructions for e-voting are as under:
 - A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company / Depositories):
 - i. Open the e-mail and also open PDF file namely "Sainik Finance e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - ii. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>.
 - iii. Click on Shareholder - Login.
 - iv. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
 - v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
 - vi. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
 - vii. Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
 - viii. Select "EVEN" (E-Voting Event Number) of M/s Sainik Finance & Industries Limited. Now you are ready for e-voting as Cast Vote page opens.
 - ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - x. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - xi. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
 - xii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution / Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to r.gulati64@gmail.com with a copy marked to evoting@nsdl.co.in.
 - xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and e-voting user manual - Shareholders, available at downloads section of www.evoting.nsdl.com.
 - B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company / Depositories):
 - i. Initial password is provided in the enclosed ballot form: EVEN (E-Voting Event Number), user ID and password.
 - ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xiii) above, to cast vote.

SAINIK FINANCE & INDUSTRIES LIMITED

C. Other Instructions:

- i. The e-voting period commences on Tuesday, 23rd September, 2014 (9.00 a.m. IST) and ends on Thursday, 25th September, 2014 (6.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on Friday, 29th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
- ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on Friday, 29th August 2014.
- iii. Sh. Rajesh Gulati, Practicing Chartered Accountant (Membership No. 89046), has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
- iv. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the E-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- v. Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Sh. Rajesh Gulati, Practicing Chartered Accountant, (Membership No. 89046), at the Registered Office of the Company not later than Thursday, 25th September, 2014 (6.00 p.m. IST).
- vi. Members have the option to request for physical copy of the Ballot Form by sending an e-mail to info@sainik.org or legal.secretarial@sainikmining.com by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach the Registered Office of the Company not later than Thursday, 25th September, 2014 (6.00 p.m. IST).
- vii. Ballot Form received after this date will be treated as invalid.
- viii. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
- ix. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.sainikfinance.com and on the website of NSDL www.evoting.nsdl.com within two days of the passing of the resolutions at 22nd Annual General Meeting of the Company on 30th September, 2014 and communicated to the BSE Limited, where the shares of the Company are listed.

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

Place : New Delhi
Dated : 21-08-2014

Kulseep Singh Solanki
Director
DIN: 00009212

Rudra Sen Sindhu
Director
DIN: 00006999

SAINIK FINANCE & INDUSTRIES LIMITED

EXPLANATORY STATEMENT AS REQUIRED PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND INFORMATION AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING APPOINTED/ RE-APPOINTED:

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

Sh. Rudra Sen Sindhu completed his bachelor's degree in arts in 1976 from Birendra Narayan Chakrabarty University and joined the Indian Army in 1977. After completing the short service commission period of five years, he joined his family concern, M/s. Mitter Sen and Co., which was then engaged in the business of iron ore mining. He has approximately 31 years of experience in the field of coal mining and mining logistics and setting up and operation of power plants and non-banking finance business. He has business interests in a number of companies engaged mainly in the business of mining and logistics, coal beneficiation, power generation, manufacturing of sponge iron and steel, stock broking, print media, finance and tourism. He has been the Chairman of the Expert Committee on Coal since 2008 and the Co-Chairman of the National Coal Committee of ASSOCHAM since 2009. He is also engaged in several charitable activities.

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

As on date, he is holding 3,52,883 Equity Shares of Rs.10/- (Rupees Ten only) each in the Company.

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

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

Except Sh. Rudra Sen Sindhu, being an appointee and their relatives, none of the Directors and Key Managerial Personnel of the Company is concerned or interested, financial or otherwise, in the resolution set out at Item No. 2.

Item No. 4: Appointment of Sh. Samai Singh as Independent Director,

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Sh. Samai Singh, as Independent Director, in compliance with the requirements of this clause.

Pursuant to the provisions of section 149 of the Act, which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation. The Nominations and Remuneration Committee has recommended the appointment of Sh. Samai Singh as Independent Directors for a term of three years from 30th September, 2014. Sh. Samai Singh, non-executive director of the Company, has given a declaration to the Board that he meets the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, he fulfils the conditions specified in the

SAINIK FINANCE & INDUSTRIES LIMITED

Companies Act 2013 and the Rules framed thereunder for appointment as Independent Director and he is independent of the management. The Board considered that his continued association would be of immense benefit to the Company and it is necessary to continue to avail services of Sh. Samai Singh as an Independent Director. In compliance with the provisions of section 149 read with Schedule IV of the Act, his appointment as Independent Director is now being placed before the Members for their approval by way of Ordinary Resolution.

His appointment is subject to the provisions of section 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, read with Schedule IV to the Companies Act, 2013 as amended from time to time and Clause 49 of the listing agreement.

The terms and conditions of appointment of the above Directors shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day, excluding second and fourth Saturday. Sh. Samai Singh is art graduate. He is retired officer of India Army. He has experience in transport, loading, mining, finance, stock broking etc.

Except Sh. Samai Singh, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

Item No. 5: Appointment of Sh. Vivek Varma as Independent Director,

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Sh. Vivek Varma, as Independent Director, in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 of the Act, which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation. The Nominations and Remuneration Committee has recommended the appointment of Sh. Vivek Varma as Independent Directors for a term of three years from 30th September, 2014. Sh. Vivek Varma, non-executive director of the Company, has given a declaration to the Board that he meets the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, he fulfils the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and he is independent of the management. The Board considered that his continued association would be of immense benefit to the Company and it is necessary to continue to avail services of Sh. Vivek Varma as an Independent Director. In compliance with the provisions of section 149 read with Schedule IV of the Act, his appointment as Independent Directors is now being placed before the Members for their approval.

His appointment is subject to the provisions of section 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, read with Schedule IV to the Companies Act, 2013 as amended from time to time and Clause 49 of the listing agreement.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding second and fourth Saturday.

Sh. Vivek Varma has completed his master's degree in business administration (finance) from Maharshi Dayanand University (MDU), Rohtak and is a Certified Hotel Administrator from The Education Institute of Hotel Management, Miami, Florida, USA (Equivalent to B.Sc. Hospitality and Hotel Management). He has working experience in Service Sector from March 2000 till Dec 2006 as General Manager with Various Hotels & motels affiliated to Worlds Leading Hotel Chains in USA which are as follows:

- Bestwestern International Inc.
- InterContinental Hotels Group
- Hilton Hotels Corporation
- Choice Hotels International Inc.

Since 2007 he is working with Educational Foundation and society in establishing, operating and managing Primary as well as senior secondary schools along with institutes of higher education like engineering college, college of nursing etc.

Except Sh. Vivek Varma, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.5.

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

Place : New Delhi
Dated : 21-08-2014

Kulseep Singh Solanki
Director
DIN: 00009212

Rudra Sen Sindhu
Director
DIN: 00006999

SAINIK FINANCE & INDUSTRIES LIMITED

DIRECTORS' REPORT

The members,
Ladies and Gentlemen,

Your directors have pleasure in presenting their 22nd Annual Report and the Audited Statement of Accounts for the year ended on 31st March, 2014.

Particulars	(Amount in Rs.)	
	2013-14	2012-13
Net Sales and Other Income	62,216,377	70,518,441
Profit before financial costs, depreciation, and Tax	28,194,505	30,974,089
Finance Costs	22,040,962	31,338,130
Profit before depreciation and tax	6,153,543	(364,041)
Depreciation for the financial year	677,577	4,540,283
Profit/(Loss) before tax	5,475,966	(4,904,324)
Direct Taxes	3,789,591	2,111,846
Profit / (Loss) after Tax	1,686,375	(7,016,170)
Profit/ (Loss) brought forward from last year	48,971,627	46,961,896
Provision for Bad & Doubtful Debts Written Back	12903480	8,143,110
Provision Written Back	534,982	882,791
Profit/(Loss) available for appropriation	64,096,464	48,971,627
Appropriation :		
Transfer to Reserve Fund	1,095,193	-
Taxes for earlier years	429,608	-
Balance Carried Forward	62,571,663	48,971,627

(The Company has transferred Rs.10,95,193/- (Rupees Ten Lacs Ninety Five Thousands One Hundred Ninety Three only) to Special Reserve Fund as required under Section 451C of the Reserve Bank of India Act, 1934).

2. OPERATIONS OF THE COMPANY

During the year under review, the company was engaged in carrying on the business as Non- Banking Financial Company without accepting public deposits for which the Certificate of Registration has been obtained from the Department of Non- Banking Supervision, Reserve Bank of India, New Delhi. Your directors also intend to diversify its operation into another area / business in order to make the Company more profitable.

3. DIVIDEND

Your directors do not recommend any dividend for payment to the shareholders for the financial year ended on 31st March, 2014.

4. DIRECTORS

Sh. Rudra Sen Sindhu, Director of the Company retires by rotation and being eligible, has offered himself for re-appointment. Your Directors recommend his re-appointment as Director of the Company.

