

*28<sup>th</sup>*

*Annual Report*

*2019 -2020*

**SAINIK FINANCE & INDUSTRIES LTD.**

**CIN: L26912DL1991PLC045449**

**Registered Office**

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

**Corporate Office**

7<sup>th</sup> Floor, Office Tower, Ambience Mall, NH-8, Gurugram, Haryana-122002

**E-mail :** [legal.secretarial@sainikmining.com](mailto:legal.secretarial@sainikmining.com) **Website:** [www.sainikfinance.com](http://www.sainikfinance.com)

**Tel:** 0124-2719000 **Fax:** 0124-2719100

# SAINIK FINANCE & INDUSTRIES LIMITED

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## **BOARD OF DIRECTORS**

Mr. Rudra Sen Sindhu	: DIN
Mr. Kuldeep Singh Solanki	: 00006999
Mr. Samai Singh	: 00009212
Mrs. Renuka Hooda	: 00235036
Mr. Sarvesh Sindhu	: 03611979
Mr. Ramesh Shah	: 06545787
	: 00029864

## **KEY MANAGERIAL PERSONNEL (KMP)**

Mr. Akash Shrivastava	: Chief Executive Officer
Mr. Jagdish Chandra	: Chief Financial Officer
Ms. Renu	: Company Secretary

## **AUDIT COMMITTEE**

Mr. Samai Singh  
Mr. Rudra Sen Sindhu  
Mrs. Renuka Hooda

## **NOMINATION AND REMUNERATION COMMITTEE**

Mrs. Renuka Hooda  
Mr. Rudra Sen Sindhu  
Mr. Samai Singh

## **STAKEHOLDER RELATIONSHIP COMMITTEE**

Mrs. Renuka Hooda  
Mr. Rudra Sen Sindhu  
Mr. Samai Singh

## **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Mr. Rudra Sen Sindhu  
Mr. Kuldeep Singh Solanki  
Mrs. Renuka Hooda

## **STATUTORY AUDITORS**

M/s. Nagar Goel & Chawla  
Chartered Accountants,  
New Delhi

## **SECRETARIAL AUDITORS**

M/s S.S. Bhati & Associates  
Company Secretaries,  
New Delhi

## **INTERNAL AUDITORS**

M/s. Kumra Bhatia & Co.  
Chartered Accountants,  
New Delhi

## **REGISTRAR AND SHARE TRANSFER AGENT (RTA)**

Indus Portfolio Private Limited

## **SHARES LISTED AT**

BSE Limited

# SAINIK FINANCE & INDUSTRIES LIMITED

## NOTICE

Notice is hereby given that the **28<sup>th</sup> Annual General Meeting** of the Members of M/s Sainik Finance & Industries Limited will be held on **Wednesday, the 30<sup>th</sup> day of September, 2020** through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) at 11:15 a.m. to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Annual Financial Statements of the Company for the financial year ended on 31<sup>st</sup> March, 2020 including the audited Balance Sheet as at 31<sup>st</sup> March, 2020, a Profit and Loss Account and Cash Flow Statements for the financial year ended on that date together with the reports of the Board of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rudra Sen Sindhu (DIN 00006999), who retires by rotation and, being eligible, offers himself for re-appointment.

### Special Business:

3. Appointment of Mr. Ramesh Shah (DIN 00029864) as an Independent Director of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), Mr. Ramesh Shah (DIN: 00029864), who is appointed as an additional director and also Independent Director of the Company by the Board of Directors at its meeting held on 25<sup>th</sup> June, 2020 and who holds office pursuant to the provisions of section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting or last date of Annual General Meeting for the financial year ended 2019-20 should have been held, whichever is earlier and who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations, be and is hereby appointed as an Non-Executive Independent Director of the Company to hold office as such for a term of five consecutive years i.e. upto 24<sup>th</sup> day of June 2025 and the period of his office shall not be liable to retire by rotation.”

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

4. Appointment of Mr. Sarvesh Sindhu (DIN: 06545787) as Director of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and rules, circulars, orders and notifications issued thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sarvesh Sindhu (DIN 06545787), who has been appointed as an additional Director of the Company by the Board of Directors with effect from 25<sup>th</sup> June, 2020 and who holds office pursuant to the provisions of section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting or last date of Annual General Meeting for the financial year ended 2019-20 should have been held, whichever is earlier whose term of office expires at the Annual General Meeting, be and is hereby appointed as a Director and the period of his office shall be liable to determination by retirement of directors by rotation.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

5. Approval for the matter relating to entering into related party transactions with ACB ( India) Limited and to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to provisions of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended (herein referred to as “the Listing Regulations”) and pursuant to the provisions of Section 188 of the Companies Act, 2013 (“the Act”); if and to the extent applicable and other applicable provisions of the Act read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, (including any statutory modification(s) or re-enactment(s)), the consent of the members / shareholders of the Company be and is hereby accorded to the Board of Directors (herein referred to as “the Board” which term shall include any Committee thereof) for approval of the material related party transaction entered or to be entered by the Company with ACB (India) Limited (ACB), a related party as defined in Section 2(76) of the Act with regard to repayment of inter-corporate loans and advances amounting to Rs.53.76 Crores (Rupees Fifty Three Crores Seventy Six Lakhs only) outstanding to the Company as on 31<sup>st</sup> March, 2020 alongwith interest due thereon till date of repayment, in one or more tranches, on such other terms and conditions as the Board may decide from time to time and briefly mentioned in the explanatory statement to this resolution.

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**RESOLVED FURTEHR THAT** the consent of the members of the Company be and is hereby also accorded / given to approve and ratify all inter-corporate loans and advances taken and given by the Company from/ to ACB (India) Limited from time to time which are in ordinary course of business and are on an arm's length basis and to all acts, deeds and things which was done and documents executed in connection with such related party transaction.

**RESOLVED FURTEHR THAT** Sh. Rudra Sen Sindhu, Sh. Sarvesh Sindhu and Sh. Kuldeep Singh Solanki, Directors of the Company be and are hereby severally authorized to execute the fresh agreement or addendum to the existing agreement in connection with repayment of aforesaid ICD given to / taken from ACB, on the terms and conditions as agreed and to do such other acts, things, deeds as may be deemed essential and incidental for the purpose, on behalf of the Company.

6. Approval for the matter relating to entering into related party transactions with Kartikay Exploration and Mining Services Private Limited and to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to provisions of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended (herein referred to as "the Listing Regulations") and pursuant to the provisions of Section 188 of the Companies Act, 2013 ("the Act"); if and to the extent applicable and other applicable provisions of the Act read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, (including any statutory modification(s) or re-enactment(s)), the consent of the members / shareholders of the Company be and is hereby accorded to the Board of Directors (herein referred to as "the Board" which term shall include any Committee thereof) for approving or ratifying the material related party transaction entered or to be entered by the Company with Kartikay Exploration and Mining Services Private Limited (KEMSPL), a related party as defined in Section 2(76) of the Companies Act, 2013 with regard to inter-corporate loans and advances of Rs.19.00 Crores (Rupees Nineteen Cores only) (including alongwith interest due thereon) given to KEMSPL from time to time during the last couples of years on such other terms and conditions as the Board may decide from time to time and briefly mentioned in the explanatory statement to this resolution.

**RESOLVED FURTHER THAT** the consent of the members of the Company be and is hereby also given to the Board of Directors (herein referred to as "the Board" which term shall include any Committee thereof) for modifying or extending repayment terms for. receiving / recovering back the balance ICD amount of Rs.15.02 Crores (Rupees Fifteen Cores Two Lakhs only) outstanding as on 31<sup>st</sup> March, 2020, within such period as may be extended by the Board on request of KEMSPL alongwith interest due thereon till date of repayment from KEMSPL in one or more tranches on such other terms and conditions as may be deemed fit by the Board in the interest of the Company

**RESOLVED FURTEHR THAT** the consent of the members of the Company be and is hereby also accorded/ given to approve and ratify all inter-corporate loans and advances taken and given by the Company from/ to KEMSPL from time to time which are in ordinary course of business and are on an arm's length basis and to all acts, deeds and things which was done and documents executed in connection with such related party transaction."

**RESOLVED FURTEHR THAT** Sh. Rudra Sen Sindhu, Sh. Sarvesh Sindhu and Sh. Kuldeep Singh Solanki, Directors of the Company be and are hereby severally authorized to execute the fresh agreement or addendum to the existing agreement in connection with repayment of aforesaid ICD given to / taken from KEMSPL, on the terms and conditions as agreed and to do such other acts, things, deeds as may be deemed essential and incidental for the purpose, on behalf of the Company.

Dated: 17<sup>th</sup> August, 2020

Place: New Delhi

By Order of the Board  
For Sainik Finance & Industries Limited

**Rudra Sen Sindhu**  
Director  
DIN: 00006999

## Notes:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") setting out material facts concerning the special business under Item Nos. 3 to 6 of the accompanying Notice, is annexed hereto. The Board of Directors of the Company on 17<sup>th</sup> August, 2020 considered that the special business under item Nos. 3 to 6, being considered unavoidable, be transacted at the 28<sup>th</sup> AGM of the Company.
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") and Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2020 /79 dated 12<sup>th</sup> May 2020 permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
3. The deemed venue for the 28<sup>th</sup> AGM shall be the Registered Office of the Company.

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4. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking appointment / re-appointment at this AGM is annexed.
5. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
6. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [r.gulati64@gmail.com](mailto:r.gulati64@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
7. The Register of Members and Transfer Books of the Company will be closed from Wednesday 23<sup>rd</sup> September, 2020 to Wednesday, 30<sup>th</sup> September, 2020 (both days inclusive) for the purpose of holding Annual General Meeting of the Company.
8. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agent, Indus Portfolio Private Limited ("IPPL"), having its corporate office at G-65, Bali Nagar, Delhi -110015 Ph. No. 011-47671214 for assistance in this regard.
9. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with IPPL in case the shares are held by them in physical form.
10. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to IPPL in case the shares are held by them in physical form.
11. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No.SH-13. The said form can be downloaded from the Company's website [www.sainikfinance.com](http://www.sainikfinance.com). Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to IPPL in case the shares are held in physical form.
12. SEBI has mandated submission of PAN and Bank Details by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their respective depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to IPPL.
13. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 29<sup>th</sup> September, 2020 through email on [legalsecretarial@sainikmining.com](mailto:legalsecretarial@sainikmining.com). The same will be replied by the Company suitably.
14. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or IPPL, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
15. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.sainikfiinance.com](http://www.sainikfiinance.com), websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of NSDL <https://www.evoting.nsdl.com>
16. Notice of AGM shall be send electronically to the members/ shareholders whose name are appeared on Friday 28<sup>th</sup> August, 2020 in the records of Depository and Register of Members maintained by RTA and whose email addresses are registered with the Company / Depositories / RTA
17. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
18. In case of joint holders, 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 at the AGM.

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19. At the 25<sup>th</sup> AGM held on 28<sup>th</sup> September, 2017, the members approved appointment of M/s Nagar Goel & Chawla, Chartered Accountants, New Delhi (bearing ICAI Registration No.009933N) as Statutory Auditors to hold office for a period of five years from the conclusion of that AGM till the conclusion of the 30<sup>th</sup> AGM to be held for the financial year ending on 31<sup>st</sup> March 2022, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the 28<sup>th</sup> AGM.
20. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
21. In terms of Section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the copy of the Annual Report including Financial statements, Board's report etc. and this Notice are being sent by electronic mode, to those members who have registered their email ID's with their respective depository participants or with the Registrar and Share Transfer Agent of the Company, unless any member has requested for a physical copy of the same. In case you wish to get a physical copy of the Annual Report, you may send your request to [pk.mittal@indusinvest.com](mailto:pk.mittal@indusinvest.com) or [legal.secretarial@sainikmining.com](mailto:legal.secretarial@sainikmining.com) mentioning your Folio/DP ID & Client ID.
22. Instructions for e-voting and joining the AGM are as follows:

## A. VOTING THROUGH ELECTRONIC MEANS

- i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.
- ii. The remote e-voting period commences on Sunday, 27<sup>th</sup> September, 2020 (9:00 a.m. IST) and ends on Tuesday, 29<sup>th</sup> September, 2020 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Wednesday, 23<sup>rd</sup> September, 2020 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- iii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on Wednesday, 23<sup>rd</sup> September, 2020.
- iv. The Board of Directors has appointed Mr. Rajesh Gulati, Practicing Chartered Accountant (Membership No. 089046), has been appointed as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
- v. The Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- vi. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. Wednesday, 23<sup>rd</sup> September, 2020, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- vii. The details of the process and manner for remote e-voting are explained herein below:

### A. Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

- 1) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- 2) Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- 3) A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- 4) Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
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a) For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

- 5) Your password details are given below:
- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the initial password which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. pdf file. Open the pdf file. The password to open the pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
  - 6) If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
    - a) Click on "[Forgot User Details/Password?](#)" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - b) [Physical User Reset Password?](#) (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
    - d) Members can also use the one-time password (OTP) based login for casting the votes on the e-Voting system of NSDL
  - 7) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  - 8) Now, you will have to click on "Login" button
  - 9) After you click on the "Login" button, Home page of e-Voting will open.

## **B. Step 2 : Cast your vote electronically on NSDL e-Voting system.**

- 1) After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- 2) After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- 3) Select "EVEN" of company for which you wish to cast your vote.
- 4) Now you are ready for e-Voting as the Voting page opens.
- 5) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- 6) Upon confirmation, the message "Vote cast successfully" will be displayed.
- 7) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- 8) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

## 23. General Guidelines for shareholders

- 1) Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc., with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by email to [r.gulati64@gmail.com](mailto:r.gulati64@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- 2) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on <https://www.evoting.nsdl.com> to reset the password.
- 3) In case of any queries relating to e-voting you may refer to the FAQs for Shareholders and e-voting user manual for Shareholders available at the download section of <https://www.evoting.nsdl.com> or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). In case of any grievances connected with facility for e-voting,

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please contact Ms. Pallavi Mhatre, Manager, NSDL, 4<sup>th</sup> Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Email: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/[pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in), Tel: 91 22 2499 4545/ 1800-222-990.

- 4) Process for registration of email id for obtaining Annual Report and user id/password for e-voting and updation of bank account mandate for receipt of dividend, if any:

Physical Holding	Send a request to the Registrar and Transfer Agents of the Company, IPPL at <a href="mailto:pk.mittal@indusinvest.com">pk.mittal@indusinvest.com</a> providing Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self- attested scanned copy of PAN card), AADHAR (self- attested scanned copy of Aadhar Card) for registering email address, and scanned copy of the cancelled cheque bearing the name of the first shareholder shall be provided to update the Bank Account details of the Shareholders.
Demat Holding	Please contact your Depository Participant (DP) and register your email address and bank account details in your demat account, as per the process advised by your DP

## B. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

- i. Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM provided by NSDL at <https://www.evoting.nsdl.com> by using their remote e-voting login credentials and selecting the EVEN for Company's AGM. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further Members can also use the OTP based login for logging into the e-voting system of NSDL.
- ii. Facility of joining the AGM through VC / OAVM shall open 15 minutes before and will be open upto 15 minutes after scheduled start time of AGM i.e. shall open from 11.00 AM to 11.30 AM and close after will be available for Members on first come first served basis.
- iii. Members may note that the VC/OAVM Facility, provided by NSDL, allows participation of atleast 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the 28<sup>th</sup> AGM without any restriction on account of first-come- first-served principle.
- iv. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/ 1800-222-990 or contact Mr. Amit Vishal, Senior Manager – NSDL at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in)/ 022-24994360/ +91 9920264780 or Mr. Sagar Ghosalkar, Assistant Manager- NSDL at [sagar.ghosalkar@nsdl.co.in](mailto:sagar.ghosalkar@nsdl.co.in)/ 022-24994553/ +91 932678146
- v. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID / folio number, PAN, mobile number at [legal.secretarial@sainikmining.co](mailto:legal.secretarial@sainikmining.co) from 27<sup>th</sup> September, 2020 (9:00 a.m. IST) to 28<sup>th</sup> September, 2020 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

## 24. Other Instructions and results declaration :

- 1) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
- 2) The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.sainikfinance.com](http://www.sainikfinance.com) and on the website of NSDL <https://www.evoting.nsdl.com> immediately. The Company shall simultaneously forward the results to BSE Limited, where the shares of the Company are listed.

## Statement pursuant to Section 102(1) of the Companies Act, 2013 ("The Act")

The following Statement sets out all material facts relating to the Special Business mentioned in the Notice:

### Item No. 3

The Board of Directors of the Company at its meeting held on 25<sup>th</sup> June, 2020 had appointed Mr. Ramesh Shah (DIN 00029864) as additional director (Independent Director) of the Company who holds office pursuant to the provisions of section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting or last date of Annual General Meeting for the financial year ended 2019-20 should have been held, whichever is earlier. He fulfils all criteria of Listing

# SAINIK FINANCE & INDUSTRIES LIMITED

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Regulations as well as the provisions of section 149(6) of Companies Act, 2013 for appointment as Independent Director of the Company. He has also given declaration that he fulfils and complies with all the conditions specified in the Section 149(6) of Companies Act, 2013 making his eligible to be appointed as Independent Director of the Company at ensuing Annual General Meeting.