In order to comply with the provisions of clause 49 of listing agreement, the Company has 2 independent directors out of total 4 directors of the Company. However, pursuant to the provisions of section 149 of the Companies Act, 2013, the Company shall have at least 1/3 of total numbers of directors as independent directors. As the provisions of section 149(10) of the Companies Act, 2013 (effective from 1st April, 2014), such independent directors shall hold office for a term of upto five consecutive years on the Board of a

SAINIK FINANCE & INDUSTRIES LIMITED

company; and shall be eligible for re-appointment on passing a special resolution by the shareholders of the Company for another term of upto five consecutive years on the Board. Such independent directors shall not be eligible to appoint as such for more than two consecutive terms of five years but shall be eligible for appointment after the expiration of three years ceasing to become an independent director. The provision of retirement by rotation as defined in the sub-section (6) and (7) of section 152 of the Companies Act 2013 shall not apply to such independent directors.

Therefore, Sh. Samai Singh and Sh. Vivek Varma, Directors of the Company who were appointed as non-executive independent directors and liable to retire by rotation under the provisions of erstwhile Companies Act, 1956, shall be reappointed as independent directors under the provisions of the Companies Act, 2013. They being eligible have offered themselves to be appointed as independent directors of the Company under the provisions of the Companies Act 2013. They have given declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Companies Act, 2013. Consequently, your directors recommend their appointment as independent directors of the Company.

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:

- i) That in the preparation of Annual Accounts for the financial year ended as at 31st March, 2014, the applicable Accounting Standards have been followed along with proper explanation relating to the material departures.
- ii) 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, 2014 and of the profit or loss of the Company for the financial year ended on 31st March, 2014.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies (Amendment) Act, 2000 for safeguarding the Assets of the Company and for preventing and detecting fraud or other irregularities.
- iv) That the Directors have prepared the Annual Accounts on a Going Concern basis.

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

During the year under review, the provisions of Section 217(1) (e) of the Companies Act, 1956 were not applicable to our Company. Hence, Statement detailing the particulars required under the said Section read with the Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 are not being furnished. There was no foreign exchange earnings and outgo in the Company during the financial 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 was not required to appoint Cost Auditors for the financial year 2013-14 because the Company's plants have been closed permanently with effect from 31st July, 2012. However, cost audit report of the Company for the financial year ended on 31st March, 2013 had been filed during the financial year under review.

SAINIK FINANCE & INDUSTRIES LIMITED

10. AUDITORS REPORT

The Auditors' Report on Annual Accounts of the Company for the financial year ended on 31st March, 2014 is self-explanatory. Hence, no explanation is required to be given.

11. AUDITORS OF THE COMPANY

M/s Kumra Bhatia & Co., Chartered Accountants, New Delhi (bearing ICAI Registration No.002848N) retiring Statutory Auditors of the Company are proposed to be re-appointed as Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting (AGM) till the conclusion of the twenty-fifth AGM of the Company to be held for the financial year ended on 31st March, 2017, subject to ratification of their appointment by the members at every AGM held after the ensuing AGM. As required under Section 139 of the Companies Act, 2013, the Company has obtained a written consent from M/s Kumra Bhatia & Co., Chartered Accountants, to such appointment and also a certificate to the effect that their appointment, if made, would be in accordance with Section 139(1) of the Companies Act, 2013 and the rules made there under, as may be applicable. Your directors recommend their re-appointment as statutory auditors of the Company.

12. 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 - 1 and is forming integral part of this Report.

13. CONSTITUTION OF COMMITTEES OF THE BOARD OF DIRECTORS

The Company, in order to comply with the provisions of the Companies Act, 2013 read with the rules framed thereunder and the provision of the listing agreement, has constituted / renamed various committees of the Board of Directors of the Company i.e. Nomination and Remuneration Committee, an Audit Committee and Stakeholders Relationship Committee.

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 2014-15 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 : 21-08-2014

Kulseep Singh Solanki
Director
DIN: 00009212

Rudra Sen Sindhu
Director
DIN: 00006999

SAINIK FINANCE & INDUSTRIES LIMITED

CORPORATE GOVERNANCE REPORT for the financial year ended on 31st March, 2014

1. COMPANY'S PHILOSOPHY

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

2. BOARD OF DIRECTORS

The Board of Directors of the Company provides leadership, strategic guidance to the Company and exercises control over the Company and accountable at all time to the shareholders of the Company. The present Board comprises of 4 (Four) directors (of which 2 are non-executive independent directors) who possess the requisite qualifications and experience in general corporate management, finance, banking and other allied fields enabling them to contribute effectively in their capacity as Directors of the Company.

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

NAME OF DIRECTOR	CATEGORY
Sh. Kuldeep Singh Solanki	Non-Executive -Non Independent Director
Sh. Rudra Sen Sindhu	Non-Executive -Non Independent Director
Sh. Samai Singh	Independent Director
Sh. Vivek Varma	Independent Director

There has been no resignation and appointment of any directors of the Company since the last Annual General Meeting. Sh. Kuldeep Singh Solanki, Director of the Company acts as Chairman at the Board Meetings and at the General Meetings of the Company. During the year under review, he acted as the Compliance Officer of the Company. However, Mr. Ashok Kumar Arora, Company Secretary of the Company is authorized to act as Compliance officer of the Company with effect from 1st March, 2014.

Further, Sh. Samai Singh and Sh. Vivek Varma, who have appointed as non-executive independent directors pursuant to provisions of clause 49 of listing agreement, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Companies Act 2013 ("the Act"). In the opinion of the Board, each of these directors fulfil the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management. Hence, they are being appointed as independent director at ensuing annual general meeting by the Shareholders.

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

Board Meetings held during the year under review:

During the Financial Year 2013-14, Eight (8) meetings of the Board of Directors of the Company were held on 30th May, 2013, 31st July, 2013, 27th August, 2013, 8th November, 2013, 20th December, 2013, 10th February, 2014, 1st March, 2014 and 31st March, 2014.

Attendance of each director at Board meetings and at the last Annual General Meeting held during the year 2013-2014 and number of other directorship / committee memberships and chairmanships of each director are given below:

SAINIK FINANCE & INDUSTRIES LIMITED

NAME OF DIRECTORS	ATTENDANCE DETAILS		NUMBER OF OTHER COMPANIES IN WHICH HE IS DIRECTOR	OTHER COMMITTEES OF WHICH HE IS	
	AT BOARD MEETINGS	AT AGM HELD ON 30-09-2013		CHAIRMAN	MEMBER
Sh. Rudra Sen Sindhu	7	Yes	13#	-	8
Sh. Kuldeep Singh Solanki	8	Yes	12#	2	1
Sh. Punit Ghai*	2	-	-	-	-
Sh. Virender Kumar Sehgal*	2	-	-	-	-
Lt. Gen. Gorakh Nath*	1	-	-	-	-
Sh. Samai Singh	2	-	1	-	1
Sh. Vivek Varma	4	-	-	-	-

*Resigned on 31st July 2013

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

The Board has access to the following information / records:

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

3. COMMITTEES OF THE BOARD

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

3.1 AUDIT COMMITTEE

The Audit Committee has been constituted by the Board of Directors in order to meet the requirements of section 292A of the Companies Act, 1956 as well as the Listing Agreement. The audit Committee has been re-constituted on 31st July, 2013. Sh. Vivek Varma and Sh. Samai Singh, Independent Directors of the Company have been inducted at the Audit Committee. All the members of the committee are financially literate.

With effect from 30th May, 2014, the terms of reference of the Audit Committee have been changed to comply with the provisions of section 177 of the Companies Act, 2013. As on date, the Audit Committee comprises of the following members:

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

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

- 1) Supervising the financial reporting process in order to ensure proper disclosure of financial statements.
- 2) Recommending to the Board, the appointment, re-appointment, replacement or removal of the statutory auditors and the fixation of their audit fees or fess for any other services rendered by them.
- 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.

SAINIK FINANCE & INDUSTRIES LIMITED

- 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.
- 7) The audit committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
- 8) The audit committee shall have authority to investigate into any matter in relation to the items specified above or referred to it by the Board and for this purpose it shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company.
- 9) The auditors of a company and the key managerial personnel shall have a right to be heard in the meetings of the audit committee when it considers the auditor's report but shall not have the right to vote.
- 10) The Audit Committee shall oversee the vigil mechanism established by the Company for directors and employees to report genuine concerns in such manner as may be prescribed.
- 11) The vigil mechanism so established shall provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the chairperson of the audit committee in appropriate or exceptional cases.

During the year under review, 4 (Four) Audit Committee meetings were held. The attendance record of the members during these meetings is set down below:

Date of Meeting	Mr. Rudra Sen Sindhu	Sh. Vivek Varma	Sh. Samai Singh	Gen. Gorakh Nath (Retd.)*
30-05-2013	Yes	N.A.	N.A.	Yes
31-07-2013	Yes	N.A.	N.A.	Yes
08-11-2013	No	Yes	Yes	NA
10-02-2014	Yes	Yes	No	NA

* Resigned from the Board on 31st July, 2013.

3.2 STAKEHOLDERS RELATIONSHIP COMMITTEE

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

The Share Transfer/ Shareholders' and Investors' Grievances Committee has been re-constituted w.e.f. 31st July, 2013. Sh. Vivek Varma and Sh. Samai Singh, Independent Directors of the Company have been inducted at the Share Transfer / Shareholders and Investors' Grievances Committee.

Pursuant to the provisions of section 178 the Companies Act, 2013, the Committee was re-named as the 'Stakeholders Relationship Committee' with effect from 30th May, 2014 to, inter alia, consider and resolve grievances/ complaints of security holders of the Company.

The **Stakeholders Relationship Committee** as on date comprises of the following members:

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

The Committee met 7 (Seven) times during the year under review. The following table summarises the attendance of the members at the Stakeholders Relationship Committee of the Company:

SAINIK FINANCE & INDUSTRIES LIMITED

Date of Meeting	Mr. Rudra Sen Sindhu	Sh. Vivek Varma	Sh. Samai Singh	Sh. V. K. Sehgal*
24-04-2013	Yes	N.A.	N.A.	Yes
14-05-2013	Yes	N.A.	N.A.	Yes
29-06-2013	Yes	N.A.	N.A.	Yes
12-08-2013	Yes	Yes	No	N.A.
23-11-2013	Yes	Yes	No	N.A.
13-03-2014	Yes	Yes	No	N.A.
31-03-2014	Yes	Yes	No	N.A.

* Resigned from the Board on 31st July, 2013.

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

Sl. No.	Particulars	Status	Remark
1.	Number of queries/complaints received from shareholders/ investors from April 01, 2013 to March 31, 2014 regarding non-receipt of dividend/ interest warrants, non-receipt of shares sent for transfer, Annual Reports etc.	1	Resolved
2.	Number of queries/complaints not attended	NIL	N.A.
3.	Number of request of Share Transfer / Transmission received during the year.	13	-
4.	Number of Share Transfer cases done during the year	13	-
5.	Number of Share Transfer pending during the year	NIL	N.A.

3.3 NOMINATION AND 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 has been re- constituted with effect from 31st July, 2013. As on date, the Remuneration Committee comprises following three Non-Executive Directors:

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

The Remuneration Committee did not meet during the year under review as there was no compensation/ remuneration paid to any directors of the Company etc.

With effect from 30th May, 2014, pursuant to the provisions section 178 of the Companies Act, 2013, the Remuneration Committee was re-named as the "Nomination and Remuneration Committee" of the Board of Director of the Company. The role of such Committee is, as under:

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, a policy relating to the remuneration for the directors, key managerial personnel and other employees.
- To review the performance of the Managing/Whole-time/ Executive Directors on predetermined parameters.
- To review and approve the remuneration/compensation packages for the Managing/ Whole-time/ Executive Directors, within prescribed limits.
- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and to carry out evaluation of every director's performance.
- To take steps to refresh the composition of the Board.
- To decide Commission payable to the directors, subject to prescribed limits and approval of shareholders.
- To review employee compensation vis-à-vis industry practices and trends

SAINIK FINANCE & INDUSTRIES LIMITED

4. GENERAL MEETINGS

Location and time of the last three Annual General Meetings:

Year	Date	Time	Location
2013	30th September, 2013	9.30 A.M.	Farm House of Kapil Constructions Private Limited, Kishangarh-Mehrauli Road, Near Ma Anandmai Ashram, New Delhi-110 057
2012	29th September, 2012	9.30 A.M.	Farm House of Kapil Constructions Private Limited, Kishangarh-Mehrauli Road, Near Ma Anandmai Ashram, New Delhi-110 057
2011	30th September, 2011	9.30 A.M.	Farm House of Kapil Constructions Private Limited, Kishangarh-Mehrauli Road, Near Ma Anandmai Ashram, New Delhi-110 057

The following table summarizes 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.	

5. DISCLOSURES

- a) Except as disclosed in annual report of the Company for the financial year ended on 31st March, 2014, there was no 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.
- b) There were no cases 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.

6. MEANS OF COMMUNICATIONS WITH THE INVESTORS/SHAREHOLDERS

- a) Half Yearly report sent to each household of shareholders
 - b) Quarterly results
 - c) Any website where displayed
 - d) Whether the website also displays official news releases
 - e) Presentations made to institutional investors and analysts
 - f) Whether Management Discussion and Analysis Report forms part of Annual Report
- No, the results were published by the Company in National and regional newspapers in English and Hindi.
- Are published in the following newspapers:
The Pioneer/The Financial Express-
English / and
Dainik Haribhoomi-Vernacular language (Hindi)
- www.sainikfinance.com
- Yes
- No
- Yes

SAINIK FINANCE & INDUSTRIES LIMITED

7. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date	:	30 th September, 2014
Day	:	Tuesday
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, 2014– March 31, 2015

Quarterly results- For Quarter ending

30-06-2014	-	1 st / 2 nd week of August, 2014
30-09-2014	-	1 st / 2 nd week of November, 2014.
31-12-2014	-	1 st / 2 nd week of February, 2015.
31-03-2015	-	3 rd / 4 th week of May, 2015

Book closure

Saturday, 27th September, 2014 to Tuesday, 30th September, 2014 (both days inclusive).

Listing on Stock Exchange(s):

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

The Listing fees have been paid to the Stock Exchange for the year 2014-15.

Stock Exchange Code

For Bombay Stock Exchange – 530265 (SAINIK FINANCE)

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, 2013	5.00	5.00	October, 2013	4.72	4.52
May, 2013	4.76	4.53	November, 2013	-	-
June, 2013	4.31	4.31	December, 2013	4.95	4.95
July, 2013	-	-	January, 2014	4.71	4.26
August, 2013	-	-	February, 2014	7.13	4.47
September, 2013	4.51	4.30	March, 2014	9.79	6.78

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.

SAINIK FINANCE & INDUSTRIES LIMITED

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2014:

Category wise Shareholding (in shares)	No. of Shareholders	% to Total Shareholders	Number of Share held	% to total share capital
UPTO 500	3021	85.65	308009	2.83
501 - 1000	166	4.71	130435	1.20
1001 - 5000	231	6.55	570928	5.25
5001- 10000	44	1.25	328393	3.02
10001-20000	22	0.62	332986	3.06
20001-30000	3	0.09	76200	0.70
30001-40000	4	0.11	139166	1.28
40001-50000	4	0.11	177550	1.63
50001-100000	12	0.34	811935	7.46
ABOVE 100000	20	0.57	8004398	73.57
Total	3,527	100.00	10880000	100.00

SHAREHOLDING DETAILS AS ON 31ST MARCH, 2014:

Category	No. of shares held	Percentage of shareholding
Promoters	56,26,077	51.710
Institutional Investors	-	-
Mutual Funds and UTI	-	-
Banks, Financial institutions, Insurance Companies (Central / State Govt. Institutions/Non-govt. Institutions)	-	-
FII's -	-	-
Private Bodies Corporate	35,04,504	32.210
Indian Public	17,14,058	15.750
NRI's 34,880	0.320	
Clearing House	173	0.002
Clearing Member	308	0.003
TOTAL	10880000	100.00

TOP 10 SHAREHOLDERS AS ON 31ST MARCH, 2014:

Sr. No.	Name	Shares	Percentage
1.	Kuldeep Singh Solanki	1521998	13.89
2.	Sindhu Trade Links Limited	1173565	10.79
3.	Maneesha Finlease Limited	1046159	9.62
4.	Sainik Mining And Allied Services Limited	853666	7.85
5.	Parmeshwari Devi	456532	4.20
6.	Yuvraj Singh Solanki	432833	3.98
7.	Rudra Sen Sindhu	352883	3.24
8.	Indu Solanki	337833	3.11
9.	Sarvesh Sindhu	248866	2.29
10.	Vir Sen Sindhu (HUF)	247066	2.27

SAINIK FINANCE & INDUSTRIES LIMITED

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.

77,02,947 Equity shares of the Company i.e. 70.80% of total paid up share capital are held in dematerialised form as on 31st March, 2014.

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

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, 0124-2719000
Fax. No : 011-28315044, 0124-2719100
E-mail : info@sainik.org
CIN : L26912DL1991PLC045449

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- 'except second and fourth Saturdays')

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

Place : New Delhi
Dated : 21-08-2014

Kuldeep Singh Solanki
Director
DIN: 00009212

Rudra Sen Sindhu
Director
DIN: 00006999

SAINIK FINANCE & INDUSTRIES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Macro-Economic and Industry Developments

India is in transition and if it desires to regain its position as a leading emerging market investment destination, clarity and consistency of policy action is paramount. The election results hold the key. In anticipation, the equity markets have created an all time high and currency markets are buoyant. However, investors, private and foreign, will wait for stability of governance and policy action before committing long term capital to the country. At its core, India is facing a difficult economic situation on the growth, asset quality, inflation and fiscal deficit fronts. Growth is estimated to have bottomed, but recovery is predicated upon clarity of policy matters and decision making by the Government, both factors out of the control of private enterprise. Slower growth has translated into asset quality issues for the banking sector. Gross non performing loans have risen to 3.6% in FY 2013-14 from 2.5% in FY 2012-13, which may have been acceptable, given the capital requirements of Indian banks. However, if one includes restructured assets currently at 9.4%, the asset quality issue is a real concern. Inflation may have peaked out, but structural factors, especially on the food front, need to be adequately tackled. Monsoons will clearly be a variable in FY 2014-15, given the various predictions of a below par monsoon. Lastly, on the fiscal deficit, targets have been met, but many constituents continue to question the quality and means of this achievement.