The Nomination and Remuneration Committee (NRC) of the Board of Directors on the basis of the report of performance evaluation, has recommended appointment of Mr. Ramesh Shah as an Independent Director of the Company.

The Board, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee, considers that, given his background and experience, Mr. Ramesh Shah would be beneficial to the Company and it is desirable to appoint him as an Independent Director. Accordingly, it is proposed to appoint Mr. Ramesh Shah as an Independent Director of the Company, not liable to retire by rotation, for a term of 5(Five) consecutive years upto 24<sup>th</sup> June, 2025, on the Board of the Company.

Mr. Ramesh Shah is not disqualified from being appointed as a director in terms of Section 164 of the Companies Act, 2013 ("the Act"), and has given his consent to act as a director.

The Company has also received declaration from Mr. Ramesh Shah that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Copy of draft letter of appointment of Mr. Ramesh Shah setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

None of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board commends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the members.

## **Item No. 4**

The Board of Directors of the Company at its meeting held on 25<sup>th</sup> June, 2020 had appointed Mr. Sarvesh Sindhu (DIN 06545787) as additional director of the Company who holds office pursuant to the provisions of section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting or last date of Annual General Meeting for the financial year ended 2019-20 should have been held, whichever is earlier.

The Nomination and Remuneration Committee (NRC) of the Board of Directors on the basis of the report of performance evaluation, has recommended appointment of Mr. Sarvesh Sindhu as Director of the Company who is liable to retire by rotation.

The Board, on the recommendation of the Nomination and Remuneration Committee, considered that, given his background and experience, Mr. Sarvesh Sindhu would be beneficial to the Company and it is desirable to appoint him as an Non- Executive Non- independent Director of the Company. Accordingly, it is proposed to appoint Mr. Sarvesh Sindhu as Director of the Company, is liable to retire by rotation, on the Board of the Company.

Mr. Sarvesh Sindhu is not disqualified from being appointed as a director in terms of Section 164 of the Companies Act, 2013 ("the Act"), and has given his consent to act as a director.

Except Sh. Rudra Sen Sindhu, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

## **Items No. 5&6:**

The Company is Non-Banking Finance Company registered with Reserve Bank of India and engaged in investment and finance business, providing / availing Inter-Corporate loan and advance in normal course of business. The Company entered or to be entered with related transactions to provide or to take intercorporate loan or advances and also to provide / to avail services to / from related parties from time to time. The Audit Committee gives omnibus approval at its meeting held during every financial year for such related parties transactions entered or to be entered during this financial as they are in ordinary course of business and on an arm's length basis.

The members of the Company are requested to note that pursuant to provisions of Section 188 of the Companies Act, 2013 ("Act") read with the relevant Rules made there under and pursuant to provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), any transactions with related party having monetary value exceeding of 10% of turnover of the Company as per the last audited financial statements of the Company would be considered a Material Related Party Transactions. All Material Related Party Transactions will require approval of the members through an ordinary resolution.

The Company being a NBFC Company has received inter-corporate loans and advances during the last couples of years from Spectrum Coal and Power Limited (SCPL), an unrelated party / entity. Pursuant to order dated 4<sup>th</sup> February, 2020 of the Hon'ble NCLT, New Delhi, SCPL has been merged with ACB (India) Limited ("ACB"), a related party defined under section 2(76) of the Companies Act, 2013 ("Act") with effect from 18<sup>th</sup> February, 2020. As on 31<sup>st</sup> March, 2020, total outstanding amount of ICD availed from SCPL (including interest due thereon) was Rs. 53.76 Crores. Due to merger of

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SCPL with ACB, the Company has to pay such inter-corporate loans and advances to ACB, a related party in one or more tranches. As such transaction amounts are more than 10% of turnover of the Company, hence it requires the approval of the members of the Company at the general meeting. The Company is NBFC Company and is engaged investment and finance business. Hence, such transactions are in ordinary course of business and are on an arm's length basis.

Further the Company being a NBFC Company has enter into an Inter-Corporate Loan Agreement dated 21<sup>st</sup> May, 2014 for providing or giving inter-corporate loan and advances aggregating to Rs. 20.00 Crores (Rupees Twenty Crores) to Kartikay Exploration and Mining Services Private Limited (KEMSPL) which was an unrelated party/ entity at that time. Pursuant to the provisions of this Agreement, the Company has provided or given ICD to KEMSPL from time to time during last couples of years. Such ICD given to KEMSPL are in ordinary course of business and are on an arm's length basis Till the year ended, 31<sup>st</sup> March, 2019, total outstanding ICD amount (including interest due thereon) given to KEMSPL was Rs.19.00 Crores (Rupee Nineteen Crores Only). KEMSPL now become a related party because of some statutory amendments, hence, the Company has to take necessary approval from the members / shareholders to ratify such ICD given to KEMSPL and received back same from KEMSPL. As on 31<sup>st</sup> March, 2020, total outstanding amount of ICD given to KEMSPL (including interest due thereon) was Rs.15.02 Crores. Now the Company intends to approve and ratify such related party transactions pertaining to ICD given to KEMSPL and to modify the repayment terms for receiving / recovering back the balance ICD amount of Rs.15.02 Crores (Rupees Fifteen Cores Two Lakhs only) outstanding as on 31<sup>st</sup> March, 2020, within such period as may be extended by the Board on request of KEMSPL alongwith interest due thereon till date of repayment from KEMSPL in one or more tranches on such other terms and conditions as may be deemed fit by the Board in the interest of the Company.

Even though the provisions of Companies Act, 2013 read with rules made thereunder regarding related party transactions do not attract to the above transactions of providing or taking inter-corporate loans to or from related party(ies) because this transactions are in ordinary course of business and are on an arm's length basis. However, this transaction may become a material related party transaction pursuant to the provisions of Regulation 23 of SEBI Regulations. i.e. monetary value of inter- corporate loans & advances is more than 10% of turnover of the Company. Therefore the approval of the shareholders/ the members is being sought by way of passing an ordinary resolution in compliance of Regulation 23 of SEBI Regulations to enter into such related party transactions.

The Audit Committee and Board of Directors in their meeting held on 17<sup>th</sup> August, 2020 have reviewed and approved major terms & conditions of this transaction and recommended to the members for their approval by way of an ordinary resolution. The other related information as envisaged under provisions of Section 188 of the Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board and its Powers) Rule, are furnished hereunder:

Name of Related Party	ACB (India) Limited (ACB)
Name of the Director / KMP who is related and nature of relationship	Rudra Sen Sindhu, Sh. Sarvesh Sindhu and Kuldeep Singh Solanki, Directors and Promoters of the Company and their relatives are also Directors and Shareholders of ACB.
Nature, material terms, monetary value and particulars of the contract or arrangement	<p>The Company has received Inter-Corporate Loans and Advances from Spectrum Coal and Power Limited (SCPL), an unrelated party pursuant to provisions of ICD Agreement dated 9<sup>th</sup> April, 2016 during last couples of the years from time to time.</p> <p>Pursuant to order dated 4<sup>th</sup> February, 2020 of the Hon'ble NCLT, New Delhi, SCPL has been merged with ACB (India) Limited ("ACB"), a related party defined under section 2(76) of the Companies Act, 2013 ("Act") with effect from 18<sup>th</sup> February, 2020 The Company now propose to repayment of all inter corporate loan &amp; advances availed from SCPL, non-related party which has been merged with ACB, a related party.</p> <p>As on 31<sup>st</sup> March, 2020, total outstanding amount of ICD availed from SCPL (including interest due thereon) was Rs.53.76 Crores. Due to merger of SCPL with ACB, the Company has to repay such inter-corporate loans and advances to ACB, a related party in one or more tranches alongwith interest due thereon till date of repayment.</p> <p>The Current annual rate of interest is 12%. Such Inter Corporate Loan &amp; Advances shall be repayable on demand.</p>
Any other information relevant or important for the members to take a decision on the proposed resolution	Such related party transactions entered or to be entered with ACB pursuant to the merger of SCPL with ACB are in ordinary course of business and are on an arm's length basis.
Name of Related Party	Kartikay Exploration and Mining Services Private Limited (KEMSPL)
Name of the Director / KMP who is related and nature of relationship	Relative of Sh. Rudra Sen Sindhu, Directors and Promoters of the Company are also director and shareholders of KEMSPL.
Nature, material terms, monetary value and particulars of the contract or arrangement	The Company has given to KEMSPL which was an unrelated party, an inter-corporate loans and advances of Rs.19.00 Crores (Rupees Nineteen Crores only) during last couple of years pursuant to ICD Agreement dated 21 <sup>st</sup> May, 2014. KEMSPL now become related party.

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	<p>The Company now intends to approve and ratify such related party transactions pertaining to ICD given to KEMSPL and to modify the repayment terms for receiving / recovering back the balance ICD amount of Rs.15.02 Crores (Rupees Fifteen Cores Two Lakhs only) outstanding as on 31<sup>st</sup> March, 2020, within such period as may be extended by the Board on request of KEMSPL alongwith interest due thereon till date of repayment from KEMSPL in one or more tranches on such other terms and conditions as may be deemed fit by the Board in the interest of the Company.</p> <p>The Current annual rate of interest is 13.85%. Such Inter Corporate Loan &amp; Advances shall be repayable on demand</p>
Any other information relevant or important for the members to take a decision on the proposed resolution	Such related party transactions entered or to be entered with KEMSPL pursuant to the modifying repayment terms are in ordinary course of business and are on an arm's length basis.

Sh. Rudra Sen Sindhu, Sh. Sarvesh Sindhu, Sh. Kuldeep Singh Solanki and their relative will not participate in above said business to be transacted at AGM through e-voting process or otherwise as they are interested in these resolutions.

None of the Director or Key managerial personal of the Company and their relatives, other than Mr. Rudra Sen Sindhu, Sh. Sarvesh Sindhu and Mr. Kuldeep Singh Solanki and their relatives, are concerned or interested, financially or otherwise, in this Resolution.

The Board accordingly recommends the Ordinary Resolution set out at Item No.5&6 of the accompanying Notice for approval of the Members.

Dated: 17<sup>th</sup> August, 2020  
Place: New Delhi

By Order of the Board  
**For Sainik Finance & Industries Limited**

**Rudra Sen Sindhu**  
Director  
DIN: 00006999

## Annexure to Item No. 2, 3 & 4 of Notice of AGM

Details of Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting *(in pursuance of regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

### Brief Profile of Director being appointed/re-appointed:

Name	Mr. Rudra Sen Sindhu	Mr. Ramesh Shah	Mr. Sarvesh Sindhu
DIN	00006999	00029864	06545787
Age	64 years	62 years	29 years
Date of Appointment	22/08/1991	25/06/2020	25/06/2020
Qualification	He is ex-army person and has bachelor's degree in arts.	He is qualified Chartered Accountant and Cost Accountant.	He has MBA degree from Boston University, United States of America.
Expertise in specific functional area	He 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 37 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 completed a bachelor's degree in science from University of Kashmir in the year 1977 and is a fellow member of the Institute of Chartered Accountants of India and is a qualified Cost Accountant. He has extensive experience of over 27 years of heading functions like statutory audit, taxation, accounts, finance, costing, MIS, internal and management audit, commercial, administration, material management, systems and controls, mergers, acquisition, takeovers, etc.	He was the Captain of the School Basketball team and attended Delhi National Basketball camp in the year 2007. Sh. Sarvesh Sindhu has done his schooling from Sanskriti School, Chanakya Puri, Delhi. He also has done one year management studies from Boston University, United States of America. He is pursuing Chartered Accountant course from Institute of Chartered Accountants of India (ICAI). He has been pursuing family business since last 4 years i.e. coal mining, contract mining, mining logistics and setting up and operation of power plants and non-banking fiancé business.

## SAINIK FINANCE & INDUSTRIES LIMITED

	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 in rural area.		
<b>Directorships held in other companies (except foreign companies)</b>	ACB (India) Limited ACB (India) Power Limited Aryan Energy Private Limited Aryan Ispat And Power Private Limited Global Coal And Mining Private Limited Hari Bhoomi Communications Private Limited Indus Portfolio Private Limited Legend Travels Private Limited Paramitra Holdings Limited Sindhu Trade Links Limited Thriveni Sainik Mining Private Limited	Penta Software Private Ltd Penta Serv (India) Pvt. Ltd Apex Capital and Finance Limited S.K. Dudha & Co., Chartered Accountants	Garuda Resorts Private Ltd ACB Mining Private Limited Spectrum Renewal Energy Private Limited Mine Gate India LLP
<b>Memberships / Chairmanships of committees of other Public companies (includes Audit &amp; Stakeholder Committee)</b>	He is Chairman of Audit Committee of ACB (India) Power Limited and Aryan Energy Private Limited. He is member of Audit Committee and Stakeholder Committee of ACB (India) Limited.	Except he is the Chairman of Audit Committee of Apex Capital and Finance Limited, he does not hold a position of Chairmanship or Membership of Audit Committee and Stakeholders Committee in any other Company.	Not applicable
<b>Shareholding in the Company</b>	1334835 Equity Shares	Nil	248866 Equity Shares
<b>Relationship with any Director(s) of the Company</b>	He is relative of Sh. Sarvesh Sindhu, None- Executive Director of the Company	He is not related to Company or any director or Key Managerial Personnel of the Company.	He is relative of Sh. Rudra Sen Sindhu, Non- Executive Director of the Company.

# SAINIK FINANCE & INDUSTRIES LIMITED

## DIRECTORS' REPORT

The Members,  
**Ladies and Gentlemen,**

Your directors have pleasure in presenting their 28<sup>th</sup> Annual Report and the Audited Financial Statements for the financial year ended on 31<sup>st</sup> March, 2020.

### 1. FINANCIAL RESULTS

(Amount in Rupees Lakhs)

Particulars	For the financial year 2019-20	For the financial year 2018-19
Total Revenue	3,409.29	2,986.86
Profit before financial costs, depreciation, and tax	3,095.07	2,792.84
Finance Costs	2,467.32	2,105.56
Profit before depreciation and tax	627.75	687.29
Depreciation for the financial year	0.71	0.87
Profit / (Loss) before tax	627.04	686.41
Direct Taxes ( current and deferred taxes)	220.78	180.87
Profit / (Loss) after Tax	406.26	505.54
Other Comprehensive Income for the year (net of tax)	(7.23)	0.56
Total Comprehensive income for the year	399.03	506.10
Transfer to Reserve Fund	81.25	108.49

### 2. COVID-19- A GLOBAL “PANDEMIC”

The World Health Organization (WHO) on March 11, 2020 declared the outbreak of Coronavirus (COVID-19) as a global “pandemic”. The declaration from WHO came at a time when COVID-19 cases rapidly increased across the world. The spread of virus has triggered panic across the world and financial markets. Like some of the other countries in the World, the virus’ impact led the Hon’ble Prime Minister of India, Shri Narendra Modi to announce a lockdown across the country from March 25, 2020 to restrict it from spreading further and to break the cycle of infection. As a result, the Country’s economic activities came to a standstill.

The following measures were taken by the Company to mitigate the risk of COVID-19 to its business operations:

- The Company invoked its ‘Business Continuity Plan’ and ‘Risk Management Framework’ quite early to minimize the impact on its employees and ensured that the Company remains operational and that recovery time objectives are met.
- The Company proactively framed and implemented ‘work from home policy’ to ensure that employees stay safe and business remains operational.
- All the guidelines issued by the Central and State Government authorities from time to time are being strictly adhered to.

### 3. APPLICABILITY OF INDIAN ACCOUNTING STANDARDS (‘IND AS’) AND PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared and presented in accordance with Indian Accounting Standards (‘Ind AS’) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with guidelines issued by the Securities and Exchange Board of India (SEBI) and the guidelines issued by the Reserve Bank of India (‘RBI’) as applicable to a Non-Banking Finance Company (‘NBFC’). The financial statements have been prepared on a going concern basis. The Company uses accrual basis of accounting except in case of significant uncertainties. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The financial statements are presented in Indian rupees. For all periods up to and including the year ended 31 March 2019, the Company had prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the NBFC Master Directions (hereinafter referred as ‘Previous GAAP’). These financial statements for the year ended 31 March 2020 are the first the Company has prepared in accordance with Ind AS. The Company has applied Ind AS 101 ‘First-time Adoption of Indian Accounting Standards’, for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note No. 35 of the Financial Statements for the financial year ended 31<sup>st</sup> March, 2020.

### 4. TRANSFERS TO RESERVES AND PROVISIONS

Except as mentioned below, no amount was proposed to transfer to any reserve by the Company during the year under review.

# SAINIK FINANCE & INDUSTRIES LIMITED

During the year under review, the Company has transferred Rs.81.25 Lakhs (Rupees Eighty One Lakhs and Twenty Five Thousands only) to Special Reserve Funds in order to comply with the provisions of Section 451A read with section 451C of the Reserve Bank of India Act, 1934.

As on 31<sup>st</sup> March, 2020, the Company has made the provision of Rs. 54.90 Lakhs (Rupees Fifty Four Lakhs Ninety Thousand Only) for Sub Standard Assets and Rs. 64.19 Lakhs (Rupees Sixty Four Lakhs Nineteen Thousand Only) for Standard Assets in order to comply with the guidelines of the Reserve Bank of India.