The RBI and the Government have taken notable steps in FY 2013-14 to address the economic headwinds. The Government formed the Project Management Group to facilitate large projects, undertook actions on power tariffs, gas price and continued diesel price increases. The RBI initiated efforts at recognizing and cleaning up Non-Performing Assets ("NPA"). On the policy front, it introduced a shift in focus to Consumer Price Inflation (CPI) from Wholesale Price Inflation (WPI), and a move towards inflation targeting. If implemented correctly and in a time bound manner, these collectively have the ability to create a meaningful impact on the economy.

The Government's first GDP estimate for FY 2013-14 estimates growth at 4.9%, largely in line with market expectations. The Interim budget which was the last budget of the UPA-II Government was "not" biased towards populist measures but focused on growth measures, like reduction in excise duties on capital and consumer goods and maintaining the fiscal deficit target within limits. The key to a higher growth would be reviving investments (initially by revival of stalled projects), especially in the private sector and higher domestic savings, especially financial savings, by containing inflation and positive real return.

Debt in the private sector has risen despite India's total debt (private and public) remaining at approximately 139% of GDP, in line with the last 10 years' average. Rising private-sector debt coupled with repayments to the tune of approximately US\$20 bn annually make the economy vulnerable to international capital flows. Though the real economy is largely domestic oriented, given its dependence on capital flows, India is open to exchange volatility and its related pitfalls.

The year ahead will be challenging on the interest rate and credit quality front, however, if India votes a stable Government, we could see an improvement in asset quality and return growth. The economic environment prevailing in the country affected the NBFC sector also.

Opportunities

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

SAINIK FINANCE & INDUSTRIES LIMITED

Threats

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

Outlook

The markets will continue to grow and mature leading to differentiation of products and services. Each financial intermediary will have to find its niche in order to add value to consumers. The Company is cautiously optimistic in its outlook for the year 2014-15.

Fixed Deposits

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

Internal Control, Audit and Compliance

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

Risk Management

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

RBI Guidelines

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

Human Resources/ Industrial Relations

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

Performance During the year

During the year under review, the Company made a profit of Rs.5,475,966/-(before tax) as compared to the losses of Rs.4,904,324/-(before tax) incurred during the previous year.

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

Place : New Delhi
Dated : 21-08-2014

Kuldeep Singh Solanki
Director
DIN: 00009212

Rudra Sen Sindhu
Director
DIN: 00006999

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, 2013 to 31st March, 2014:-

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

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

By order of the Board of Directors

For SAINIK FINANCE & INDUSTRIES LIMITED

Place : New Delhi
Dated : 21-08-2014

Kuldeep Singh Solanki
Director
DIN: 00009212

Rudra Sen Sindhu
Director
DIN: 00006999

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 M/s Sainik Finance & Industries Limited for the financial year ended as at 31st March 2014, and certifies that:

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

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

Place : New Delhi
Dated : 21-08-2014

Kuldeep Singh Solanki
Director
DIN: 00009212

Rudra Sen Sindhu
Director
DIN: 00006999

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, 2014 as per clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

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

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

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

Place : New Delhi
Dated : 21-08-2014

SAINIK FINANCE & INDUSTRIES LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of Sainik Finance & Industries Limited

Report on Financial Statements

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

Management's Responsibility for the financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956

SAINIK FINANCE & INDUSTRIES LIMITED

read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

- e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **KUMRA BHATIA & CO.**
Chartered Accountants
Firm's registration number: 002848N

Place : New Delhi
Dated : 30th May, 2014

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

Annexure to the Auditors' Report

The Annexure referred to in our report to the members of Sainik Finance & Industries Limited (the Company) for the year ended 31st March, 2014. We report that:

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) All the assets have been physically verified by the management during the year. There is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) The company has sold part of fixed assets during the year under report. This has been done as a consequence of the decision of the management to close down manufacturing of Cement and Poles w.e.f. 31st July'2012.
- 2 (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3 (a) The company has taken loans from three companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs 1360 Lacs and the year-end balance of loans taken from such parties was Rs 985 Lacs
(b) The company has not given loans to companies covered in the register maintained u/s 301 of the Companies' Act 1956.
(c) In our opinion the terms and conditions on which loans have been taken from 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 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. During the course of our audit, no major weakness has been noticed in the internal controls.
- 5 (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding

SAINIK FINANCE & INDUSTRIES LIMITED

the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- 6 The company has not accepted any deposits from the public.
- 7 In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- 8 The provision of section 209(1)(d) of the Companies Act, 1956 is not applicable.
- 9 (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding., as at 31st March 2014 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 in the financial year 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 not given guarantee in connection with loan taken by others from banks or Financial Institutions.
- 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
Firm's registration number: 002848N

Place : New Delhi
Dated : 30th May, 2014

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

SAINIK FINANCE & INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2014

PARTICULARS	NOTE NO.	AS AT 31ST, MARCH 2014 (₹)	AS AT 31ST, MARCH 2013 (₹)
EQUITY AND LIABILITIES			
Share Holders' Funds			
Share Capital	3	108,800,000	108,800,000
Reserves and Surplus	4	147,845,751	133,150,522
		256,645,751	241,950,522
Non- current liabilities			
Deferred Tax liabilities (Net)	6	2,389,091	7,453,375
Other Long term liabilities	7	4,000,000	4,000,000
Long-term Provisions	8	2,953,489	13,643,054
		9,342,580	25,096,429
Current Liabilities			
Short term borrowings	5	158,258,499	163,317,215
Trade payables	9	745,756	1,070,689
Other current liabilities	10	32,358,367	13,870,581
Short term provisions	8	12,668,141	3,814,266
		204,030,763	182,072,751
TOTAL		470,019,094	449,119,702
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	11	8,983,467	35,510,259
- Intangible assets	11	333	555
- Capital work-in-progress	11	-	-
Non-current investments	12	-	2,505,000
Long-term loans and advances	13	26,484,435	20,790,868
Other non-current assets	14	-	4,637,240
		35,468,235	63,443,922
Current assets			
Inventories	15	553,849	3,601,378
Trade receivables	16	3,763,548	6,275,378
Cash and Cash equivalents	17	7,109,052	5,200,118
Short-term loans and advances	13	423,124,410	370,598,906
		434,550,859	385,675,780
TOTAL		470,019,094	449,119,702

Significant accounting policies and notes to accounts **1-32**

As per our 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

Rudra Sen Sindhu
Director

Col. Samai Singh (Retd)
Director

Place : New Delhi
Dated : 30th May, 2014

Ashok Kumar Arora
Company Secretary

SAINIK FINANCE & INDUSTRIES LIMITED

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

PARTICULARS	NOTE NO.	YEAR ENDED 31ST, MARCH, 2014(₹)	YEAR ENDED 31ST MARCH, 2013(₹)
INCOME			
I Revenue from operations	18	60,855,687	68,669,389
II Other Income	19	1,360,690	1,849,053
III Total Revenue (I+II)		62,216,377	70,518,442
IV Expense			
Cost of Materials Consumed	20	3,717,603	8,023,029
Purchases of Stock in Trade		-	-
Changes in inventories of finished goods, work-in- progress and Stock-in- trade	21	380,131	2,783,548
Employee benefits expense	22	3,411,777	10,554,691
Finance Costs	23	22,040,962	31,338,130
Depreciation and amortization expense	24	677,577	4,540,283
Other expense	25	26,512,361	18,183,084
Total Expense		56,740,411	75,422,765
V Profit before exceptional and extraordinary items and tax (III-IV)		5,475,966	(4,904,323)
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax (V-VI)		5,475,966	(4,904,323)
VIII Extraordinary items		-	-
IX Profit before tax (VII-VIII)		5,475,966	(4,904,323)
X Tax expense:			
(1) Current tax		8,853,875	3,814,266
(2) Deferred tax		(5,064,284)	(1,702,420)
		3,789,591	2,111,846
XI Profit/(Loss) for the period from continuing operations (VII-VIII)		22,442,737	7,572,532
XII Profit/(Loss) for the period from discontinuing operations		(20,756,362)	(14,588,701)
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(Loss) from discontinuing operations (after tax) (XII- XIII)		(20,756,362)	(14,588,701)
XV Profit/(Loss) for the period (XI+XIV)		1,686,375	(7,016,169)
XVI Earnings per equity share:			
(1) Basic		0.15	(0.64)
(2) Diluted		0.15	(0.64)
See accompanying notes to the financial statements	1-32		