## 5. 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.

## 6. PERFORMANCE REVIEW

During the year under review, the Company's total income has increased to Rs.3,409.29 Lakhs as compared to Rs. 2,986.86 Lakhs in the previous year and the Company earned a profit before tax of Rs. 627.04 Lakhs as compared to Rs. 686.41 Lakhs in the previous year. Previous year figures of total income and profit before tax have been changed due to making adjustments w.r.t to implementation of IndAS during the year under review.

## 7. NON-PERFORMING ASSETS OF THE COMPANY

Your Company is in adherence to the provisions of Indian Accounting Standards (Ind AS) with respect to computation of Stage-3 Assets Non performing assets (NPA). Your Company's assets have been classified based on expected performance. Exposure at Default (EAD) is the total amount outstanding including accrued interest as on the reporting date. Further in compliance with Ind AS accounting framework, Interest earned on NPA's is recognized net of expected losses, if the present realisable value of the security is greater than the outstanding loan dues.

Using a pro-active collection and recovery management system supported by analytical decision making, your Company was able to contain its gross NPAs at 69.37 Lakhs as at March 31, 2020. Your Company reviews the delinquency and loan portfolio on regular basis. Further, the information on the Business overview and outlook and state of affairs of your Company have been discussed in detail in the MDA which forms part of this Annual Report.

## 8. SHARE CAPITAL OF THE COMPANY

The Authorised share capital of the Company is Rs.1100.00 Lakhs divided into 11000000 Equity shares of Rs.10/- each. Issued, Subscribed and Paid up share capital of the Company is Rs.1088.00 Lakhs divided into 10880000 Equity Shares of Rs.10/- each fully paid up.

Out of the above 9410408 Equity Shares being 86.49% of the Company's paid up equity shares capital are in dematerialized form as on 31<sup>st</sup> March, 2020 and balance 1469592 Equity Shares being 13.51% of the Company's paid up equity shares capital are in physical form. The Company request all the shareholders who hold equity shares in physical form to get their equity shares dematerialised with their depository at earliest. Our Registrar & Transfer Agent is M/s Indus Portfolio Private Limited, having their communication office at G-65, Bali Nagar, New Delhi-110015.

## 9. PAYMENT OF DIVIDEND

Your directors do not recommend any dividend for payment to the shareholders / members of the Company for the financial year ended on 31<sup>st</sup> March, 2020.

## 10. DIRECTORS OF THE COMPANY

As on date, the Board of the Company comprises of 6 Directors, consisting of three Independent Directors (including one Women Director), three Non-Executive Non Independent Directors as on date who bring in a wide range of skills and experience to the Board. The Board of Directors of the Company are:

Name of Director	Designation	DIN
Sh. Rudra Sen Sindhu	Non- Executive Non-Independent Director	00006999
Sh. Kuldeep Singh Solanki	Non- Executive Non-Independent Director	00009212
Sh. Sarvesh Sindhu	Non- Executive Non-Independent Director	06545787
Sh. Ramesh Shah	Non- Executive Independent Director	00029864
Sh. Samai Singh	Non- Executive Independent Director	00235036
Smt. Renuka Hooda	Non- Executive Independent Director	03611979

In term of the Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Sh. Rudra Sen Sindhu (DIN-00006999), non- executive director of the Company, retires by rotation at ensuing Annual General Meeting being eligible, offers himself for re-appointment. Your directors recommend his re-appointment as director of the Company.

Subsequent to year under review, the Board of Directors of the Company on the basis of recommendation of Nomination and Remuneration Committee, at its meeting held on 25<sup>th</sup> June, 2020 appointed Mr. Ramesh Shah as additional director in capacity of Independent Director and Sh. Sarvesh Sindhu as additional director in capacity of Non- executive Non-Independent Director with effect from 25<sup>th</sup> June, 2020 who hold office up to date of ensuing AGM.

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In order to keep continue services of Mr. Ramesh Shah, the Board propose to appoint Sh. Ramesh Shah as Independent Director of the Company at the ensuing AGM for a term of five consecutive years commencing w.e.f. 25<sup>th</sup> June, 2020 till 24<sup>th</sup> June, 2025. The Board also proposes to appoint Sh. Sarvesh Sindhu as Director of the Company at the ensuing AGM. Your Board members believes that induction of Mr. Ramesh Shah and Sh. Sarvesh Sindhu on the Board will support in broadening the overall expertise of the Board and will bring wide experience particularly in the areas of corporate governance and various laws. Their appointment as Independent Director and Director of the Company respectively is placed before the Shareholders for consideration and approval.

As required under regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the information on the particulars of the Directors proposed for appointment/re-appointment has been given in the Notice of the Annual General Meeting

## Declaration by Independent Directors

Pursuant to the provisions of section 149 of the Act, Mr. Samai Singh, Ms. Renuka Hooda and Sh. Ramesh Shah are the independent directors of the Company as on date. They have submitted declaration that each of them meets the criteria of independence as provided in section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than the sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

## Board Evaluation

Your Company is following the most effective way to ensure that Board Members understand their duties and adopt good governance practices. In furtherance to this, the Directors of your Company commit to act in good faith to promote the objects of the Company for the benefit of its Employees, the Stakeholders including Shareholders, the Community and for the protection of environment. Your Company has defined a manner of evaluation as per the provisions of the Act, SEBI LODR Regulations for the Evaluation of performance of the Board, Committees of Board & Individual Directors. The above manner is based on the Guidance Note on Board Evaluation issued by the SEBI on January 05, 2017

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board carried out the evaluation of every Director' performance and its own performance as a whole, Statutory Board Committees namely Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility (CSR) Committee and Stakeholders Relationship Committee and all the Independent Directors without the presence of the Director being evaluated. The Board expressed its satisfaction on performance evaluation. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## Remuneration Policy

The Board on the recommendation of the Nomination and Remuneration Committee adopted a "Policy on Nominations and Remuneration for Directors, Key Managerial Executives, Senior Management and other Employees", which, inter-alia, lays down the criteria for identifying the persons who are qualified to be appointed as Directors and/or Senior Management Personnel of the Company, along with the criteria for determination of remuneration of Directors, KMPs, Senior Management and other employees and their evaluation and includes other matters, as prescribed under the provisions of Section 178 of the Act and SEBI LODR Regulations. The "Policy on Nominations and Remuneration for Directors, Key Managerial Executives, Senior Management and Other is available on the Company's website [www.sainikfinance.com](http://www.sainikfinance.com). The summary of Nomination and Remuneration Policy is stated in the Corporate Governance Report. The Remuneration paid to the Directors is in line with the Remuneration Policy of the Company. Details of Remuneration paid to all the Directors/ KMPs during the Financial Year 2019-20 is more particularly defined in extract of Annual Return in form "MGT-9" attached to this report.

## Disclosure under section 197 (12) of the Companies Act, 2013 read with rules made thereunder

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of the Act and Rule 5 (1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (Rules) is given below:

The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	<b>Name of the Director</b>	<b>Ratio to the median</b>
	N.A.	N.A.
The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	<b>Name of Director/CS/CFO</b>	<b>% increase</b>
	Jagdish Chandra, CFO	-
	Akash Shrivastava, CEO	-
	Pooja Bansal, CS*	-
The percentage increase in the median remuneration of employees in the financial year;	NIL	
The number of permanent employees on the rolls of Company at end of the financial year under review;	6	
Average percentile increase already made in the salaries of employees other than the managerial personnel in the	NIL	

# SAINIK FINANCE & INDUSTRIES LIMITED

last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	
Affirmation that the remuneration is as per the remuneration policy of the company.	Yes; the remuneration is as per the remuneration policy of the company.

Mr. Pooja Bansal appointed as Company Secretary w.e.f. 1<sup>st</sup> June, 2019 and resigned w.e.f. 4<sup>th</sup> February, 2020.

None of employees of the Company has received remuneration of Rs.1,02,00,000 per annum and Rs.8,50,000 per month during the financial under review. Details of employees remuneration as required under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) and 5(3) of Rules are available at the registered office of the Company during working hours 21 days before the Annual General Meeting and shall be made available to any shareholders on their request in written.

## Meetings

During the year under review, (5) Board Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between two board meetings was within the period prescribed under the Companies Act, 2013.

## 11. KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of section 203 of the Act, as on date the key managerial personnel of the Company are Mr. Akash Shrivastava, Chief Executive Officer, Mr. Jagdish Chandra, Chief Financial Officer and Mr. Renu, Company Secretary of the Company. During the year under review, Mr. Pooja Bansal Company Secretary of the Company a member of ICSI, resigned with effect from 4<sup>th</sup> February, 2020 and Subsequent to the year under review, Mrs. Renu was appointed as Company Secretary, KMP and Compliance Officer of the Company with effect from 25<sup>th</sup> June, 2020.

## 12. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

As required under regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report is enclosed as a part of this report.

## 13. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors acknowledges the responsibility for ensuring compliance with the provisions of section 134(3)(c) read with section 134(5) of the Companies Act, 2013 in the preparation of the Financial Statement for the financial year ended on 31<sup>st</sup> March, 2020 and state:

- i) That in the preparation of Annual Accounts for the financial year ended as at 31<sup>st</sup> March, 2020, 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 31<sup>st</sup> March, 2020 and of the profit and loss of the Company for the financial year ended on 31<sup>st</sup> March, 2020.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the Assets of the Company and for preventing and detecting fraud or other irregularities.
- iv) That the Directors have prepared the Annual Accounts on a "Going Concern basis".
- v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi) There is a proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during financial year 2019-20

## 14. PUBLIC DEPOSITS

The Company has not invited or accepted any public deposits within the meaning of Section 73 of the Companies Act, 2013 and the rules made thereunder 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.

## 15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

# SAINIK FINANCE & INDUSTRIES LIMITED

The Company, being a non-banking finance company registered with the Reserve Bank of India and engaged in the business of giving loans or finance & investment activities, is exempt from complying with the provisions of section 186 of the Companies Act, 2013. Accordingly, the disclosures of the loans given as required under the aforesaid section have not been given in this Report.

## 16. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate system of internal control geared towards achieving efficiency in its operations, safeguarding assets, optimum utilization of resources and compliance with statutory regulations. The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. Testing of such Internal Control measures and systems forms a part of Internal Audit function. The Internal Auditors of the Company conduct audits of various departments based on an annual audit plan covering key areas of operations. Internal Audit reviews and evaluates the adequacy and effectiveness of internal controls, ensuring adherence to operating guidelines and systems and recommending improvements for strengthening them. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board. The Audit Committee of the Board of Directors reviews the adequacy of internal controls. This has improved the management of the affairs of the Company and strengthened transparency and accountability. The Management ensures adherence to all internal control policies and procedures as well as compliance with regulatory guidelines. No significant audit observations and recommendations have been received from the Internal Auditors of the Company.

## 17. AUDITORS OF THE COMPANY

### a) Statutory Auditors:

Pursuant to the provisions section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of the audit committee of the Board of Directors, M/s Nagar Goel & Chawla, Chartered Accountants, New Delhi (bearing ICAI Registration No.009933N), Statutory Auditors of the Company were appointed by the Members of the Company in their 25<sup>th</sup> Annual General Meeting of the Company held on 28<sup>th</sup> September, 2017 to hold office as Statutory Auditors from the conclusion of 25<sup>th</sup> Annual General Meeting till the conclusion of the 30<sup>th</sup> Annual General Meeting of the Company to be held for the financial year ending on 31<sup>st</sup> March 2022.

The Members are requested to note that the MCA vide notification dated May 7, 2018, inter-alia, notified an amendment to Section 139(1) of the Act whereby the requirement of placing appointment of the statutory auditors for ratification by the Members of the Company at every AGM has been omitted. Accordingly, the Board has not proposed any ratification for the appointment of Statutory Auditors in the forthcoming AGM. However the Board has noted the confirmation received from M/s Nagar Goel & Chawla, Chartered Accountants, to the effect that their appointment is in compliance of Sections 139 and 141 of the Act and rules made thereunder

### b) Statutory Auditors Report:

The Statutory Auditors have not made any adverse comments or given any qualification, reservation or adverse remarks or disclaimer in their Audit Report on the Financial Statements for Financial Year 2019-20 and the Report is self-explanatory. Hence, no explanation is required to be given in Board Report. Further, the Statutory Auditors have not reported any fraud in terms of Section 143(12) of the Act

### c) Secretarial Auditors:

Pursuant provisions of section 204 of the Companies Act 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has, at its meeting held on 12<sup>th</sup> August, 2019 appointed M/s S.S. Bhati & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company for the financial year 2019-20.

### d) Secretarial Audit Report

The Secretarial Audit submitted by the Secretarial Auditor for the financial ended 31<sup>st</sup> March, 2020 in Form MR-3 is annexed as an Annexure– A and is forming integral part of this report. Such Secretarial auditors' report is also self-explanatory and does not contain any qualifications, reservations or adverse remarks.

## 18. DISCLOSURE UNDER SECTION 134(3)(a) AND SECTION 92(3) READ WITH RULE 12(1) OF THE COMPANIES ( MANAGEMENT AND ADMINISTRATION) RULES 2014

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as Annexure B and is forming integral part of this report

## 19. CORPORATE GOVERNANCE REPORT

The Company is committed to good Corporate Governance as the requirement of the Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As required under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed report on Corporate Governance together with Auditor's Certificate on compliance of conditions of Corporate Governance is annexed herewith as **Annexure – C** and is forming integral part of this Report.

## 20. CERTIFICATE FROM PRACTISING COMPANY SECRETARY WITH REGARDS TO NON DISQUALIFICATION OF DIRECTORS

# SAINIK FINANCE & INDUSTRIES LIMITED

A certificate from M/s S.S Bhati & Associate, Practicing Company Secretary to the effect that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Ministry of Corporate Affairs, Securities and Exchange Board of India or any other statutory authority is attached herewith as Annexure – D. The same forms a part of this Report.

## 21. RELATED PARTY TRANSACTIONS

The main business of the Company is financing & investment in shares etc. and granting loans to related or unrelated parties. All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. All related party transactions are placed before the Audit committee for their consideration and approval. None of the transactions with related parties falls under the scope of section 188(1) of the Act. However, the related party transactions so entered are disclosed in note No.40 to Financial Statement of the Company as attached herewith. Further details of all related party transactions including material related party transaction are also given in AOC-2 attached herewith as Annexure – E and is forming integral part of this Report. The Policy relating to related party transactions duly approved by the Board of Directors of the Company has been placed on the Company's website [www.sainikfinance.com](http://www.sainikfinance.com)

## 22. CODE OF CONDUCT:

The Board of directors has approved a Code of Conduct which is applicable to the members of the Board and all employees in the course of day to day business operations of the Company. The Code has been placed on the Company's website [www.sainikfinance.com](http://www.sainikfinance.com). The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. All the Board Members and the Senior Management personnel have confirmed compliance with the Code.

## 23. MECHANISM / WHISTLE BLOWER POLICY

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 read with the rules made thereunder and pursuant to the provision of SEBI (Listing Obligations and Disclosure Requirements), 2015, the Company has established a Vigil Mechanism to be known as the 'Whistle Blower Policy' for its Directors and Employees, to report instances of unethical behaviour, actual or suspected, fraud or violation of the Company's Code of Conduct. The aim of the policy is to provide adequate safeguards against victimization of Whistle Blower who avails of the mechanism and also provide direct access to the Chairman of the Audit Committee, in appropriate or exceptional cases.

Accordingly, Vigil Mechanism / Whistle Blower Policy have been formulated with a view to provide a mechanism for the Directors and employees of the Company to approach the Ethics Officer or the Chairman of the Audit Committee of the Company. The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It protects employees willing to raise a concern about serious irregularities within the Company. During the financial year 2019-20, no such complaint of unethical or improper activity has been received by the Company.

## 24. PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

## 25. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particular as prescribed under Rule 8(3) of the Companies (Accounts) Rules, 2014 read with the provisions of Section 134(3) (m) of the Companies Act, 2013 are as follow:

### A) Conservation of energy-

Sr. No.	Particular	Remark
(i)	The steps taken or impact on conservation of energy;	Your Company carries out its business in an environmental friendly manner and is on the look-out for different ways & means to reduce the consumption of energy in its operations.
(ii)	The steps taken by the company for utilizing alternate sources of energy;	The Company does not require any alternative sources of energy.
(iii)	The capital investment on energy conservation equipment;	The Company's operations do not require capital investment on energy conservation equipment.

### B) Technology absorption, adaption and innovation:

Sr. No.	Particular	Remark
(i)	the efforts made towards technology absorption;	The Company continues to use the latest technologies

# SAINIK FINANCE & INDUSTRIES LIMITED

		for improving the productivity and quality of its services.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution;	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) the details of technology imported; the year of import; whether the technology been fully absorbed; if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	The Company's operations do not require significant import of technology.
(iv)	the expenditure incurred on Research and Development.	The Company's operations do not require the expenditure on Research and Development

## C) Foreign exchange earnings and Outgo

During the year under review, there was no Foreign Exchange Earnings and Foreign Exchange Outgo.

## 26. MATERIAL CHANGES AND COMMITMENTS, IF ANY

There was no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report;

## 27. CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year under review, the Company has spent Rs.11.14 Lakhs on corporate social responsibility (CSR) activities as against mandatory expenditures (CSR Budget) of Rs.11.13 Lakhs. Detailed information on the CSR policy and CSR initiatives taken during year under review and Annual Report on CSR activities including composition of the CSR Committee is given in the annexed as Annexure – F and is forming integral part of this report.

Further, the Company's net profit calculated in accordance with the provisions of section 198 of the Companies Act, 2013 for the financial year ended 31<sup>st</sup> March, 2020 is Rs.627.04 Lakhs and average net profit of preceding three financial years is Rs.658.45 Lakhs. Hence, the Company is required to spend Rs.13.17 Lakhs (i.e.2% of average net profit of preceding three financial years) during the financial year 2020-21.

## 28. DISCLOSURE RELATING TO MAINTENANCE OF COST RECORD

As the Company is Non-Banking Finance Company, the Central Government does not require to maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

## 29. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 notified on December 9, 2013, the Company has a policy for Prevention of Sexual Harassment of Women at Workplace. During the financial year ended 31<sup>st</sup> March 2020, no complaint of sexual harassment has been received by the Company.

## 30. DISCLOSURE ABOUT THE SHARES ISSUED ON PREFERENTIAL BASIS, IF ANY.

During the year under review, your Company has not made any allotment of shares on preferential basis.

## 31. DISCLOSURE ABOUT SWEAT EQUITY SHARES AND ESOP SCHEME.

Your company has not issued sweat equity shares or given stock option in the year under review.

## 32. LISTING OF SECURITIES

Presently, the Securities of the Company are listed on BSE Limited, Mumbai. The listing fee for the financial year 2020-21 has been paid.

## 33. ACKNOWLEDGEMENT

Your directors would like to place their grateful appreciation for the assistance and co-operation received from the Company's lenders, bankers, employee during the year under review. The directors also acknowledge with appreciation the support and co-operation rendered by various Government authorities 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: 17<sup>th</sup> August, 2020

**Kuldeep Singh Solanki**  
Director  
DIN: 00009212

**Rudra Sen Sindhu**  
Director  
DIN: 00006999  
**Annexure - A**

# SAINIK FINANCE & INDUSTRIES LIMITED

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 09 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
**The Members,**  
**SAINIK FINANCE & INDUSTRIES LIMITED**  
**CIN-L26912DL1991PLC045449**  
129, Transport Centre,  
Rohtak Road, Punjabi Bagh, New Delhi-110035

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SAINIK FINANCE & INDUSTRIES LIMITED** (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

- a) Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, followed provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- d) Where ever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
- e) The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in our opinion , the Company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of;

- I) The Companies Act, 2013 (“the Act”) and the rules made there under as amended from time to time.
- II) The Securities Contracts ( Regulation) Act, 1956 and the rules made there under;
- III) The Depositories Act, 1996 and the regulations and bye-law framed hereunder;
- IV) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign direct investment, overseas direct investment and External commercial Borrowings. (No event took place under this act during the audit period).
- V) The following regulations and guidelines prescribed under the Securities and Exchange Board of India , 1992 (“SEBI Act”) and as amended from time to time;
  - (a) The Securities and Exchange Board of India( Substantial Acquisition of Shares and Takeovers) Regulations, 2011
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (No event took place under these regulations during the audit period).
  - (d) The Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015(No event took place under these regulations during the audit period)
  - (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (No event took place under these regulations during the audit period).
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008(No event took place under these regulations during the audit period).
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (No event took place under these regulations during the audit period).
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (No event took place these regulations during the audit period).
- VI) The Company has also complied with the provisions of the following laws to the extent of which they are applicable to the Company:
  - (a) The Employees’ Provident Fund and Miscellaneous Provision Act, 1952.

# SAINIK FINANCE & INDUSTRIES LIMITED

- (b) Industrial Dispute Act, 1947,
- (c) The Payment of Wages Act, 1936,
- (d) The Payment of Minimum Wages Act, 1948
- (e) The Payment of Bonus Act, 1965,
- (f) The Payment of Gratuity Act, 1972,
- (g) The Maternity Benefits Act, 1961,
- (h) The Income Tax Act, 1961,
- (i) The Finance Act, 1994 and Goods and Services Tax Act 2017 read with rules made thereunder.

We have also examined compliance with the applicable clauses of the following;

- I. The Secretarial Standards (SS-1 and SS-2) issued by the Institute of Company Secretaries of India is applicable to the Company during the audit report.
- II. The Listing Agreements entered into by the Company with BSE Limited, a Stock Exchange in compliance of the provisions of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 and other applicable regulations / guidelines/circulars as may be issued by SEBI from time to time.
- III. Reserve Bank of India Act, 1934,
- IV. Non-Banking Financial (Non-deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015,

During the period under review and as per the explanations, clarifications, representations made by the management to me, we report that, the Company has substantially complied with the provisions of the Act, rules, regulations, guidelines and standards etc. that are applicable to the Company.

We further report that compliance of applicable financial laws including direct and indirect tax laws by the Company has not been reviewed in this Audit since the same has been subject to review by Statutory Auditor and other designated professionals.

We further report that the Company has, in my opinion, complied with the provisions of the Companies Act, 2013 and the Rules made thereunder and the Memorandum and Articles of Association of the Company, with regard to:

- a) Maintenance of various statutory registers and documents and making necessary entries therein;
- b) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government etc.;
- c) Service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- d) Notice of Board Meetings and Committee Meetings of Directors;
- e) The meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- f) The Annual General Meeting during the period was held on Monday, 30<sup>th</sup> September, 2019;
- g) Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- h) Approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- i) Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including KMPs;
- j) Payment of remuneration to Directors including KMPs,
- k) Appointment and remuneration of Auditors;
- l) Transfers and transmissions of the Company's shares;
- m) Investment of the Company's funds including investments and loans to others;
- n) Form of Balance Sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedules to the Act;
- o) Directors' report;
- p) Contracts, common seal, registered office and publication of name of the Company; and
- q) Generally, all other applicable provisions of the Act and the Rules made under the Act.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.
- As per the minutes of the meetings duly recorded and signed by the Chairman, decisions at Board meetings and Committee meetings are carried unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be and no dissenting views have been made by any Directors or member of Committees.
- The Company has obtained all necessary approvals under the various provisions of the Act, and
- There were no prosecution initiated and no fines or penalties imposed during the year under review

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

# **SAINIK FINANCE & INDUSTRIES LIMITED**

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We further report that:

As explained by the management, the Company has made related party transaction on ordinary course of business which is on arm's length basis as decided by the Audit Committee in their meeting during the financial year.

With the reference to the compliance of Industry specific acts, the Company is an investment and finance company which is engaged in non-banking financial services and does not accept any public deposits, therefore, the company need to ensure the compliances relevant provision and process of RBI act and other applicable acts on periodically basis. In this regard, we have relied upon management representation issued to us and compliance certificates placed before the Board of Directors and also reports of statutory and internal auditors of the Company. Our report of compliance would be limited to their reporting and subject to the observations and comments made by them in their report, if any.

During the audit period, there were no specific events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. as referred above.

Further in view of continuing restrictions on the movement of person at several places in country, due to corona Virus (Covid-19), we have verified the information and documents which are provided by the management of the Company through email but we have not verified any documents physically.

**Date 17<sup>th</sup> August, 2020**

**Place: Noida**

**For: S.S.BHATI & ASSOCIATES  
Company Secretaries**

**Satyapal Singh Bhati**

**Proprietor**

**FCS No.8252**

**CP No.9387**

**UDIN:F008252B000584729**



# SAINIK FINANCE & INDUSTRIES LIMITED

Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	7100758	-	7100758	65.26	7642582	-	7642582	70.24	4.98
<b>B. Public Shareholding</b>	-	-	-	-	-	-	-	-	-
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total(B)(1)</b>	-	-	-	-	-	-	-	-	-
2. Non Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.									
(i) Indian	1861605	199657	2061262	18.95	805881	199657	1005538	09.24	(9.71)
(ii) Overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	308831	1083178	1392009	12.79	320230	1080484	1400714	12.87	0.08
(ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	134865	158000	292865	2.69	640388	158000	798388	7.34	4.65
c) Others(Specify)									
i) Non-Resident Indian	1322	31784	33106	0.31	1322	31451	32773	00.31	-
ii) Clearing Member	-	-	-	-	5	-	5	00.00	-
iii) Clearing House	-	-	-	-	-	-	-	-	-
<b>Sub-total(B)(2)</b>	2306623	1472619	3779242	34.74	1767826	1469592	3237418	29.76	(4.98)
Total Public Shareholding (B)=(B)(1) + (B)(2)	2306623	1472619	3779242	34.74	1767826	1469592	3237418	29.76	(4.98)
C. Shares held by Custodian for GDRs & ADRs	-				-				-
<b>Grand Total (A+B+C)</b>	9407381	1472619	10880000	100%	9410408	1469592	10880000	100%	-

## (i) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Kuldeep Singh Solanki	2233070	20.52	N.A.	2503982	23.01	N.A.	2.49
2	Rudra Sen Sindhu	1063923	9.78	N.A.	1334835	12.27	N.A.	2.49
3	Yuvraj Singh Solanki	432833	3.98	N.A.	432833	3.98	N.A.	-
4	Indu Solanki	337833	3.11	N.A.	337833	3.11	N.A.	-
5	Sarvesh Sindhu	248866	2.29	N.A.	248866	2.29	N.A.	-
6	Vir Sen Sindhu (HUF)	247066	2.27	N.A.	247066	2.27	N.A.	-
7	Vrit Pal Sindhu	206200	1.90	N.A.	206200	1.90	N.A.	-
8	Sumati Sindhu	194333	1.79	N.A.	194333	1.79	N.A.	-
9	Kuldeep Singh Solanki (HUF)	172800	1.59	N.A.	172800	1.59	N.A.	-
10	Abhimanyu Sindhu	175166	1.61	N.A.	175166	1.61	N.A.	-
11	Surabhi Sindhu	149933	1.38	N.A.	149933	1.38	N.A.	-
12	Parmeshwari Devi	456532	4.20	N.A.	456532	4.20	N.A.	-
13	Manisha Solanki	117800	1.08	N.A.	117800	1.08	N.A.	-
14	Col. Girdhari Singh (HUF)	109400	1.01	N.A.	109400	1.01	N.A.	-
15	Vir Sen Sindhu	102198	0.94	N.A.	102198	0.94	N.A.	-
16	Sweta Sindhu	96565	0.89	N.A.	96565	0.89	N.A.	-
17	Rudra Sen Sindhu (HUF)	89600	0.82	N.A.	89600	0.82	N.A.	-
18	Saroj Sindhu	101569	0.93	N.A.	101569	0.93	N.A.	-

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19	Rajshree Rathore	64000	0.59	N.A.	64000	0.59	N.A.	-
20	Asha Rathore	75200	0.69	N.A.	75200	0.69	N.A.	-
21	Shahista Sindhu	58600	0.54	N.A.	58600	0.54	N.A.	-
22	Somvir Sindhu	52000	0.48	N.A.	52000	0.48	N.A.	-
23	Rachna Sindhu	51900	0.48	N.A.	51900	0.48	N.A.	-
24	Satya Pal Sindhu	45000	0.41	N.A.	45000	0.41	N.A.	-
25	Saurabh Sindhu	41666	0.38	N.A.	41666	0.38	N.A.	-
26	Usha Sindhu	52675	0.48	N.A.	52675	0.48	N.A.	-
27	Dev Suman Sindhu	40000	0.37	N.A.	40000	0.37	N.A.	-
28	Shashi Sindhu	18466	0.17	N.A.	18466	0.17	N.A.	-
29	Vrit Pal Sindhu (HUF)	13166	0.12	N.A.	13166	0.12	N.A.	-
30	Ekta Sindhu	5000	0.05	N.A.	5000	0.05	N.A.	-
31	Anika Sindhu	500	0.00	N.A.	500	0.00	N.A.	-
32	Rajbir Singh	4665	0.04	N.A.	4665	0.04	N.A.	-
33	Niranjan Singh	6200	0.06	N.A.	6200	0.06	N.A.	-
34	Madhu Singh	36033	0.33	N.A.	36033	0.33	N.A.	-
	<b>Total</b>	<b>7100758</b>	<b>65.26</b>	<b>N.A.</b>	<b>7642582</b>	<b>70.24</b>	<b>N.A.</b>	<b>4.98</b>

(ii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total share of the Company	No. of shares	% of total share of the Company
	<i>At the beginning of the year</i>	7100758	65.26	7100758	65.26
	<i>Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):#</i>	Increase	-	Increase	-
	06/06/2019	270912	2.49	270912	2.49
	10/06/2019	270912	2.49	270912	2.49
	<i>At the End of the year</i>	7642582	70.24	7642582	70.24

**Reason of Change in Shareholding #**

Sl. No	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-19 to 31-03-20)	
		No. of Shares at the Beginning (01-04-19/ end of the Year (31-03-20))	% of total shares of the Company				No. of Shares	% of total shares of the Company
	Kuldeep Singh Solanki	2233070	20.52	01/04/2019	-	-	2233070	20.52
		270912	2.49	06/06/2019	Increase	Purchase	2503982	23.01
		2503982	23.01	31/03/2020	-	-	2503982	23.01
	Rudra Sen Sindhu	1063923	9.78	01/04/2019	-	-	1063923	9.78
		270912	2.49	10/06/2019	Increase	Purchase	1334835	12.27
		1334835	12.27	31/03/2020	-	-	1334835	12.27

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total share of the Company	No. of shares	% of total share of the Company
	<i>For each of Ten Shareholders</i>				
	<i>At the beginning of the year</i>	2132139	19.60	2132139	19.60
	<i>Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):*</i>	Decrease	(5.58)	Decrease	(5.58)
	<i>At the End of the year(or on the date of separation, if separated during the year)</i>	1525421	14.02	1525421	14.02

**Reason of Change in Top Ten Public Shareholding\***

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Sl. No	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-19 to 31-03-20)	
		No. of Shares at the Beginning (01-04-19 / end of the Year (31-03-20))	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Sindhu Trade Links Limited	903741	8.31	01-04-2019	-	-	903741	8.31
		270912	2.49	10-06-2019	Decrease	Transfer/ Sale	632829	5.82
		632829	5.82	29-06-2019	Decrease	Transfer/ Sale	NIL	NIL
		NIL	NIL	31-03-2020	-	-	NIL	NIL
2.	Maneesha Finlease Limited	776335	7.14	01-04-2019	-	-	776335	7.14
		270912	2.49	06-06-2019	Decrease	Transfer/ Sale	505423	4.65
		337280	3.10	28-06-2019	Decrease	Transfer/ Sale	168143	1.55
		168143	1.55	29-06-2019	Decrease	Transfer/ Sale	NIL	NIL
3.	Sindhu Farms Private Limited	NIL	NIL	31-03-2020	-	-	NIL	NIL
		111666	1.03	01-04-2019	-	-	111666	1.03
		111666	1.03	29-06-2019	Decrease	Transfer/ Sale	111666	1.03
		NIL	NIL	31-03-2020	-	-	NIL	NIL
4.	Manak Vanija Private Limited	NIL	NIL	01-04-2019	-	-	NIL	NIL
		212160	1.95	15-02-2020	Increase	Purchase	212160	1.95
		212160	1.95	06-03-2020	Increase	Purchase	424320	3.90
		424320	3.90	31-03-2020	-	-	424320	3.90
5.	Meghdoot Vanijya Privated Limited	NIL	NIL	01-04-2019	-	-	NIL	NIL
		111666	1.03	19-02-2020	Increase	Purchase	111666	1.03
		208509	1.92	21-02-2020	Increase	Purchase	320175	2.95
		320175	2.95	31-03-2020	-	-	320175	2.95
6.	Gangadhar Satpathy	NIL	NIL	01-04-2019	-	-	NIL	NIL
		168640	1.55	28-06-2019	Increase	Purchase	168640	1.55
		168640	1.55	31-03-2020	-	-	168640	1.55
7.	Shila Satpathy	NIL	NIL	01-04-2019	-	-	NIL	NIL
		168640	1.55	28-06-2019	Increase	Purchase	168640	1.55
		168640	1.55	31-03-2020	-	-	168640	1.55
8.	Harsh Tribhuwan Nath Wahal	NIL	NIL	01-04-2019	-	-	NIL	NIL
		168143	1.55	29-06-2019	Increase	Purchase	168143	1.55
		168143	1.55	31-03-2020	-	-	168143	1.55
9.	Ex - Serviceman Vir Transport Pvt. Limited	61866	0.57	01-04-2019	-	-	61866	0.57
		-	-	-	-	-	-	-
10.	Ex - Serviceman Abhimanyu Transport Pvt. Limited	61866	0.57	31-03-2020	-	-	61866	0.57
		-	-	-	-	-	-	-
11.	Sanjay Kumar Sarawagi	61866	0.57	31-03-2020	-	-	61866	0.57
		64171	0.59	01-04-2019	-	-	64171	0.59
12.	Yaspal Saharan	-	-	-	-	-	-	-
		49200	0.45	01-04-2019	-	-	49200	0.45
		-	-	-	-	-	-	-
13.	Talqeen Qureshi	49200	0.45	31-03-2020	-	-	49200	0.45
		38400	0.35	01-04-2019	-	-	38400	0.35
		-	-	-	-	-	-	-
		38400	0.35	31-03-2020	-	-	38400	0.35