As per our 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

Rudra Sen Sindhu
Director

Col. Samai Singh (Retd)
Director

Place : New Delhi
Dated : 30th May, 2014

Ashok Kumar Arora
Company Secretary

SAINIK FINANCE & INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	YEAR ENDED 31ST, MARCH, 2014(₹)	YEAR ENDED 31ST MARCH, 2013(₹)
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax	5,475,966	(4,904,323)
Adjustments for :-		
Depreciation and amortisation	677,577	4,540,283
Provision for bad & doubtful debts & Gratuity	2,748,897	12,903,480
Bad Debt written off (Net)	8,920,598	743,746
Profit & (Loss) on sale of assets	12,257,895	(239,564)
Lease Equalisation Reserve	(41,320)	(51,650)
Operating profit before working capital changes-	30,039,613	12,991,972
Adjustments for :-		
Trade and other Receivables	(33,012,869)	98,990,050
Inventories	3,047,529	5,339,879
Trade payables & other liabilities	18,162,853	(9,615,102)
Cash used in operations-		
Interest paid	(22,040,962)	(31,338,130)
Direct taxes paid	(7,498,615)	(5,621,470)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	(11,302,451)	70,747,199
Extraordinary items	-	-
Net Cash from operating activities (A)	(11,302,451)	70,747,199
B) CASH FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	-	(281,300)
Proceeds from Sale of fixed assets	13,632,861	12,741,495
Purchase of long-term Investments	-	-
Proceeds from Sale of long-term Investments	-	-
Net cash used in investing activities (B)	13,632,861	12,460,195
C) CASH FLOW FROM FINANCING ACTIVITIES		
NCD Application Money	-	-
Dividends & Tax on Dividend	-	-
Proceeds from Intercompany Deposits	(5,058,716)	(85,683,084)
Borrowing (Net)	-	-
Net cash used in financing activities (C)	(5,058,716)	(85,683,084)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(2,728,306)	(2,475,690)
Cash and cash equivalents as at the beginning of the year	9,837,358	12,313,048
Cash and cash equivalents as at the end of the year		
- Cash and Cash equivalents	7,109,052	5,200,118
- Non-Current bank balances	-	4,637,240
	7,109,052	9,837,358

As per our 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

Rudra Sen Sindhu
Director

Col. Samai Singh (Retd)
Director

Place : New Delhi
Dated : 30th May, 2014

Ashok Kumar Arora
Company Secretary

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

1. General

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

The Company was engaged in manufacturing of 43 & 53 Grade Portland Cement (ITC Code : 25.23.29.10) and Pre-stressed Concrete Pole (ITC Code-68.69.60.00). The business operation with respect to manufacturing of Portland Cement were discontinued in July, 2012 and the Plant machinery and equipment thereof were dismantled for sale etc. However the business operation with respect of Pre-stressed Poles continued till 2013. And thereafter the company decided the dispose off the factory building etc in entirety.

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

2. Significant Accounting Policies

Finance Division policies:

- A. The fixed assets of the Company are valued at historical cost less depreciation and lease adjustment account.
- B. The company has provided depreciation on fixed assets as per written down value method under the Companies (Amendment) Act, 1988. Further depreciation on additions & sales of fixed assets during the year has been provided on pro-rata basis.
- C. Stock on Hire/Hypothecation/Loan Syndication Principal represents disbursed value of assets less capital repayments matured including un-matured finance/hypothecation/loan syndication charges thereon as per IRR. The un-matured finance/hypothecation/loan syndication charges are reduced from stock on hire/hypothecation/loan syndication to reflect the net principal outstanding.
- D. Lease Rentals are accounted for on accrual basis and full months rental is considered as income irrespective of the date on which the lease rentals fall due during the month. Further the company accounts for income arising out of leasing activities on the method recommended by the Institute of Chartered Accountants of India. For assets leased up to 31st March 2001, the lease income is recognised at an Internal Rate of Return (IRR) on the principal amount outstanding at the due date of the lease rental. An annual lease equalisation charge is computed by deducting from lease rentals the income derived at IRR, which is then compared with depreciation provided. The difference is adjusted through lease equalisation in lease adjustment account. No assets have been leased after 1-4-2001 and therefore the mandatory provisions under Accounting standard (A 8-9) in respect of leased assets after 1-4-2001 do not apply.
- E. Hire Purchase Finance Charges/ Hypothecation charges/ Loan Syndication Charges have been accounted for on instalment due basis based on Internal Rate of Return.
- F. All Incomes and expenses have been accounted for on accrual basis. Overdue charges from hirers/ lessees are accounted for on realisation.
- 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.

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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 whichever is lower.

Manufacturing (Cement & Pole) Division policies :

J. The accounts are prepared on the historical cost basis and on the accounting principles of a going concern.

K. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

L. Sales represent invoiced value of goods sold net of excise duty.

M. Depreciation on Fixed Assets has been provided in accordance with the rates prescribed under Straight Line Method & in the manner specified in Schedule XIV of the Companies Act., 1956.

N. Raw Material, Packing Materials, Stores and spares, Finished goods, Semi-finished goods & Stocks in process are valued at cost or market price whichever is lower .in accordance with valuation principles laid out in AS-2 issued by The Institute of Chartered Accountants of India.

Other policies

O. 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.

P. 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.

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

R. 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, 2014

(All amount in ₹)

	As at 31st March 2014	As at 31st March 2013
3. SHARE CAPITAL		
Authorised Share Capital		
110,00,000 Equity Shares face value of Rs. 10/- each (Previous year 110,00,000 equity shares)	<u>110,000,000</u>	<u>110,000,000</u>
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)	<u>108,800,000</u>	<u>108,800,000</u>
TOTAL	<u>108,800,000</u>	<u>108,800,000</u>

3.1 Reconciliation of Shares outstanding at the beginning and at the end of reporting period

Particulars	As at 31st March 2014		As at 31st March 2013	
	No. of Shares	Amount	No. of Shares	Amount
At the Commencement and at the end of the year	10,880,000	108,800,000	10,880,000	108,800,000

3.2 The details of Shareholders holding more than 5% shares

Name of Shareholder	As at 31st March 2014		As at 31st March 2013	
	No. of Shares	%held	No. of Shares	%held
Capt. Kuldeep Singh Solanki	1,521,998	13.98%	1,511,665	13.89%
Sindhu Trade Links Limited	1,173,565	10.79%	1,173,565	10.79%
Maneesha Finlease Ltd.	1,046,159	9.62%	1,046,159	9.62%
Sainik Mining And Allied Services Limited	853,666	7.85%	853,666	7.85%

4. RESERVES & SURPLUS

	As at 31st March 2014	As at 31st March 2013
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	1,095,193	-
Profit and Loss Appropriation Account		
Balance as per last year	48,971,627	46,961,896
Add : Profit for the year	1,686,375	(7,016,170)
Add : Provision for Bad & Doubtful Debts Written Back	12,903,480	8,143,110
Add : Provision Written Back	534,982	882,791
	<u>64,096,464</u>	<u>48,971,627</u>
Less : Appropriations -		
Transfer to Reserve Fund	1,095,193	-
Income Tax Paid for earlier years	429,608	-
	<u>62,571,663</u>	<u>48,971,627</u>
Securities Premium Reserve		
Balance as per last year	40,015,000	40,015,000
TOTAL	<u>147,845,751</u>	<u>133,150,522</u>

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

5. BORROWINGS

	Long-Term		Short-Term	
	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
Unsecured				
Inter Corporate Deposits	-	-	158,258,499	163,317,215
TOTAL	-	-	158,258,499	163,317,215

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

6 DEFERRED TAX LIABILITY (Net)

	As at 31st March 2014	As at 31st March 2013
Deferred Tax Liability on Account of :		
- Related to fixed assets	2,389,091	7,453,375
Net Deferred Tax Liability	2,389,091	7,453,375

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.74,53,375/- in respect of timing differences upto 1st April, 2013 as a reduction to General Reserves. Further, the deferred tax asset of the year amounting to Rs.50,64,284/- has been debited to the Profit & Loss Account

7 OTHER LONG TERM LIABILITIES

	As at 31st March 2014	As at 31st March 2013
Lease Security Deposit	1,500,000	1,500,000
Security Deposit from Agencies	2,500,000	2,500,000
	4,000,000	4,000,000

8 PROVISIONS

	Long-Term		Short-Term	
	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
For Income Tax				
Assessment Year 2013-14	-	-	3,814,266	3,814,266
Assessment Year 2014-15	-	-	8,853,875	-
For Non-performing Assets & Doubtful Debts				
(Pursuant to R.B.I. Norms)	2,748,897	12,903,480	-	-
For Gratuity				
	204,592	739,574	-	-
	2,953,489	13,643,054	12,668,141	3,814,266

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

8.1 The company has made provision on Non Performing Assets in accordance with the RBI directives to the extent of Rs. 27,48,897/- which has been debited to the Profit & Loss Account.

8.2 Upto the financial year ended 31.03.2013, the company has made provision for gratuity of Rs.7,39,574/- under the payment of Gratuity Act, 1972. The company has made provision of Rs. Nil - for Gratuity in the financial year ended 31.03.2014. Although the company has paid gratuity to employees left.

9 TRADE PAYABLES

	As at 31st March 2014	As at 31st March 2013
Micro, Small and Medium Enterprises	-	-
Others	745,756	1,070,689
	745,756	1,070,689

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 2014	As at 31st March 2013
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 2014	As at 31st March 2013
Expenses Payable	31,788,360	12,382,796
Advances from Customers	522,673	919,674
Advance Payment for the portion for which value still to be given	47,334	568,111
Bank book overdraft	-	-
	32,358,367	13,870,581

Expenses payable includes statutory dues

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

11 FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK			LEASE ADJUSTMENT BLOCK			NET BLOCK	
	As On 31st March 2013	Addition During the Year	Sale/ Adjustment during the year	As On 31st March 2014	Upto 31st March 2013	For the year ending 31st March 2014	Sale/ Adjustment during the year	Upto 31st March 2013	For the year ending 31st March 2014	Upto 31st March 2014	As On 31st March 2013
TANGIBLE ASSETS											
Finance Division (WDV)- ASSETS ON LEASE											
Other Equipments	5,300,000	-	-	5,300,000	5,093,400	41,320	-	(3,237,304)	(41,320)	-	3,443,904
OTHER ASSETS											
Vehicles	1,216,647	-	-	1,216,647	1,170,172	12,032	-	-	-	-	34,443
Office Equipments	1,347,114	-	-	1,347,114	1,183,953	32,779	-	-	-	-	130,382
Furniture & Fixture	534,066	-	-	534,066	505,190	5,227	-	-	-	-	23,649
Cement & Pole											
Division (SLM) -											
Land	1,603,360	-	-	1,603,360	-	-	-	-	-	-	1,603,360
Building	26,116,384	-	24,199,180	1,917,204	12,155,608	442,485	12,153,426	444,667	-	-	1,472,536
Vehicles	1,758,470	-	1,256,801	501,669	1,441,498	56,739	1,100,661	397,575	-	-	104,094
Furniture & Fixture	1,413,749	-	-	1,413,749	1,269,355	19,299	-	1,288,655	-	-	125,095
Office Equipments	644,077	-	234,755	409,322	493,933	67,474	234,755	326,652	-	-	82,670
Plant & Machinery (Assets held for Disposal)*	44,228,601	-	41,449,506	2,779,095	28,576,404	-	27,760,644	815,760	-	-	1,963,335
Total (Tangible assets)	84,162,468	-	67,140,242	17,022,226	51,889,513	677,355	41,249,486	11,317,382	(41,320)	(3,237,304)	8,983,467
INTANGIBLE ASSETS											
Finance Division (WDV)- Software	1,090,326	-	-	1,090,326	1,089,771	222	-	1,089,993	-	-	333
Total (Intangible assets)	1,090,326	-	-	1,090,326	1,089,771	222	-	1,089,993	-	-	555
Current Year (A+B+C)	85,252,794	-	67,140,242	18,112,552	52,979,283	677,577	41,249,486	12,407,375	(41,320)	(3,237,304)	8,983,800
Previous Year	115,603,089	2,764,666	33,114,961	85,252,794	66,568,664	4,540,283	18,129,664	52,979,283	-	(3,237,304)	35,510,814

11.1* During the financial year 2012-13 the company has entered into an agreement for sale of Plant and Machinery, wherein the company has agreed to sell the Plant & Machinery of the Cement & Pole production plant situated at Rewari (Haryana). Consequently the Company has treated the said Plant & Machinery as assets retired from active use and held for disposal. Major part of Plant & Machinery and factory building has been dismantled and sold during the year.

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

12 INVESTMENTS

	Non-Current		Current	
	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
LONG TERM INVESTMENT (At Cost)				
UNQUOTED				
Govt. Shares / Securities :				
Haryana Financial Corporation	-	2,500,000	-	-
(250000 Equity Shares @ Rs.10/- each)				
National Saving Certificate	-	5,000	-	-
	-	2,505,000	-	-
	-	2,505,000	-	-

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. During the year the Board of directors has decided to written off the said Investments.

13 LOANS & ADVANCES

(Unsecured Considered Good, unless otherwise stated)

	Long-Term		Short-Term	
	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
Advances Recoverable in cash or in kind or for value to be received	20,828,139	13,332,698	395,755,002	330,907,345
Trade Advances	6,600,079	8,243,457	28,768,406	48,722,803
Less : Unmatured Interest	943,783	785,287	1,398,998	9,031,242
	26,484,435	20,790,868	423,124,410	370,598,906

14 OTHER ASSETS

	Non-Current		Current	
	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
Fixed deposits with banks with maturity period more than 12 months (see note 17)	-	4,637,240	-	-
	-	4,637,240	-	-

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

15 INVENTORIES

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

	As at 31st March 2014	As at 31st March 2013
a) Finished Goods (At Cost or Market price whichever is lower)	166,333	542,323
b) Semi-Finished Goods (At Cost or Market price whichever is lower)	3,289	3,289
c) Raw Material (At Cost or Market price whichever is lower)	319,640	1,486,772
d) Packing Material (At Cost or Market price whichever is lower)	-	481,852
e) Fuel Oil & Lubricant (At Cost or Market price whichever is lower)	1,425	25,070
f) Spares & Stores (At Cost or Market price whichever is lower)	-	867,458
g) Shares (At Cost or Market price whichever is lower)	37,811	41,952
h) Stock on Hypothecation under Hypothecation Aggt.	26,375	166,595
Less: Unmatured Hypothecation Charges	1,024	13,933
	25,351	152,662
	553,849	3,601,378
16 TRADE RECEIVABLES (Unsecured and Considered Good)		
Hire Money Receivable		
Outstanding for a period exceeding 6 month	-	135,500
Other Debts	-	-
	-	135,500
Less: Unmatured Finance Charges (NPA)	-	25,126
	-	110,374
Hypothecation Money Receivable		
Outstanding for a period exceeding 6 month	680,855	1,576,204
Other Debts	-	-
	680,855	1,576,204
Less: Unmatured Finance Charges (NPA)	-	202,763
	680,855	1,373,441
Loan Syndication Receivable		
Outstanding for a period exceeding 6 month	-	36,393
Other Debts	-	-
	-	36,393
Less: Unmatured Finance Charges (NPA)	-	-
	-	36,393
Cement Receivable		
Outstanding for a period exceeding 6 month	-	1,903,320
Other Debts	3,070,693	2,744,930
	3,070,693	4,648,249
Pole Receivable		
Outstanding for a period exceeding 6 month	12,000	106,921
Other Debts	-	-
	12,000	106,921
	3,763,548	6,275,378

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

17 CASH AND CASH EQUIVALENTS

	As at 31st March 2014	Non-Current As at 31st March 2013	As at 31st March 2014	Current As at 31st March 2013
Cash Balance on hand	-	-	238,462	805,630
Balances with Banks	-	-	3,550,122	2,969,860
Fixed deposits with banks	-	4,637,240	3,320,469	1,424,629
Cheques/DD/PO in hand	-	-	-	-
	-	4,637,240	7,109,052	5,200,118
Amount disclosed under non-current assets (refer note 14)	-	4,637,240	-	-
	-	-	7,109,052	5,200,118

Cash Balance on hand including imprest with employee

18 REVENUE FROM OPERATIONS

	For the year ended 31st March 2014		For the year ended 31st March 2013
Sales			
Sale of Cement & other receipts	277,807		5,988,359
Sale of PCC Poles	383,334		3,950,969
Sale of Scrap	177,196		2,057,525
		838,337	11,996,853
Lease Rentals			
Lease Rent	-		-
Less : Lease Equalisation Reserve	(41,320)		(51,650)
		41,320	51,650
Interest & Finance Charges			
Interest Income	55,453,035		56,317,090
Hypothecation Charges	21,455		114,834
Loan Syndication Charges	-		188,962
Bad Debt recovered (Interest)	4,501,541		-
		59,976,031	56,620,886
		60,855,687	68,669,389
19 OTHER INCOME			
Miscellaneous Receipts		60,676	409,473
Dividend Received*		15	16
Management Fees		1,200,000	1,200,000
Rent Received		100,000	-
Profit on sale of Assets		-	239,564
		1,360,690	1,849,053