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-19 to 31-03-20)	
		No. of Shares at The beginning (01-04-19) / end of the year (31-03-20)	% of total shares of the Company				No. of Shares	% of total shares of the Company
<b>A</b>	<b>Director:</b>							
1.	Sh. Rudra Sen Sindhu	1063923	9.78	01/04/2019	-	-	1063923	9.78
		270912	2.49	10/06/2019	Increase	Purchase	1334835	12.27
		1334835	12.27	31/03/2020	-	-	1334835	12.27
2.	Sh. Kuldeep Singh Solanki	2233070	20.52	01/04/2019	-	-	2233070	20.52
		270912	2.49	06/06/2019	Increase	Purchase	2503982	23.01
		2503982	23.01	31/03/2020	-	-	2503982	23.01
3	Samai Singh	2000	0.02	01-04-2019	-	-	2000	0.02

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		-	-	-	-	-	-	-
4	Renuka Hooda	2000	0.02	31-03-2020	-	-	2000	0.02
B.	<b>Key Managerial Personnel</b>							
1	Akash Shrivastava, CEO	NIL	-	-	-	-	NIL	-
2.	Jagdish Chandra, CFO	460	-	01-04-2019	-	-	460	-
		-	-	-	-	-	-	-
		460	-	31-03-2020	-	-	460	-

## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rupees in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	20,947.25	NIL	20,947.25
ii) Interest due but not paid	NIL	1,859.45	NIL	1,859.45
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	<b>22,806.70</b>	NIL	<b>22,806.70</b>
Change in Indebtedness during the financial year				
Addition	NIL	13,850.00	NIL	13,850.00
Reduction	NIL	16,068.68	NIL	16,068.68
Net Change	NIL	<b>(2,218.68)</b>	NIL	<b>(2,218.68)</b>
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	17,819.48	NIL	17,819.48
ii) Interest due but not paid	NIL	2,768.54	NIL	2,768.54
iii) Interest accrued but not due	NIL	Nil	NIL	Nil
Total (i+ii+iii)	NIL	<b>20,588.02</b>	NIL	<b>20588.02</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particular of Remuneration	Name of MD / WTD / Manager		Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify...	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
	Total (A)	NIL	NIL	NIL
	Ceiling as per the Act	NIL	NIL	NIL

### B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
	1. Independent Directors			
	· Fee for attending board committee meetings	NIL	NIL	NIL
	· Commission	NIL	NIL	NIL
	· Others, please specify	NIL	NIL	NIL
	Total (1)	NIL	NIL	NIL
	2. Other Non-Executive Directors			
	· Fee for attending board committee meetings	NIL	NIL	NIL
	· Commission	NIL	NIL	NIL
	· Others, please specify	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL
	Total (B)=(1+2)	NIL	NIL	NIL
	Total Managerial Remuneration	NIL	NIL	NIL
	Overall Ceiling as per the Act	NIL	NIL	NIL

### C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(Rupees in Lakhs)

Sl. No.	Particular of Remuneration	Name of Key Managerial Personnel			
		CEO (Akash Shrivastava)	Company Secretary (*Pooja Bansal)	CFO (Jagdish Chandra)	Total Amount
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	26.01	1.20	15.21	42.42

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	(b) Value of perquisites u/s 17(2) Income-tax Act,1961 (c) Profits in lieu of salary under section17(3) Income-tax Act, 1961				
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - Others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	26.01	1.20	15.21	42.42
	Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.

\*Note: Ms. Pooja Bansal appointed as Company secretary w.e.f.01-06-2019 and resigned as such w.e.f. 04-02-2020.

## VII. Penalty / Punishment/ Compounding of offences:

Type	Section of the Companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD /NCLT / Court]	Appeal made, If any(give details)
<b>A. Company</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. Directors</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. Other Officers in default</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

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Annexure – “C”

## CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2020

### 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 SEBI (Listing Obligations and Disclosure Requirements), 2015, all necessary disclosures are set out towards achievements of good Corporate Governance.

### 2. BOARD OF DIRECTORS

The Board of Directors of the Company provides leadership, strategic guidance to the Company and exercises control over the Company and accountable at all time to the shareholders of the Company. The present Board comprises of 6 (Six) directors (of which 3 are 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.

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

Name of Director	Category	DIN	No. of shares held	Core Skill, Expertise & / Competencies
Mr. Rudra Sen Sindhu	Non-Executive – Non Independent Director	00006999	1334835	He is an ex-army man and has bachelor's degree in arts and has more than 37 years' experience in coal mining and mining logistics and setting up and operation of power plants and non-banking finance business.
Mr. Kuldeep Singh Solanki	Non-Executive – Non Independent Director	00009212	2503982	He is an ex-army man and has bachelor's degree in arts and has more than 35 years' experience in coal mining and coal washing, operation of power plants and non-banking finance business.
Mr. Sarvesh Sindhu*	Non-Executive – Non Independent Director	06545787	248866	He has MBA degree from Boston University, United States of America and has been pursuing family business since last 4 years i.e. coal mining, contract mining, mining logistics and setting up and operation of power plants and non-banking fiancé business.
Mr. Ramesh Shah*	Independent Director	00029864	NIL	He is qualified Chartered Accountant and Cost Accountant and having extensive experience of over 27 years of heading functions like statutory audit, taxation, accounts, finance, costing, MIS, internal and management audit, commercial, administration, material management, systems and controls, mergers, acquisition, takeovers, etc.
Mr. Samai Singh	Independent Director	00235036	2000	He is an ex-army man and has bachelor's degree in arts. He has extensive experience of over 20 years in administration, transportation, loading, mining, finance, investment stock broking etc.
Mrs. Renuka Hooda	Independent Director	03611979	NIL	She has Master degree in Commerce and has in depth knowledge in the field of Finance and Investment. She also has approximately 11 years of experience in Accounts, investments and finance. She joined our Company in the end of the year 2015.

\*Sh. Sarvesh Sindhu and Sh. Ramesh Shah have been appointed as directors w.e.f.25-06-2020.

#### 2.2 Board Meetings held during the year under review:

##### a) Number, dates of Board and committee Meetings held during the financial year indicating the number of meeting attended by each director

During the year under review, 5 Board meetings, 4 Audit Committee Meetings, 2 Corporate Social Responsibility Committee Meeting, 8 Shareholders Relationship Committee Meeting and 3 Nomination and Remuneration Committee meetings were held. The intervening gap between two board meetings and audit committee meetings was within the period prescribed under the Companies Act, 2013.

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During the year under review, the Board met 5 times. The following table summarise the attendance of the Directors of the Company at Board meetings held during the financial year under review:

Name of Directors of the Company	Dates of Board meetings and attendance of Directors					
	27/05/19	12/08/19	12/11/19	04/02/20	13/03/20	Meeting Attended
Mr. Rudra Sen Sindhu	Yes	Yes	Yes	Yes	Yes	5
Mr. Kuldeep Singh Solanki	Yes	Yes	Yes	Yes	Yes	5
Mr. Samai Singh	Yes	Yes	No	Yes	No	3
Mrs. Renuka Hooda	Yes	Yes	Yes	Yes	Yes	5

**b) Attendance record of Directors at Board Meeting and Annual General Meeting of the Company held during the financial year 2019-20 and details of number of Directorships /chairmanship/ memberships in the committees of other companies are given as under:**

Name of Director	Attendance details		Number of other Companies in which he / she is Director (other than foreign companies and section 8 Companies)	No of post of Chairperson in Audit/ Stakeholder Committee held in listed entities including this listed entity	Number of memberships in Audit/ Stakeholder Committee(s) including this listed entity	Name of Listed Entities including this listed entity where the person is a Director
	At Board Meeting	At AGM held on 30-09-2019				
Mr. Rudra Sen Sindhu	5	Yes	12	-	4	Sainik Finance & Industries Limited Sindhu Trade Links Limited
Mr. Kuldeep Singh Solanki	5	Yes	11	-	-	Sainik Finance & Industries Limited
Mr. Samai Singh	3	Yes	4	1	1	Sainik Finance & Industries Limited
Mrs. Renuka Hooda	5	Yes	2	1	1	Sainik Finance & Industries Limited
Mr. Sarvesh Sindhu*	N.A.	N.A.	3.	N.A.	N.A.	Sainik Finance & Industries Limited
Mr. Ramesh Shah*	N.A.	N.A.	3	1	N.A.	Sainik Finance & Industries Limited and Apex Capital and Finance Limited

Sh. Sarvesh Sindhu and Sh. Ramesh Shah have been appointed as directors w.e.f.25-06-2020.

## 2.3 Independent Directors:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also has a woman director. Whenever new Non-executive and Independent Directors are inducted in the Board they are introduced to our Company's culture through appropriate orientation session and they are also introduced to our organization structure, our business, constitution, board procedures, our major risks and management strategy. The maximum tenure of Independent Directors is in accordance with the Act and the Listing Regulations.

The Company issues a formal letter of appointment to Independent Directors in the manner provided under the Act. As per regulation 46(2) of the Listing Regulations, the terms and conditions of appointment of independent directors are placed on the Company's website [www.sainikfinance.com](http://www.sainikfinance.com). The Board evaluates the performance of Non-executive and Independent Directors every year. All the Non-executive and Independent Directors are eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board is advantageous and fruitful in taking business decisions. The Independent Directors held a Separate Meeting on 4<sup>th</sup> day of February, 2020, without the attendance of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting. The following issues were discussed in detail:

- Reviewed the performance of non-independent directors of the Company and the Board as a whole;
- Reviewed the performance of the Board as a whole;
- Assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## 3. COMMITTEES OF THE BOARD

### 3.1 AUDIT COMMITTEE

# SAINIK FINANCE & INDUSTRIES LIMITED

The Audit Committee has been constituted by the Board of Directors in order to meet the requirements of section 177 of the Companies Act, 2013 as well as regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the members of the committee are financially literate.

The terms of reference of the audit committee are broadly included:

- (i) the remuneration and terms of appointment of auditors of the company;
- (ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) examination of the financial statement and the auditors' report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related parties;
- (v) scrutiny of inter-corporate loans and investments;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) evaluation of internal financial controls and risk management systems;
- (viii) monitoring the end use of funds raised through public offers and related matters; and
- (ix) oversee the vigil mechanism established by the Company for directors and employees to report genuine concerns."

The Audit Committee shall also exercise the following powers in addition to the powers specified above:

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice;
- To secure attendance of outsiders with relevant expertise, if it considers necessary;
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of section 134(5) of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- 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.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look 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.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee."

# SAINIK FINANCE & INDUSTRIES LIMITED

During the year under review, the Audit Committee has been reconstituted by appointing Mr. Samai Singh, independent director as chairperson of the committee in place of Mrs. Renuka Hooda, independent director of the Company with effect from 12<sup>th</sup> August, 2019. As on date the Audit Committee comprise the following members:

Mr. Samai Singh	Chairman	Independent Director.
Mr. Rudra Sen Sindhu	Member	Non-Executive Non Independent Director.
Mrs. Renuka Hooda	Member	Independent Director

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	Mrs. Renuka Hooda	Mr. Rudra Sen Sindhu	Mr. Samai Singh
27-05-2019	Yes	Yes	Yes
12-08-2019	Yes	Yes	Yes
12-11-2019	Yes	Yes	No
04-02-2020	Yes	Yes	Yes

### 3.2 STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholder Relationship 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, re-mat / de-mat of shares, change of address etc. and the redressal of their complaints.

The Stakeholder Relationship Committee has been constituted by the Board of Directors in order to meet the requirements of section 178 of the Companies Act, 2013 as well as the regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As on date the Stakeholders Relationship Committee comprises of the following members:

Mrs. Renuka Hooda	Chairman	Independent Director
Mr. Samai Singh	Member	Independent Director
Mr. Rudra Sen Sindhu	Member	Non –Executive Non Independent Director.

The Committee met 8 times during the year under review. The following table summarizes the attendance of the members at the Stakeholders Relationship Committee of the Company:

Date of meeting	Mrs. Renuka Hooda	Mr. Rudra Sen Sindhu	Mr. Samai Singh
30-04-2019	Yes	Yes	Yes
27-05-2019	Yes	Yes	Yes
29-06-2019	Yes	Yes	Yes
15-07-2019	Yes	Yes	Yes
12-08-2019	Yes	Yes	Yes
12-11-2019	Yes	Yes	No
31-12-2019	Yes	Yes	Yes
13-03-2020	Yes	Yes	No

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

SL. No.	Particulars	No.
1.	Number of shareholders complaints received from shareholders/ investors from April 01, 2019 to March 31, 2020 regarding non-receipt of dividend / interest warrants, non-receipt of shares sent for transfer, Annual Reports etc.	Nil
2.	Number of complaints attended	NIL
3.	Number of complaints pending	NIL

The details of transfer of shares during the year under review are summarized as under:

SL. No.	Particulars	No.
1.	Number of request of Share Transfer received during the year under review.	6
2.	Number of Share Transfer request executed.	6
3.	Number of Share Transfer request rejected.	3
4.	Number of Shares for which above requests received.	865
5.	Number of Shares for which requests approved.	399
6.	Number of Shares for which requests rejected.	466
7.	Number of Share Transfer request pending.	NIL
8.	Number of equity shares acquired by Promoters from off market in dematerialized form during the year under review.	541824

### 3.3 NOMINATION AND REMUNERATION COMMITTEE

# SAINIK FINANCE & INDUSTRIES LIMITED

This Committee shall identify the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independent of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

The broad terms of reference of the nomination and remuneration committee are as under:

- identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down
- recommend to the Board their appointment and removal
- shall carry out evaluation of every director's performance.
- formulate the criteria for determining qualifications, positive attributes and independence of a director
- recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- while formulating the policy under sub-section (3) of section 178 of the Act ensure that:
  - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

As on date the Nomination and Remuneration Committee comprises of the following members:

Mrs. Renuka Hooda	Chairman	Independent Director
Mr. Samai Singh	Member	Independent Director
Mr. Rudra Sen Sindhu	Member	Non -Executive Non Independent Director

The Committee met 3 times during the year under review. The following table summarizes the attendance of the members at the Nomination and Remuneration Committee of the Company:

Date of meeting	Mr. Rudra Sen Sindhu	Mr. Samai Singh	Mrs. Renuka Hooda
27-05-2019	Yes	Yes	Yes
12-08-2019	Yes	Yes	Yes
13-03-2020	Yes	No	Yes

## 3.4 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of Directors of Company has constituted Corporate Social Responsibility Committee comprising Sh. Rudra Sen Sindhu, Sh. Kuldeep Singh Solanki, Non- executive and Non- independent directors and Smt. Renuka Hooda, Independent Director of the Company. CSR Committee has in exercise of its authority and discharge of its responsibility, formulated a CSR Policy known as the Corporate Social Responsibility Policy of the Company which has been placed at the company's website [www.sainikfinance.com](http://www.sainikfinance.com)

As on date the Corporate Social Responsibility Committee comprises of the following members:

Mr. Rudra Sen Sindhu	Chairman	Non -Executive Non Independent Director
Mr. Kuldeep Singh Solanki	Member	Non -Executive Non Independent Director
Mrs. Renuka Hooda	Member	Independent Director

The Committee met 2 times during the year under review. The following table summarizes the attendance of the members at the Corporate Social Responsibility Committee of the Company:

Date of meeting	Mr. Rudra Sen Sindhu	Mr. Kuldeep Singh Solanki	Mrs. Renuka Hooda
12-08-2019	Yes	Yes	Yes
13-03-2020	Yes	No	Yes

## 4 THE MANNER OF THE BOARD EVALUATION

The board of directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement,

# SAINIK FINANCE & INDUSTRIES LIMITED

safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The director who is subject to evaluation shall not participate. The performance evaluation of other non-independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the Board as a whole was evaluated, taking into account the views of executive directors and non-executive directors.

## **5. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION**

### **a) Criteria of selection of Non-executive Directors**

The Non-executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of marketing, finance, taxation, law, governance and general management. In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors vis-a-vis the Company so as to enable the Board to discharge its function and duties effectively.

The Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

The Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- i. Qualification, expertise and experience of the Directors in their respective fields;
- ii. Personal, Professional or business standing;
- iii. Diversity of the Board.

In case of re-appointment of Non-executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

### **b) Executive Chairman / Director /KMP– Criteria for selection / appointment**

For the purpose of selection of the Executive Chairman / Director/KMP, the Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Nomination and Remuneration Committee will also ensure that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

### **c) Remuneration to the independent directors or for the Executive Director /KMP at the time of appointment or re-appointment,**

At the time of appointment or re-appointment, the Executive Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Committee and the Board of Directors) and the Executive Chairman / Director within the overall limits prescribed under the Companies Act, 2013.

The remuneration shall be subject to the approval of the Members of the Company in General Meeting. The remuneration of the Executive Director comprises of fixed and variable component as per the provisions of Companies Act, 2013. The fixed component comprises salary, allowances, perquisites, amenities and retrial benefits.

The remuneration for the KMP at the time of the appointment has to be approved by the Board but any subsequent increments shall be approved by the Director of the Company, if appointed as per the HR policy of the Company and ratified by the Board.

### **d) Remuneration Policy for the Senior Management Employees**

In determining the remuneration of the Senior Management Employees, the Committee shall ensure the relationship of remuneration and performance benchmark is clear. The Executive Director will carry out the individual performance review based on the respective defined objectives, qualification, expertise, experience and other factors whilst recommending the annual increment and performance incentive to the Committee for its review and approval.

## **6 BUSINESS RISK MANAGEMENT**

The Internal Auditors also report to the Committee from time to time from the purpose of risk management. Business Risk Evaluation and Management is an outgoing process within the Organization. The Company has a strong risk management framework to identify, monitor and minimize risks as also identify business opportunities.

The objectives and scope of the Risk Management Committee broadly comprise of

1. Oversight of risk management performed by the executive management.
2. Reviewing the policy and framework in line with legal requirements and SEBI guidelines.
3. Reviewing risks and evaluate treatment including initiating mitigation actions.
4. Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.
5. Within its overall scope as aforesaid, the Committee shall review risks trends, exposure, potential impact analysis and mitigation plan

# SAINIK FINANCE & INDUSTRIES LIMITED

## 7. GENERAL MEETINGS

Location and time of the last three Annual General Meetings:

Year	Date	Time	Location
2019	30 <sup>th</sup> September, 2019	9.30 A.M.	Farm House of M/s Kapil Constructions Private Limited, Anandgram (Near Rajokari), Church Road Extension, Mata Amritanandmayi Math, Abdul Gaffar Khan Marg, New Delhi -110 070
2018	29 <sup>th</sup> September, 2018	9.30 A.M.	Farm House of M/s Kapil Constructions Private Limited, Anandgram (Near Rajokari), Church Road Extension, Mata Amritanandmayi Math, Abdul Gaffar Khan Marg, New Delhi -110 070
2017	28 <sup>th</sup> September, 2017	9.30 A.M.	Farm House of M/s Kapil Constructions Private Limited, Anandgram (Near Rajokari), Church Road Extension, Mata Amritanandmayi Math, Abdul Gaffar Khan Marg, New Delhi -110 070

The following table summarizes the details of the special resolutions passed during the last three years:

Sl. No	Particulars	Status	Remarks
1.	Whether any Special Resolutions were passed at the last three Annual General Meeting.	Yes, At AGM held on 28 <sup>th</sup> September, 2017	Special resolution passed u/s 149 and 152 of the Companies Act, 2013 for appointment of Mr. Samai Singh as independent director for second term for five years. Special resolution passed u/s 20 of the Companies Act, 2013 for prescribing, the manner of service of documents to the member by the Company.
		Yes, At AGM held on 30 <sup>th</sup> September, 2019	Special resolution passed u/s 149 and 152 of the Companies Act, 2013 for appointment of Mrs. Renuka Hooda as independent director for second term for five years
2.	Whether any special resolutions passed last year through postal ballot.	No	N.A.
3.	Persons who conducted the postal ballot	N.A.	
4.	Procedure for postal ballot	N.A.	

## 8. DISCLOSURES

a)	Except as disclosed in annual report of the Company for the financial year ended on 31 <sup>st</sup> March, 2020, there was no related party transactions 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.
c)	The related party details are disclosed in the notes to financial statements. The Register of Contracts containing the transactions in which Directors are interested is regularly placed before the Board for its approval.
d)	There was no transaction with any person or entity belonging to the promoter / promoter group which hold(s) 10% or more shareholding in the Company.
e)	No personnel have been denied access to the Chairman or members of the Audit Committee. The mechanism of Whistle Blower Policy and Vigil Mechanism is in place.
f)	To the extent possible, the Company has complied with the mandatory requirement of this clause.
g)	The Company has complied with all applicable Accounting Standards in preparation of its financial statements pursuant to the amended Schedule III of Companies Act, 2013.
h)	As the Company does not hold debt instruments or does not have fixed deposit programme or any scheme or proposal of involving mobilization of funds, whether in India or abroad, it did not obtained any Credit Rating from any agencies.
i)	The Company did not raise any fund through preferential allotment or qualified institutions placement during the year under review.

## 9. MEANS OF COMMUNICATIONS WITH THE INVESTORS/SHAREHOLDERS

a)	Half Yearly report sent to each household of shareholders	No, the results were published by the Company in National and Regional Newspapers in English and Hindi.
b)	Quarterly results	Are published in the following newspapers: <b>The Financial Express</b> - English / and <b>Dainik Haribhoomi</b> - Vernacular language (Hindi)
c)	Any website where displayed	<a href="http://www.sainikfinance.com">www.sainikfinance.com</a>

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d)	Whether the website also displays official news releases	Yes
e)	Presentations made to institutional investors and analysts	No
f)	Whether Management Discussion and Analysis Report forms part of the Annual Report	Yes
g)	BSE Listing Centre (Listing Centre)	Listing Centre is a web-based application designed for corporates. All periodical and other compliance fillings are filed electronically on the Listing Centre.
h)	SEBI Complaints Redress System (SCORES)	Investor complaints are processed at SEBI in a centralised web-based complaints redress system. The salient features of this system are centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaints and their current status.

## 10. GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

- Date : 30<sup>th</sup> September, 2020
- Day : Wednesday  
Time: 11.15 A.M., Indian Standard Time (“IST”)  
Venue: Through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) Facility
- ISIN : INE584B01013

**Financial Calendar (tentative): Financial year - April 01, 2020 – March 31, 2021**

### Quarterly results- For Quarter ending:

- 30-06-2020 – 17<sup>th</sup> August, 2020
- 30-09-2020 – 1st / 2<sup>nd</sup> week of November, 2020
- 31-12-2020 – 1st / 2<sup>nd</sup> week of February, 2021
- 31-03-2021 – 1st / 2<sup>nd</sup> week of May, 2021

### Book closure:

Wednesday, 23<sup>rd</sup> September, 2020 to Wednesday, 30<sup>th</sup> September, 2020 (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 financial year 2020-21.

**Stock Exchange Code:** For BSE Limited - 530265 (SAINIK)

**Market Price data as traded at BSE Limited) during the year under report:** The Company’s shares are listed at BSE Limited. Stock Exchange Code of the Company is 530265. The market data as traded at BSE Limited during the year 2019-20 are as under:

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April, 2019	17.00	14.80	October, 2019	16.00	14.40
May, 2019	16.65	14.50	November, 2019	18.45	15.70
June, 2019	15.85	14.80	December, 2019	19.00	12.80
July, 2019	15.50	13.60	January, 2020	16.27	12.31
August, 2019	14.70	12.92	February, 2020	21.52	13.00
September, 2019	17.06	14.75	March, 2020	26.00	19.70

### Share Transfer System:

The Company’s Shares are traded on BSE Limited compulsorily in the dematerialized form. During the year under review, all requests received for transfer of shares for off market transaction in physical form furnishing with a copy of PAN card of the transferee(s) in compliance with the SEBI circular in that behalf were processed by the Registrar and Transfer Agents and were approved by Stakeholders Relationship Committee. However, the SEBI has amended regulation 40 of the Listing Regulations, pursuant to which transfer of securities cannot be processed unless securities are held in dematerialised form (except transmission of securities or transposition of names) subsequent to 31 March 2019. Accordingly, the Company has sent letters to those members holding shares in physical form advising them to dematerialise their holding so that the shareholders may transfer their shares easily and eliminates possibility of loss of certificate.

### Dematerialization of Shares and details thereof

The Company’s Demat ISIN in NSDL (National Securities Depository Limited) and CDSL (Central Depository Services (India) Limited) is **INE584B01013**.

The shareholders desirous of getting the shares dematerialized 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 Company’s RTA and get the shares

# SAINIK FINANCE & INDUSTRIES LIMITED

dematerialized. As on 31<sup>st</sup> March, 2020, 9410408 Equity shares of the Company i.e. 86.49% of total paid up share capital are held in dematerialized form.

## Disclosure in relation to the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

In compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has a policy for Prevention of Sexual Harassment of Women at Workplace. During the financial year ended 31<sup>st</sup> March 2020, no complaint of sexual harassment has been received by the Company.

## Disclosure with respect to demat suspense account/ unclaimed suspense account:

As the Company, does not have any demat suspense account/unclaimed suspense account, the disclosure with respect to the same is not required to be given.

## Outstanding GDR / Warrants / Convertible Instruments:

The Company has no outstanding GDR/Warrants/Convertible Instruments.

The shares of the Company are traded on the stock exchange in dematerialized form with effect from 18<sup>th</sup> July, 2000.

## DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2020

Category wise shareholding (in shares)	Number of Shareholders	% to total Shareholders	Number of Share held	%to total share capital
Upto-500	2953	85.42	301576	2.77
501 – 1000	169	4.89	131474	1.21
1001 – 2000	93	2.69	152030	1.40
2001 – 5000	136	3.93	410481	3.77
5001– 10000	43	1.24	316528	2.91
10001-20000	19	0.55	280383	2.58
20001-30000	4	0.12	102528	0.94
30001-40000	5	0.14	179427	1.65
40001-50000	3	0.09	135866	1.25
50001-100000	11	0.32	728443	6.70
100001-500000	19	0.55	4302447	39.54
ABOVE 500000	2	0.06	3838817	35.28
Total	3457	100.00	10880000	100.00

## SHAREHOLDING DETAILS AS ON 31<sup>ST</sup> MARCH, 2020:

Category	No. of Shares held	Percentage of Shareholdings
Promoters	7642582	70.24
Institutional Investors	-	-
Mutual Funds and UTI	-	-
Banks, Financial institutions, Insurance Companies (Central / State Govt. Institutions/Non-govt. Institutions)	-	-
FII's	-	-
Private Bodies Corporate	1005538	9.24
Indian Public	2199102	20.21
NRIs	32773	0.31
Clearing House/ Member	5	00
<b>TOTAL</b>	<b>1,08,80,000</b>	<b>100.00</b>

## TOP 10 SHAREHOLDERS OF THE COMPANY AS ON 31<sup>ST</sup> MARCH, 2020:

Sr. No.	Name	Equity Shares	Percentage of Shareholding
1.	Kuldeep Singh Solanki	2503982	23.01
2.	Rudra Sen Sindhu	1334835	12.27
3.	Parmeshwari Devi	4,56,532	4.20
4.	Yuvraj Singh Solanki	4,32,833	3.98
5.	Manak Vanijya Private Limited	4,24,320	3.90
6.	Indu Solanki	3,37,833	3.11
7.	Meghdoot Vanijya Private Limited	3,20,175	2.94
8.	Sarvesh Sindhu	2,48,866	2.29
9.	Vir Sen Sindhu (HUF)	2,47,066	2.27
10.	Vrit Pal Sindhu	2,06,200	1.90

## 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,**

# SAINIK FINANCE & INDUSTRIES LIMITED

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129, Transport Centre, Rohtak Road,  
Punjabi Bagh, New Delhi-110035  
**Tel. No:** 011-28315036 **Fax. No:** 011-28315044  
**E-mail:** [info@sainik.org](mailto:info@sainik.org)

CIN – L26912DL1991PLC045449

**Business Hours:** 10:00 a.m. to 6:00 p.m. (Monday to Saturday- 'except second and fourth Saturdays')

**Corporate office of the Company**

7<sup>th</sup> Floor, Office Tower, Ambience Mall

N.H-48, Gurugram-122002, Haryana

**Tel. No:** 0124-2719000

**E-mail:** [legal.secretarial@sainikmining.com](mailto:legal.secretarial@sainikmining.com)

**Business Hours:** 10:00 a.m. to 6:00 p.m. (Monday to Saturday- 'except second and fourth Saturdays')

**Share Registrar & 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:** [pk.mittal@indusinvest.com](mailto:pk.mittal@indusinvest.com) **Website:** [www.indusinvest.com](http://www.indusinvest.com)

**Business Hours:** 10:00 a.m. to 6:00 p.m. (Monday to Saturday except second and fourth Saturdays')

Order of the Board of Directors  
For **SAINIK FINANC & INDUSTRIES LIMITED**

Place: New Delhi

Dated: 17<sup>th</sup> August, 2020

Kuldeep Singh Solanki  
Director  
DIN: 00009212

Rudra Sen Sindhu  
Director  
DIN: 00006999

# SAINIK FINANCE & INDUSTRIES LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**Sainik Finance & Industries Limited (SFIL)**, a listed Company is engaged in the business of investment, finance and lending. It is non-deposit taking Non-Banking Financial Company registered with the Reserve Bank of India (RBI)

### **Industry and Economy overview**

India's GDP growth had shown clear signs of slowing down, even without the terrible effects of the COVID-19 pandemic. Before the COVID-19 pandemic and lockdown, both the RBI and the Central Statistical Office (CSO) of the Government of India had revised the GDP growth rate downwards. The RBI changed its full year GDP growth estimate from an initial 7.2% to 5% in December 2019, and ascribed the tapering of growth to a tight credit market impacting fresh investments, weak capital expenditure and a slowdown in manufacturing. In a similar vein, the second advance estimates of national income for FY2020 released by the CSO on 28 February 2020 was substantially lower: GDP growth for FY2020 was pegged at 5% compared to 6.1% in FY2019; and growth in gross value added was estimated at 4.9% in FY2020 versus 6% in FY2019.

On 29 May 2020, the CSO released its estimates of GDP and GVA growth for FY2020 and the fourth quarter of FY2020. In this exercise, it also substantially revised downward its earlier estimates for the first three quarters of FY2020.

GDP growth was 5.7% in January-March 2019; fell to 5.2% in April-June 2019; then yet again to 4.4% in July-September 2019; followed by 4.1% growth in October-December 2019 and 3.1% growth in January-March 2020. GDP growth for FY2020 was 4.2%, the lowest in the last 11 years.

### **The COVID-19 Pandemic and Lockdown**

The relatively slow GDP growth of around 4% in FY2020 now sounds like a miracle after being engulfed in the COVID-19 pandemic. On 25 March 2020, The Government of India declared a nationwide lockdown to tackle the challenges posed by the COVID-19 pandemic which could have severe economic repercussions. Such lockdown are expected to bring down aggregate demand in rural and urban areas. The full lockdown lasted up to 3 May 2020. Around 40-days continuous lockdown across India has probably played a significant role in limiting the number of COVID-19 infections. To mitigate some of the negative effects, the Indian Finance Minister announced Rs.1.7 trillion relief package for the poor and migrant workers across the country. The Government announced a slew of measures like direct cash transfer to farmers, hiking wages under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme, and utilisation of welfare funds for construction workers to offset the adverse impact on rural demand. The third tranche of the stimulus package aimed at India's rural economy (worth around Rs.1 lakh crore) is likely to uplift the rural economy, a substantial part of which will go into building a modern agricultural infrastructure. It also ushered new laws to promote contract farming. The changes in the Essential Commodities Act (ECA) and creating a 'One Nation One Market' will allow private sector investment. Besides, the focus on MGNREGA is expected to strengthen rural income.

What we do know with some certainty is that the economy will take a massive hit in FY2021. Estimates of economists who are recognised for their soundness and care with which they do empirical work suggest that India's real GDP growth will fall from around 4% in FY2020 to around (-)5% in FY2021. If it were so, this will be the deepest contraction that India has seen since the downturn that occurred in 1979-80, when real GDP growth plummeted from 5.7% in the previous year to (-)5.2%. According to these economists, Q1 FY2021 will see a wasted first quarter (April-June 2020), a tortuously limping second quarter (July-September), followed by some recovery in the latter half of the fiscal year. Faced with COVID-19 and the lockdown, the Company took immediate steps to handle this force majeure situation. Some of the initiatives were:

1. Activating business continuity plans, with emergency response teams monitoring the situation and implementing actions in real time. As a result of this, the Company continued operating under a well-defined 'Work-from-Home' Protocol.
2. Keeping employee safety was the topmost priority, and the Company ensured that all employees immediately moved to work from home. Moreover, all employees were advised to strictly follow the lockdown guidelines of the central and state governments as well as local municipalities. A health support hotline was created for employees with a doctor on call to provide support for employees having COVID or COVID-like symptoms.
3. Swiftly moving the IT infrastructure to ensure availability of adequate bandwidth, setting up virtual private networks, making laptops available where needed and creating multiple platforms for collaboration and team meetings over digital media. All this was achieved while ensuring full security of each company's network.
4. Reaching out to customers to ensure that pending claims could be paid and they could get their servicing requirements met.
5. Getting all business partners to quickly get on to digital platforms for two-way communication.

The situation is still evolving and it is difficult to hazard a guess on how this pandemic will evolve. The Company will be focusing on profitability over growth, seeking to conserve cash, borrowing long - term, strengthening collections, reducing overheads and preserving capital adequacy

# SAINIK FINANCE & INDUSTRIES LIMITED

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## **Monetary Policy and inflation rate**

The Monetary Policy Committee (MPC) reduced the repo rate by 185 bps to 4.40% during the year ended March, 2020 to mitigate the economic risks arising amidst the deteriorating economic condition.