* Dividend received from non-current Investment

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

20 COST OF MATERIAL CONSUMED

	For the year ended 31st March 2014	For the year ended 31st March 2013
Raw Materials, Stores, Packing Material, Fuel & Lubricants Clinker		
Purchased during the year	-	497,169
Raw Materials Consumed		
Opening Stock	1,486,772	2,102,296
Add:Purchased during the year	-	2,649,868
	1,486,772	4,752,163
Less:Closing Stock	319,640	1,486,772
	1,167,133	3,265,391
Stores & Spares Consumed		
Opening Stock	867,458	1,063,976
Add:Purchased during the year	-	108,201
	867,458	1,172,177
Less:Closing Stock	-	867,458
	867,458	304,719
Packing Material Consumed		
Opening Stock	481,852	577,872
Add:Purchased during the year	-	167,483
	481,852	745,355
Less:Closing Stock	-	481,852
	481,852	263,503
Fuel, Oil & Lubricants		
Opening Stock	25,070	24,000
Add:Purchased during the year	291,971	696,302
	317,041	720,302
Less:Closing Stock	1,425	25,070
	315,616	695,232
Other Manufacturing Expenses		
Electricity & Water Charges	885,545	2,997,015
	3,717,603	8,023,029

20.1 Opening stock of Stores & Spares and Raw-material has partially sold during the year without processing.

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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

	For the year ended 31st March 2014	For the year ended 31st March 2013
Finished & Semi Finished Goods		
A. Opening Stock		
Finished Goods	542,323	3,065,080
Semi-Finished Goods	3,289	266,736
	545,612	3,331,816
Add : Purchased during the year	-	-
	545,612	3,331,816
B. Less : Closing Stock		
Finished Goods	166,333	542,323
Semi-Finished Goods	3,289	3,289
	169,622	545,612
(Increase)/Decrease in Stocks (A-B)	375,990	2,786,205
Shares & Units		
Opening Stock	41,952	39,295
Add : Purchased during the year	-	-
	41,952	39,295
Less : Sales During the year	-	-
Less : Closing Stock	37,811	41,952
	4,141	(2,657)
	380,131	2,783,548
22 EMPLOYEE BENEFITS EXPENSE		
Factory Wages	372,956	4,390,431
Salary, Wages and Other Benefits	2,936,111	5,753,681
Staff Welfare	102,710	410,579
	3,411,777	10,554,691
22.1 Salary includes Director remuneration of Rs Nil (Previous year Rs.15,60,000/- paid to Dr.Punit Ghai, Managing Director)		
23 FINANCE COSTS		
Interest Paid on loan	22,007,773	31,258,820
Bank/BG Charges	33,189	79,310
	22,040,962	31,338,130
24 DEPRECIATION AND AMORTIZATION EXPENSE		
Deprecation and amortization	677,577	4,540,283
	677,577	4,540,283

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

25 OTHER EXPENSES

	For the year ended 31st March 2014	For the year ended 31st March 2013
Advertisement Expenses	107,329	160,583
Repairs & Maintenance		
Plant & Machinery	207,475	365,453
Factory Building	7,500	176,535
Others	183,825	113,936
	398,800	655,924
Penalties	189,375	-
Vehicle Running & Maintenance	58,414	340,718
Loss on Sale of Assets	12,257,895	-
Travelling & Conveyance	393,249	799,176
Rates Fees & Taxes	130,475	204,083
General Expenses	279,914	380,242
Insurance Charges	5,050	12,238
Freight & Cartage, Carriage outward	9,496	704,524
Commission, Rebate and Discounts	-	45,792
Donation	-	1,100
Legal & Professional Charges	249,240	232,945
Newspaper & periodicals	1,675	5,070
Auditor Remuneration -		
- Statutory & Tax Audit Fees	70,000	70,000
- Income Tax Representation Fees	55,000	55,000
- Service tax	15,450	15,450
AGM Expenses	112,918	127,569
Printing & Stationery	97,878	191,113
Postage & Telegram	43,847	72,915
Telephone Expenses	118,201	212,477
Software Maintenance expenses	21,800	36,504
Rent Paid	108,000	60,000
Internal Audit Fees & Expenses	112,360	112,360
Diwali Expenses	6,500	40,075
Bad Debts Written Off	8,920,598	743,746
Provision for bad & doubtful debts (Pursuant to RBI Norms)	2,748,897	12,903,480
	26,512,361	18,183,084

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

26. In the opinion of the Board, Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business. Provision for Depreciation on Fixed Assets and other known liabilities has not been made in excess of the amount reasonably necessary.
27. Debit & credit balances of parties are subject to confirmation.
28. Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

29. Segment Information -

Particulars	Cement	Pole	Finance	Consolidated
1. Segment Revenue				
External Sales	455003	383334	60017351	60855687
Other Revenue	1300000	-	60690	1360690
Total Revenue	1755003	383334	60078041	62216378
2. Segment Result (Profit/(Loss))				
Profit before interest & tax	(14443166)	(6313195)	48240101	27483739
Interest Paid	-	-	22007773	22007773
Provision for taxation			3789591	3789591
3. Profit after Taxation	(14443166)	(6313195)	22442737	1686375
Other information -				
1. Segment Assets	9832231	606348	459580515	470019094
2. Segment Liabilities	3883940	-	209489403	213373343
3. Depreciation	528459	57538	91580	677578
4. Non cash expenditure other than depreciation	1835624	-	9833871	11669495

30. **Related party Disclosures -**

- a. Enterprises where control Exist :
- | | | |
|---|---|-----|
| Subsidiaries | - | Nil |
| Other Entities under control of company | - | Nil |
- b. Other related party with whom the company had transactions, etc.
- i) Associates
- a) Sainik Mining And Allied Services Ltd.
 - b) Kapil Construction Private Limited
 - c) Indus Portfolio Private Limited
 - d) Global Coal Mining Private Limited
 - e) Shyam Indus Power Solutions Private Limited
 - f) ACB (India) Power Limited
 - g) Aryan Clean Coal Technologies Pvt.Ltd.
 - h) Kartikay Coal Washery Private Limited
 - i) Sarvesh CoalTech Private Limited
 - j) Mittersen Coal Tech Pvt.Ltd. (Shareholding)
 - k) Pragati Vanijaya Ltd. (Shareholding)
 - l) Blastec (India) Pvt.Ltd. (Shareholding)
- ii) Joint Venture
- | | | |
|--|---|-----|
| | - | Nil |
|--|---|-----|
- iii) Key Management Personnel
- | | | |
|--|---|-----|
| | - | Nil |
|--|---|-----|

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

c) Disclosure of transactions between the company and related parties as on 31st March, 2014 (Rs.)

Transaction	Associates	Key Management	Total
Purchase of Goods	-	-	-
Sale of Goods	94377	-	97377
Purchase of Fixed Assets	-	-	-
Sale of Fixed Assets	-	-	-
Sale of Investment	-	-	-
Rendering of Services	64494	-	64494
Service Received	1312360	-	1312360
Leasing/HP/Hypothecation arrangements Received	-	-	-
Share Application Money Given	10000000	-	10000000
Finance Provided	-	-	-
Finance Received	27500000	-	27500000
Interest Income	9211711	-	9211711
Interest Paid	21356322	-	21356322
Director Remuneration	-	-	-
Dividend Paid to shareholders	-	-	-

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

Liabilities side: (Rs.)

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	158258499	Nil
(e)	Commercial Paper	Nil	Nil
(f)	Other Loans see Note 1 below	Nil	Nil

Assets side:

2	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	Amount Outstanding
(a)	Secured	33025704
(b)	Unsecured	394756357
3	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
(i)	Lease assets including lease rentals under sundry debtors :	
	(a) Financial lease	3443904
	(b) Operating lease	Nil
(ii)	Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	Nil
	(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	706206
(iv)	Loan Syndication Principal -activities	
	(a) Loans where assets have been repossessed	Nil
	(b) Loans other than (a) above	Nil

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

4 Break-up of Investments :

Current Investments :

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

Long Term investments :

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

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

(Please see Note 2 below)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	75814901	75814901
2. Other than related parties	37175814	318941456	356117270
Total	37175814	394756357	431932171

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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

Please see note 3 below

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

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

7 Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	7101255
(ii) Net Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	3568342
(iii) Assets acquired in satisfaction of debt	Nil

- Notes :**
- i) As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
 - ii) Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
 - iii) All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (4) above.

32. Additional information in accordance with Part-II of Schedule VI of Companies Act, 1956. The company has discontinued its operation in the Cement and Poles manufacturing segment w.e.f. 31st July, 2012 and thereafter installed capacity (Plant & Machinery) has been partially removed and sold.