Retail inflation climbed to a six-year high of 7.59% in January, breaching the RBI's upper and of 6% while settling at 5.91% in March 2020. The Wholesale Price Index (WPI) inflation stood at 1% at the year end and the core inflation hardened in a sustained manner from a historic low of 3.4% in October 2019 to 4.3% in January 2020.

NBFC's continued to grow their share in the financial services industry. Data published by RBI in its Financial Stability Report dated 31<sup>st</sup> December, 2018 show that NBFCs have outperformed scheduled commercial banks (SCBs) on growth in advances, asset quality and profitability. This growth momentum of NBFCs should result in their share in the financial services sector increasing in the near future. However, NBFCs' share could not be increased as it was expected due to several reasons.

## **Possible threats**

As we get into an environment which is likely to be largely positive over medium to long term, there may be significant roadblocks in the shorter term due to funding difficulties which are facing by NBFC. Despite recent push by the RBI, the resolution of stressed assets in the system is likely to take more time. Also the effect of various loan waivers on credit culture in the rural areas is still to be seen. Your Company acknowledges these possible negative factors and has a plan to mitigate them through its deep domain knowledge, strong risk framework and an efficient collection mechanism.

## **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. "Atmanirbhar Bharat Abhiyan" has been announcement of Government of India. Such Abhiyan may boost up the economy and NBFC business may increase in future. The Company is cautiously optimistic in its outlook for the financial year 2020-21. We believe that the growth momentum of NBFCs will result in their share in the financial services sector increasing in the near future.

## **Fixed Deposits**

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

## **Internal control systems and their adequacy**

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the design, adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board which also reviews the adequacy and effectiveness of the internal controls in the Company. The Company's internal control system is commensurate with the size, nature and operations of the Company.

## **Risk management**

As an NBFC, SFIL is exposed to credit, liquidity and interest rate risk. It has continued to invest in talent, processes and emerging technologies for building advanced risk and underwriting capabilities. 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. 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.

## **Financial performance with respect to operational performance**

### **i) Share Capital**

The Authorised share capital of the Company is Rs.11,00,00,000/- (Rupees Eleven Crores Only) divided into 11000000 Equity shares of Rs.10/-each. Issued, Subscribed and Paid up share capital of the Company is Rs.10,88,00,000/- (Rupees Ten Crores Eighty Eight Lakhs Only) divided into 10880000 Equity Shares of Rs.10/-each fully paid up.

### **ii) Net Worth**

The Net worth of the Company has been increased to Rs. 4,417.78 Lakhs during the current year as compared to Rs.4,018.77 Lakhs during the previous year.

### **iii) Total Income**

During the year under review the total income of the Company was Rs 3,409.29 Lakhs as compared to Rs.2,986.86 Lakhs during the previous year.

# SAINIK FINANCE & INDUSTRIES LIMITED

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## iv) Other Income

During the year under review other income of the Company was Rs.7.43 Lakhs as compared to Rs.26.56 Lakhs during the previous year.

## v) Interest and Finance Charges

During the year under review total interest and finance charges were Rs.2,467.32 Lakhs as compared to Rs.2,105.56 Lakhs during the previous year.

## vi) Tax Expense

During the year under review tax expenses were Rs.220.78 Lakhs as compared to Rs.180.87 Lakhs during the previous year.

## vii) RBI Guidelines

The Company has complied with all the applicable rules and regulations of the Reserve Bank of India.

## viii) 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.

## ix) Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof

During the year under review, the return on networth as compared to the immediately previous financial year is incremental.

## x) Performance During the year

During the year under review, the Company earned profit (before tax) of Rs.627.04 Lakhs as compared to Rs.686.41Lakhs during the previous year.

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

Place: New Delhi  
Dated: 17<sup>th</sup> August, 2020

**Kuldeep Singh Solanki**  
Director  
DIN: 00009212

**Rudra Sen Sindhu**  
Director  
DIN:00006999

# **SAINIK FINANCE & INDUSTRIES LIMITED**

## **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

To,  
The Board of Directors,  
Sainik Finance & Industries Limited

This is to confirm that the Company has adopted a Code of Conduct for its employees. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. These Codes are available on the Company's website.

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the 'Code of Conduct' and 'Our Code' in respect of the Financial Year 2019-20.

Place: New Delhi  
Date: 17<sup>th</sup> August, 2020

Akash Shrivastava  
Chief Executive Officer

### **CEO / CFO Certification**

To  
The Board of Directors  
**Sainik Finance & Industries Limited**

1. We have reviewed financial statements and the cash flow statement of Sainik Finance & Industries Limited for the financial year ended on 31<sup>st</sup> March, 2020 and certify that these statements, to the best of our knowledge and belief :
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, 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 for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee that:
  - i) There are no significant changes in internal control over financial reporting during the year;
  - ii) There are change no significant changes in accounting policies during the year; however, the financial statement for the year ended 31 March, 2020 has been prepared in accordance with the provisions of Indian Accounting Standard (IndAS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with guidelines issued by the Securities and Exchange Board of India (SEBI) and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non-Banking Finance Company ('NBFC')
  - iii) There are no instances of significant fraud of which we have become aware.

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

Akash Shrivastava  
Chief Executive Officer

Jagdish Chandra  
Chief Financial Officer

Place: New Delhi  
Dated: 17<sup>th</sup> August, 2020

# SAINIK FINANCE & INDUSTRIES LIMITED

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members  
**Sainik Finance & Industries Limited**

1. The Corporate Governance Report prepared by Sainik Finance & Industries Limited (hereinafter referred as to the “Company”), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“the Listing Regulations”) (‘Applicable criteria’) with respect to Corporate Governance for the year ended 31 March 2020. This report is required by the Company to be annexed with the Directors’ Report, in terms of Para E of Schedule V to the aforesaid Listing Regulations, for further being sent to the Shareholders of the Company.

### **Management’s Responsibility**

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors is also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### **Auditor’s Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India (“ICAI”). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor’s judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
  - i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors w.r.t. executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Directors Register as on 31 March 2020 and verified that at least one women director was on the Board during the year;
  - iv. Obtained and read the minutes of the following meetings held between 1 April 2019 to 31 March 2020;
    - a. Board of Directors meetings;
    - b. Audit committee meetings;
    - c. Nomination and remuneration committee meetings;
    - d. Stakeholders Relationship committee meetings
    - e. Corporate Social Responsibility Committee Meeting ; and
    - f. Annual General meeting;
  - v. Obtained necessary representations and declarations from directors of the Company including the independent directors; and
  - vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

### **Opinion**

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended 31 March 2020, referred to in paragraph 1 above.

# SAINIK FINANCE & INDUSTRIES LIMITED

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## Other matters and Restriction on Use

9. This report 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.
10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

**For Nagar Goel & Chawla**

Chartered Accountants

ICAI Firm Registration No. 009933N

Dharmender Singhal

Partner

M. No. 515984

UDIN 20515984AAAAII8264

Place: New Delhi

Dated: 17<sup>th</sup> August, 2020

# SAINIK FINANCE & INDUSTRIES LIMITED

Annexure- D

## FORM AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below:

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

Sainik Finance & Industries has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2019-20.

**2. Details of contracts or arrangements or transactions at arm's length basis and in ordinary course of business:**

S. No.	Name of Related Party	Nature of Relation Ship	Nature of Contracts/ arrangements/ transaction	Duration of the contracts / arrangements / transaction	Salient terms of the contracts or arrangements or transaction	Date of approval by the Board	Amount incurred during the year (Rs. In lakhs)
1.	Indus Portfolio Private Limited	Common directorship	Services received	N.A.	RTA Services received	N.A.	39.26
2.	Kapil Constructions Private Limited	Director is shareholder and Relative of director is	Services Received	N.A.	Rent paid	N.A.	0.60
3.	ACB (India) Limited (Spectrum Coal and Power Limited merged with ACB (India) Limited) w.e.f 18.02.2020)	Common Directors	ICD given	Repayable on demand	ICD given repayable on demand	N.A.	350.00
			Interest due	N.A.	Interest due on ICD given which is repayable on demand	N.A.	1.44
			ICD received back	N.A.	ICD given repayable on demand	N.A.	350.00
4.	Kartikay Exploration and Mining Services Private Limited	Director's relative is and director member	ICD received back	Repayable on demand	ICD given repayable on demand	N.A.	600.00
			Interest due	N.A.	Interest on ICD given which is repayable on demand	N.A.	224.28
5.	Indus Automobiles Private Limited	Common shareholders	Advance against property	N.A.	Advance against property received	12-11-2019	354.00
			Interest paid on advance	N.A.	Interest paid on advance taken	N.A.	21.20.
6.	Sainik Automobiles	Director's relative is partner	Interest due	N.A.	Interest on ICD given which is repayable on demand	N.A.	
7.	Mittersen Agro Farms Private Limited	Relative is shareholder	Interest payment due	Repayable on demand	Interest payment due on ICD taken which is repayable on demand	N.A.	12.41
8.	Spectrum Coal and Power Limited (merged with ACB (India) Limited) w.e.f 18.2.2020)	Common directors	Interest payment due	Repayable on demand	Interest payment due on ICD taken which is repayable on demand	N.A.	661.50
9.	Sh. Akash Shrivastava	Chief Executive Officer	Salary paid	N.A.	Payment of Salary to KMP	N.A.	26.01
10.	Sh. Jagdish Chandra	Chief Financial Officer	Salary Paid	N.A.	Payment of Salary to KMP	N.A.	15.21
11.	Sh. Kunal Gupta	Company Secretary	Salary Paid	N.A.	Payment of Salary to KMP	N.A.	0.36
12.	Ms. Pooja Bansal	Company Secretary	Salary Paid	N.A.	Payment of Salary to KMP	N.A.	1.20

# SAINIK FINANCE & INDUSTRIES LIMITED

Annexure- E

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,  
The Members of  
Sainik Finance & Industries Limited  
129, Transport Centre, Rohtak Road,  
Punjabi Bagh, New Delhi- 110035

1. That Sainik Finance & Industries Limited (CIN. **L26912DL1991PLC045449**) is having registered office at 129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi -110035 (hereinafter referred to as 'the Company'). The equity shares of the Company are listed on BSE Limited.
2. We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of the Company, produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. As on 31<sup>st</sup> March, 2020, the Board of Directors of the Company comprises of the following directors:

SL. No.	Name of Director	DIN	Date of initial appointment in the Company	Date of re-appointment in the Company (AGM date)*
1.	Rudra Sen Sindhu	00006999	22/08/1991	
2.	Kuldeep Singh Solanki	00009212	27/03/1997	
3.	Samai Singh*	00235036	31/07/2013	28/09/2017
4.	Renuka Hooda*	03611979	30/03/2015	30/09/2019

\*Sh. Samai Singh and Smt. Renuka Hooda, independent directors of the Company have been reappointed as independent directors of the Company for second term of 5 years at Annual General Meetings held on 28<sup>th</sup> September, 2017 and 30<sup>th</sup> September, 2019 respectively

4. Based on verification and examination of the disclosures/ register under section 184/ 189, 170, 164, 149 of the Companies Act, 2013 (the Act) and DIN based search on MCA Portal ([www.mca.gov.in](http://www.mca.gov.in)), we certify as under:
  - None of the above named Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority for the Financial Year ending 31<sup>st</sup> March, 2020.
5. Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
6. This certificate is based on the information and records available up to date of this certificate and we have no responsibility to update this certificate for the events and circumstances occurring after the date of the certificate.
7. Further, in view of the continuing restrictions on the movement of persons at several places in the country due to Corona Virus (COVID-19), we have verified the information and documents which are provided by the management of the Company on the email but we have not verified any documents physically.

For S. S. Bhati & Associates  
Company Secretaries

Place: Noida  
Date: 20<sup>th</sup> May, 2020

Satyapal Singh Bhati  
Proprietor  
FCS No. 8252, C.P. No. 9387  
UDIN-F008252B000263298

# SAINIK FINANCE & INDUSTRIES LIMITED

Annexure- F

## SAINIK FINANCE & INDUSTRIES LIMITED Annual Report on CSR activities

### 1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:

#### a) Introduction

The Corporate Social Responsibility (CSR) activities of Sainik Finance & Industries Limited ("SFIL" or "the Company") are guided by the vision and philosophy of its Promoters. They believe SFIL does not grow by making financial profits only, it grows if it contributes consistently for the growth of the society and environment to which they belong. The Company strongly believes in the theory of participative growth, enhancing societal /environment commitments. Corporate Social Responsibility (CSR) is a tool which can be used for sustainable development. SFIL recognizes this and intends to contribute to the social cause by making donations towards various charitable activities and supporting rural development and education initiatives by financing various activities like building of educational institutions, repair and maintenance of roads, installation of hand pumps and other accessories in villages etc. The Company being a corporate entity falling within the purview of Section 135 of the Act read with CSR Rules made thereunder. The CSR Committee constituted by the Board of Directors of the Company ("Board"), has in exercise of its authority and discharge of its responsibility, formulated a CSR Policy, which has been approved by the Board as the Corporate Social Responsibility Policy of the Company.

The Company addresses the needs of communities in the areas of health, education, environment conservation, infrastructure and community development and response to natural calamities. The Company intended to fine tune its activities around the activities specified in schedule VII of the Companies Act, 2013.

#### b) Guiding Principles

Sainik Finance & Industries Limited believes that social investments should:

- i) **Benefit Generations:** The Company believes in 'investment in resource creation' for use over generations. The Company tries to identify sustainable projects which will benefit the society for long periods.
- ii) **Promote Health:** The Company believes that good health is pre-requisite for both education and productivity.
- iii) **Encourage for Self-help:** To guide and do hand-holding for self-help, individually and collectively, to create excellence for self and for the team.
- iv) **Target those who need it most:** Care for the sections of the society that are socially and economically at the lowest rung irrespective of their religion or caste or language or colour.
- v) **Sustain Natural Resources:** The Company encourages balanced development and ensure least adverse impact on environment- 'Growth with Mother Nature blessings'

#### c) CSR Policy

A detailed CSR policy was framed by the Company with approvals of the Corporate Social Responsibility Committee (CSR Committee). CSR policy has been approved by the Board. CSR policy gives an overview of the projects or programs or activities which are proposed to be undertaken by the Company in the coming years. The CSR policy is placed on the Company's website [www.sainikfinance.com](http://www.sainikfinance.com)

### 2. The Composition of the CSR Committee:

Corporate Social Responsibility Committee comprising the following members:

- Sh. Rudra Sen Sindhu, Chairman
- Sh. Kuldeep Singh Solanki, Member
- Smt. Renuka Hooda, Member (Independent Director)

During Financial Year ended 31<sup>st</sup> March, 2020, the Committee met twice on 12<sup>th</sup> August, 2019 and 13<sup>th</sup> March, 2020.

### 3. Average net profit of the Company for the last three financial years i.e. 31-03-2017, 31-03-2018 and 31-03-2019: Rs. 556.48 Lakhs

### 4. Prescribed CSR Expenditure (2% of the amount as in item no. 3 above): Rs.11.13 Lakhs

### 5. Details of CSR spent during the financial year:

S. No.	Particulars	Rs.(in lakhs)
a)	Total amount to be spent	11.13
b)	Amount spent	11.14
c)	Amount unspent, if any (A-B)	NIL
d)	Manner in which the amount spent in detailed below: Amount of Rs.11.14 Lakhs- has been contributed to non-profit making organizations for promoting health care including preventive health care and sanitation and making available safe drinking water and setting up hostels for woman etc.	

### 6. In case the Company fails to spend the 2% of the average net profit of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board Report

# **SAINIK FINANCE & INDUSTRIES LIMITED**

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Not applicable since 2% of the average net profit of the last 3 financial years has been spent as above.

- 7. The Responsibility statement, of the CSR Committee, that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company duly signed by Director and Chairperson of the CSR Committee**

The Committee confirms that the implementation and monitoring of the CSR policy is in compliance with CSR objective and policy of the Company.