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	Nil	66000	Nil	22000	Nil	1640.050

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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

Particulars	Current Year		Previous Year	
	Quantity (MT)	Amount	Quantity (MT)	Amount
Lime Stone	Nil	Nil	1562.532	786818.81
Breeze Coke	Nil	Nil	176.250	1360237.66
Clay	Nil	Nil	192.720	38360.47
Iron Dust	Nil	Nil	54.898	189539.48
Gypsum	Nil	Nil	33.986	23790.20
Fly Ash	Nil	Nil	226.430	256505.64
Packing Material (Nos)	Nil	Nil	32801	263503.79

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	1.150	35.486	3288.58	66452	1.150	1.150	3288.58	3288.58
Portland Cement	Nil	5.000	Nil	9768	Nil	Nil	Nil	Nil
Semi-Finished								
Clinker	Nil	54.207	Nil	103925	Nil	Nil	Nil	Nil
Raw Mix	Nil	72.125	Nil	96359	Nil	Nil	Nil	Nil

ii) Sales :

Particulars	Quantity (MT)		Amount	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Portland Cement	Nil		1645.050	
			Nil	59,09,310

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	Nil	99000	Nil	33000	Nil	178

b) Quantitative Detail of Consumption of Raw Materials :

Particulars	Current Year		Previous Year	
	Quantity (MT)	Amount	Quantity (MT)	Amount
Cement	Nil	Nil	20.414	81965.84
P.CWire	Nil	Nil	8.931	457315.06
Sand	Nil	Nil	24.541	11243.75
Rodi 10 mm	Nil	Nil	19.063	13098.48
Rodi 20 mm	Nil	Nil	28.595	20025.38
Ad-Mixture	Nil	Nil	0.143	11398.73
G.I.Wire	Nil	Nil	0.160	8650.80
Hooks	Nil	Nil	0.029	1060.93

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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	206	1221	542322.94	30,55,311	47	206	166333.43	542322.94

ii) Sales :

Particulars	Quantity (Nos.)		Amount	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Poles	159	1193	383334	3950969

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
THE TIMES GAURANTEE LTD.	100	1,800	-	-	-	-	100	12,696	1,800	1,800
OSWAL AGRO LTD	500	5,995	-	-	-	-	500	20,213	6,120	6,120
SOMDATT FINANCE CORP. LTD.	700	6,370	-	-	-	-	700	54,033	2,695	2,695
ARVIND LTD	9	697	-	-	-	-	9	6,445	1,566	1,566
NAMESTE EXPORTS LTD.	200	520	-	-	-	-	200	17,322	520	520
SHREE RAM URBAN INFRAST. LTD.	100	10465	-	-	-	-	100	47559	9005	9,005
	4509	39295	-	-	-	-	4509	269982	37811	37811

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

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

Place : New Delhi
Dated : 30th May, 2014

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

Rudra Sen Sindhu
Director

Col. Samai Singh (Retd)
Director

Ashok Kumar Arora
Company Secretary

SAINIK FINANCE & INDUSTRIES LIMITED

Regd. Office: 129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi-110035
E-mail: legal.secretarial@sainikmining.com **website:** www.sainikfinance.com
Tel: 011-28315036 **Fax:** 011-28315044 **CIN:** L26912DL1991PLC045449

MGT-11

PROXY FORM

{(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management and Administration) Rules, 2014)}

CIN : **L26912DL1991PLC045449**
Name of the Company : **SAINIK FINANCE & INDUSTRIES LIMITED**
Registered Office : **129, Transport Centre, Rohtak Road, Punjabi Bagh, Delhi-110035**

Name of the Member	
Registered Address	
E-mail ID	
Folio No/ Client ID	
DP ID	

I/ we being a member /members of _____ shares of the above named company, hereby appoint

Name	
Address	
E-mail ID	
Signature	

Or failing him/her

Name	
Address	
E-mail ID	
Signature	

Or failing him/her

Name	
Address	
E-mail ID	
Signature	

SAINIK FINANCE & INDUSTRIES LIMITED

Regd. Office: 129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi-110035
E-mail: legal.secretarial@sainikmining.com **website:** www.sainikfinance.com
Tel: 011-28315036 **Fax:** 011-28315044 **CIN:** L26912DL1991PLC045449

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting of the company, to be held on the 30th day of September 2014 at 9.30 a.m. at Farm House of M/s Kapil Constructions Private Limited, Kishangarh - Mehrauli Road, Near Maa Anandmai Ashram, New Delhi-110 057 and at any adjournment thereof in respect of such resolutions as are indicated below:

Signed this day ofof 2014.

Resolution No.	Resolution	Vote (Please mention number of shares)		
		For	Against	Abstain
	Ordinary Business:			
1.	Adoption of audited Balance Sheet as at 31st March, 2014, the Profit & Loss Account for the period from 1st April, 2013 to 31st March, 2014 together with the report of the Board of directors and Auditors thereon			
2.	Approval for appointment a Director in place of Sh. Rudra Sen Sindhu, who retires by rotation and, being eligible, offers himself for re-appointment			
3.	Approval for appointment of M/s Kumra Bhatia & Co. as statutory auditor of the Company Special Business:			
4.	Approval for appointment of Sh. Samai Singh as independent director of the Company for a term of three years w.e.f. 30th September, 2014.			
5.	Approval for appointment of Sh. Vivek Varma as independent director of the Company for a term of three years w.e.f. 30th September, 2014.			

Signature of shareholder

Signature of Proxy holder(s)

Affix a Re. 1/- Revenue Stamp
--

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

SAINIK FINANCE & INDUSTRIES LIMITED

Regd. Office: 129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi-110035
E-mail: legal.secretarial@sainikmining.com **website:** www.sainikfinance.com
Tel: 011-28315036 **Fax:** 011-28315044 **CIN:** L26912DL1991PLC045449

ATTENDANCE SLIP

(For 22nd Annual General Meeting on Tuesday, 30th September, 2014 at 9.30 A.M.)

(To be handed over at the entrance of the Company Hall)

Name of Members (in BLOCK LETTERS):	
Address of Members	
Members folio/CL. ID	
No. of Shares held	
Name of Proxy (In case of proxies only) (in BLOCK LETTERS)	

I hereby record my presence at the 22nd Annual General Meeting of the Company on Tuesday, 30th day of September, 2014.

(*Member/ Proxy Signature)

*** To be signed at the time of handing over the slip.**

SAINIK FINANCE & INDUSTRIES LIMITED

Regd. Office: 129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi-110035
E-mail: legal.secretarial@sainikmining.com **website:** www.sainikfinance.com
Tel: 011-28315036 **Fax:** 011-28315044 **CIN:** L26912DL1991PLC045449

FORM NO. MGT-12 Polling Paper

*[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies
(Management and Administration) Rules, 2014]*

Name of the Company : **M/s Sainik Finance & Industries Limited**

Registered office : **129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi -110035**

BALLOT PAPER

S. No.	Particulars	Details
1	Name of the first named shareholder (in block letters)	
2	Postal Address	
3	Registered folio no./ *Client ID no. (Applicable to investors holding shares in dematerialized form)	
4	Class of shares	

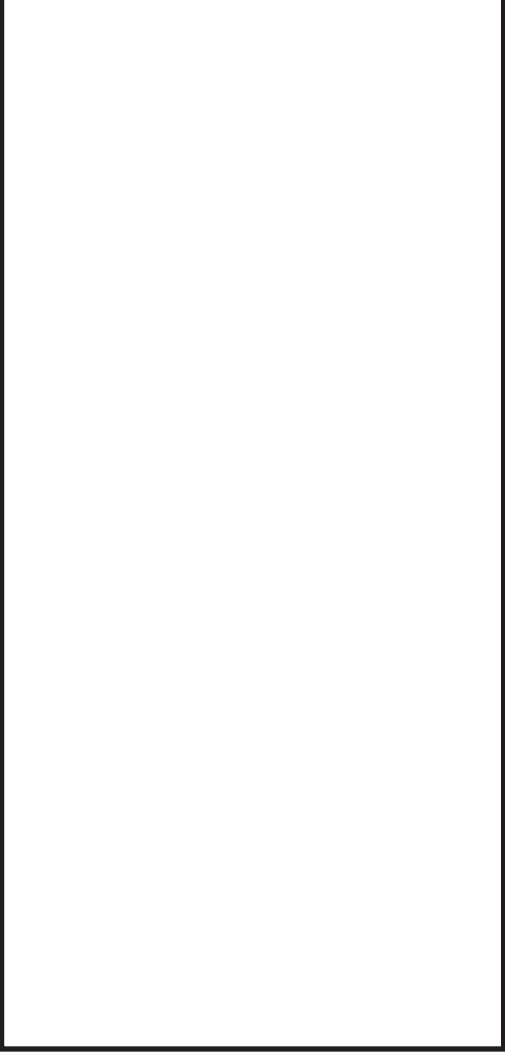
I hereby exercise my vote in respect of ordinary/special resolution enumerated below by recording my assent / dissent to the said resolution in the following manner:

No.	Item No.	No. of shares held by me	I assent to the resolution	I dissent from the resolution
1.	Adoption of audited Balance Sheet as at 31st March, 2014, the Profit & Loss Account for the period from 1st April, 2013 to 31st March, 2014 together with the report of the Board of directors and Auditors thereon.			
2.	Approval for appointment a Director in place of Sh. Rudra Sen Sindhu, who retires by rotation and, being eligible, offers himself for re-appointment.			
3.	Approval for appointment of M/s Kumra Bhatia & Co. as statutory auditor of the Company.			
4.	Approval for appointment of Sh. Samai Singh as independent director of the Company for a term of three years w.e.f. 30th September, 2014.			
5.	Approval for appointment of Sh. Vivek Varma as independent director of the Company for a term of three years w.e.f. 30th September, 2014.			

Place:
Date:

(Signature of shareholder/Proxy)

BOOK-POST



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