**Rudra Sen Sindhu**  
**Chairman of the Committee**  
Date : 17<sup>th</sup> August, 2020  
Place : New Delhi

**Kuldeep Singh Solanki**  
**Member**

## **INDEPENDENT AUDITORS' REPORT**

### **To the Members of Sainik Finance & Industries Limited Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying Ind AS financial statements of Sainik Finance & Industries Limited comprising of the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss, including other comprehensive income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the Ind AS financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, their profit including other comprehensive income, their cash flows and the statement of changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's responsibilities for the audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

#### **Key Audit Matters**

Key Audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements

Sl.	Key Audit matter	Auditors' Response
1.	<p>Transition to Ind AS accounting framework</p> <p>The Company has adopted Ind AS from 1 April 2019 with an effective date of 1 April 2018 for such transition. For periods up to and including the year ended 31 March 2019, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP).</p> <p>To give effect of the transition to Ind AS, these financial statements for the year ended 31 March 2020, together with the comparative financial information for the previous year ended 31 March 2019 and the transition date Balance Sheet as at 1 April 2018 have been prepared under Ind AS.</p> <p>The transition has involved significant change in the Company's policies and processes for financial reporting, including generation of supportable information and applying estimates to inter alia determine impact of Ind AS on accounting and disclosure requirements prescribed under the extant Reserve Bank of India (RBI) directions. In view of the complexity involved, Ind AS transition and the preparation of financial statements subsequent to the transition date have been areas of key focus in our audit.</p>	<ul style="list-style-type: none"> <li>• Read the Ind AS impact assessment performed by the Management and the resultant changes made to the accounting policies considering the requirements of the new framework.</li> <li>• Evaluated the exemptions and exceptions allowed by Ind AS and applied by the Management in applying the first-time adoption principles of Ind AS 101 in respect of fair valuation of assets and liabilities existing as at transition date.</li> <li>• Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS.</li> <li>• Tested the disclosures prescribed under Ind AS.</li> </ul>
2	<p>Impairment on financial assets (expected credit losses).</p> <p>Ind AS 109 requires the Company to recognise impairment loss allowance towards its financial assets (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles of Ind AS 109 including:</p> <ul style="list-style-type: none"> <li>• unbiased, probability weighted outcome under various scenarios;</li> <li>• time value of money;</li> <li>• impact arising from forward looking macro-economic factors</li> </ul>	<p>We read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109.</p> <ul style="list-style-type: none"> <li>• We tested the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3 and vice versa.</li> <li>• We evaluated the reasonableness of the Management estimates by understanding the process of ECL</li> </ul>

<p>and;</p> <ul style="list-style-type: none"> <li>• availability of reasonable and supportable information without undue costs.</li> </ul> <p>Applying these principles involves significant estimation in various aspects, such as:</p> <ul style="list-style-type: none"> <li>• grouping of borrowers based on homogeneity by using appropriate statistical techniques;</li> <li>• staging of loans and estimation of behavioral life;</li> <li>• determining macro-economic factors impacting credit quality of receivables;</li> <li>• estimation of losses for loan products with no/minimal historical defaults.</li> </ul> <p>Considering the significance of such allowance to the overall financial statements and the degree of estimation involved in computation of expected credit losses, this area is considered as a key audit matter.</p>	<p>estimation and tested the controls around data extraction and validation.</p> <ul style="list-style-type: none"> <li>• Tested the ECL model, including assumptions and underlying computation.</li> <li>• Assessed the floor/minimum rates of provisioning applied for loan products with inadequate historical defaults.</li> <li>• Audited disclosures included in the Ind AS financial statements in respect of expected credit losses.</li> </ul>
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### **Information other than the Financial Statements and Auditors' Report thereon**

- The Company's Board of Directors is responsible for the preparation of other information which comprises the Director's Report including annexures to Director's Report, Management Discussion and Analysis Report and Report on Corporate Governance, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and accordingly, we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with financial statements or our knowledge obtained during the course of audit or otherwise appears to be materially misstated.
- Based on the work we have performed, if we conclude that there is a material misstatement of this other information; we are required to report the fact. We have nothing to report in this regard.

### **Responsibility of Management for Financial Statements**

The Company's Board of Directors is responsible for the preparation and presentation of these Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and statement of changes in equity in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The

respective Board of Directors of the Companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Ind AS financial statements by the Directors of the Company, as aforesaid.

In preparing the Ind AS financial statements, the respective Board of Directors of the companies are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the Companies are also responsible for overseeing the financial reporting process of the Company.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charge with governance, we determine those matters that were of most significance in the audit of Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

### **Report on other legal and regulatory requirements**

As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Ind AS financial statements;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Ind AS financial statements;
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure (B)".
- g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and accordingly to the explanations given to us, no remuneration has been paid by the company to its directors during the year.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. There is no pending litigation which would have its impact on Ind AS financial statement of the Company.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

**For Nagar Goel & Chawla**  
*Chartered Accountants*  
ICAI Firm Registration No. : 009933N

**Dharmender Singhal**  
Partner  
Membership No. : 515984  
UDIN: 20515984AAAAGA8963

Place: New Delhi  
Date: 25<sup>th</sup> June 2020

## **ANNEXURE (A) TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SAINIK FINANCE & INDUSTRIES LIMITED**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March, 2020, we report that:

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant and equipment).
- (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its property, plant and equipment by which all fixed assets (property, plant and equipment) are verified at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed during physical verification of fixed assets (property, plant and equipment).
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) According to the information and explanations given to us, the management has conducted physically verification in respect of finished goods at reasonable intervals. No material discrepancies were noticed during physical verification of inventories as compared to book records.
- (iii) In our opinion and according to the information and explanations provided to us, the Company has granted loans to a Company covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
  - (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the parties listed in the register maintained under section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.
  - (b) The terms of arrangement do not stipulate any repayment schedule and the loans are repayable on demand with interest.
  - (c) Since the term of arrangement do not stipulate any repayment schedule and the loans are repayable on demand, no question of overdue amounts will arise in respect of the loans granted to the parties listed in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations provided to us, the Company did not make any investment as per provisions of section 186(1) of the Act. Further, the Company is exempted from compliance of section 185 and 186 (*except sub-section "1" of Section 186*) of the Act.
- (v) According to the information and explanations provided to us, the Company has not accepted any deposits from the public. Accordingly, the directives issued by Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and rules framed thereunder in this regard, are not applicable.
- (vi) According to the information and explanations provided to us, the Central Government has not specified for maintenance of cost records under section 148(1) of the Companies Act, 2013 in

respect of the activities carried on by the Company. Hence, the provisions of paragraph 3(vi) of the Order is not applicable to the Company.

(vii) In respect of statutory dues;

- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, service tax, custom duty, excise duty, value added tax, goods and service tax and other material statutory dues, as applicable.

Further, there are no undisputed amounts payable outstanding as at 31 March, 2020 for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us, there are no material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not raised loan or borrowings from banks, financial institutions, and Government or debenture holders during the year under audit and therefore paragraph 3(viii) of the Order is not applicable.

(ix) According to the information and explanations provided to us, the company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and not availed the facility of term loans during the year under audit and therefore paragraph 3(ix) of the Order is not applicable.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no fraud on or by the company or any fraud by its officers or employees was noticed or reported during the year.

(xi) To the best of our knowledge and according to the information and explanations given to us, no managerial remuneration has been paid or provided during the year under audit. Accordingly, paragraph 3(xi) of the Order is not applicable on the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) To the best of our knowledge and according to the information and explanations given to us, the company has registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Nagar Goel & Chawla**

*Chartered Accountants*

ICAI Firm Registration No. : 009933N

**Dharmender Singhal**

Partner

Membership No. : 515984

UDIN: 20515984AAAAGA8963

Place: New Delhi

Date: 25<sup>th</sup> June 2020

## **ANNEXURE- (B) TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SAINIK FINANCE & INDUSTRIES LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **Sainik Finance & Industries Limited** (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit with reference to these Ind AS financial statements. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting with reference to these Ind AS financial statements.

## **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

## **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

***For Nagar Goel & Chawla***

*Chartered Accountants*

ICAI Firm Registration No. : 009933N

**Dharmender Singhal**

Partner

Membership No. : 515984

UDIN: 20515984AAAAGA8963

Place: New Delhi

Date: 25<sup>th</sup> June 2020

**Sainik Finance & Industries Limited****Balance sheet as at 31st March 2020***(all amounts are in rupees lakhs, unless otherwise stated)*

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	3	6.99	36.48	15.11
Bank Balance other than cash and cash equivalents	4	-	30.35	-
Receivables -				
Trade Receivable	5	-	-	7.68
Other Receivable		-	-	
Loans	6	22,210.84	24,190.09	20,880.66
Investments	7	0.39	0.32	0.37
Other financial assets	8	3,037.41	2,463.27	1,249.58
		<b>25,255.63</b>	<b>26,720.51</b>	<b>22,153.40</b>
<b>Non-financial Assets</b>				
Inventories	9	-	0.03	0.03
Current tax assets (Net)	10	219.38	174.60	89.46
Deferred tax assets (Net)	11	123.64	131.22	102.10
Property, plant and equipments	12	27.26	27.98	63.30
Other non-financial assets	13	6.49	6.68	11.26
		<b>376.77</b>	<b>340.51</b>	<b>266.15</b>
<b>Total assets</b>		<b>25,632.40</b>	<b>27,061.02</b>	<b>22,419.55</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Financial Liabilities</b>				
Payables				
Trade Payables -				
(a) total outstanding dues of micro and small enterprises		-	-	
(b) total outstanding dues of creditors other than micro and	14	4.72	4.92	6.11
Other Payables-				
(a) total outstanding dues of micro and small enterprises		-	-	-
(b) total outstanding dues of creditors other than micro and		-	-	-
Borrowings (other than Debt Securities)	15	17,819.48	20,947.25	18,055.41
Other financial liabilities	16	2,768.54	1,859.45	609.84
		<b>20,592.74</b>	<b>22,811.62</b>	<b>18,671.36</b>
<b>Non-financial Liabilities</b>				
Provisions	17	28.30	15.87	20.66
Other non-financial liabilities	18	593.58	214.76	214.54
		<b>621.88</b>	<b>230.63</b>	<b>235.20</b>
<b>EQUITY</b>				
<b>Shareholder's funds</b>				
Equity Share capital	19	1,088.00	1,088.00	1,088.00
Other equity	20	3,329.78	2,930.77	2,424.99
		<b>4,417.78</b>	<b>4,018.77</b>	<b>3,512.99</b>
<b>Total liabilities and equity</b>		<b>25,632.40</b>	<b>27,061.02</b>	<b>22,419.55</b>
Significant accounting policies and notes to accounts	1-46			

As per our report of even date

For **Nagar Goel & Chawla**

Chartered Accountants

ICAI Firm Registration No. : 009933N

On behalf of the Board of Directors

For **Sainik Finance & Industries Limited****Dharmender Singhal**

Partner

Membership No. 515984

**Rudra Sen Sindhu**

Director

DIN-00006999

**Samai Singh**

Director

DIN-00235036

Place : New Delhi

Date : 25 June 2020

**Akash Shrivastava**

Chief Executive Officer

PAN-BAYPS2407Q

**Renu**

Company secretary

PAN-BUPPR8662B

**Jagdish Chandra**

Chief financial officer

PAN-AAJPU3255G

**Sainik Finance & Industries Limited**  
**Statement of Profit & Loss for the year ended 31st March 2020**  
*(all amounts are in rupees lakhs, unless otherwise stated)*

	Particulars	Note	For the year ended 31st March 2020	For the year ended 31st March 2019
I	<b>Revenue from operations:</b>			
	Interest Income	21	3,401.86	2,960.30
II	<b>Other income</b>	22	7.43	26.56
III	<b>Total Income (I+II)</b>		<b>3,409.29</b>	<b>2,986.86</b>
	<b>Expenses:</b>			
	Finance costs	23	2,467.32	2,105.56
	Impairment of financial instruments	24	198.76	75.45
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	0.03	-
	Employee benefits expense	26	62.65	36.59
	Depreciation and amortization	27	0.71	0.87
	Other expenses	28	52.78	81.98
IV	<b>Total expenses</b>		<b>2,782.25</b>	<b>2,300.45</b>
V	Profit before exceptional and extraordinary items and tax (III-IV)		627.04	686.41
VI	Exceptional items		-	-
VII	<b>Profit before tax ( V-VI )</b>		<b>627.04</b>	<b>686.41</b>
VIII	<b>Tax expense:</b>			
	(1) Current tax		210.76	210.20
	(2) Deferred tax(Credit)		10.02	(29.33)
			<b>220.78</b>	<b>180.87</b>
IX	Profit/(Loss) for the period from continuing operations (VII-VIII )		406.26	505.54
X	Profit/(Loss) for the period from discontinuing operations		-	-
XI	Tax expense of discontinuing operations		-	-
XII	Profit/(Loss) from discontinuing operations (after tax) ( X-XI )		-	-
XIII	<b>Profit for the period (IX-X)</b>		<b>406.26</b>	<b>505.54</b>
XIV	Other Comprehensive Income		-	-
	Items that will not be reclassified to profit & loss			
	Remeasurement gain/(losses) on defined benefit plan		(9.67)	0.77
	Tax impact on above		2.44	(0.21)
	<b>Other Comprehensive Income for the year (net of tax)</b>		<b>(7.23)</b>	<b>0.56</b>
	<b>Total Comprehensive Income for the period</b>		<b>399.03</b>	<b>506.10</b>
	<b>Earnings per equity share:</b>			
	<b>Basic and diluted earning per share (in Rs.)</b>	39	<b>3.73</b>	<b>4.65</b>
	<b>[face value of Rs. 10 each]</b>			
	See accompanying notes to the financial statements	1-46		

As per our report of even date

For **Nagar Goel & Chawla**

Chartered Accountants

ICAI Firm Registration No. : 009933N

On behalf of the Board of Directors

For **Sainik Finance & Industries Limited**

**Dharmender Singhal**

Partner

Membership No. 515984

**Rudra Sen Sindhu**

Director

DIN-00006999

**Samai Singh**

Director

DIN-00235036

**Akash Shrivastava**

Chief Executive Officer

PAN-BAYPS2407Q

**Renu**

Company secretary

PAN-BUPPR8662B

**Jagdish Chandra**

Chief financial officer

PAN-AAJPU3255G

Place : New Delhi

Date : 25 June 2020

**Sainik Finance & Industries Limited**  
**Statement of Cash Flows for the year ended 31st March 2020**

(all amounts are in rupees lakhs, unless otherwise stated)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>A) Cash flow from operating activities:</b>		
Profit before tax	627.04	686.41
<b>Adjustments for :-</b>		
Depreciation and amortisation	0.71	0.87
Impairment of financial instruments	198.76	75.45
Loss on Sale of Fixed assets	-	19.44
Bad debt written off (net)	-	0.01
Sundry balance written back	1.44	-
Provision written back	-	(26.24)
Investment Adjustment	(0.07)	0.05
Provision for standard assets	-	-
Provision made for gratuity	2.76	2.52
Profit on sale of assets	-	-
<b>Operating profit before working capital changes-</b>	<b>830.64</b>	<b>758.51</b>
<b>Adjustments for :-</b>		
Decrease/(Increase) in loans and advances	1,780.49	(3,384.88)
Decrease/(Increase) in financial assets	(574.15)	(1,213.69)
Decrease in inventories	0.03	-
Decrease/(Increase) in financial assets	(1.25)	4.58
Decrease in Long term Liabilities	-	(5.09)
Increase /(Decrease) in trade payables & other liabilities	1,287.72	1,288.43
Current Liabilities	-	-
Decrease/(Increase) in trade receivables	-	7.66
<b>Cash used in operations-</b>	<b>3,323.48</b>	<b>(2,544.48)</b>
Interest paid	-	-
Income tax refund	87.07	0.60
Income tax paid	(342.62)	(296.49)
<b>Cash Flow Before Extraordinary Items</b>	<b>3,067.93</b>	<b>(2,840.37)</b>
Extraordinary items	-	-
<b>Net cash used in operating activities (A)</b>	<b>3,067.93</b>	<b>(2,840.37)</b>
<b>B) Cash flow from investing activities:</b>		
Proceeds/(Investment) in bank deposits	30.35	(30.35)
<b>Net cash from / (used in) investing activities (B)</b>	<b>30.35</b>	<b>(30.35)</b>
<b>C) Cash flow from financing activities:</b>		
Dividends & Tax on Dividend	-	-
Proceeds from intercorporate deposits	(3,127.77)	2,892.09
Borrowing (net)	-	-
<b>Net cash from financing activities (C)</b>	<b>(3,127.77)</b>	<b>2,892.09</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(29.49)</b>	<b>21.37</b>
<b>Cash and cash equivalents as at the beginning of the year (refer note no. 3 )</b>	<b>36.48</b>	<b>15.11</b>
<b>Cash and cash equivalents as at the end of the year (refer note no. 3 )</b>	<b>6.99</b>	<b>36.48</b>
- Cash and cash equivalents	-	-
- Non-current bank balances	-	-
	<b>6.99</b>	<b>36.48</b>

**Cash and cash equivalents comprises:**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Cash on hand	0.86	0.99
Balance with banks- in Current account	6.13	25.49
Cheques in hand	-	10.00
	<b>6.99</b>	<b>36.48</b>

Note : The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

As per our report of even date  
For **Nagar Goel & Chawla**  
Chartered Accountants  
ICAI Firm Registration No. : 009933N

On behalf of the Board of Directors  
For **Sainik Finance & Industries Limited**

**Dharmender Singh**  
Partner  
Membership No. 515984

**Rudra Sen Sindhu**  
Director  
DIN-00006999

**Samai Singh**  
Director  
DIN-00235036

Place : New Delhi  
Date : 25 June 2020

**Akash Shrivastava**  
Chief Executive Officer  
PAN-BAYPS2407Q

**Renu**  
Company secretary  
PAN-BUPPR8662B

**Jagdish Chandra**  
Chief financial officer  
PAN-AAJPU3255G

**Sainik Finance & Industries Limited**  
**Statement of Changes in Equity for the year ended 31 March 2020**

*(all amounts are in rupees lakhs, unless otherwise stated)*

**a. Equity share capital**

	Amount
Balance as at 1 April 2018	1,088.00
Changes in equity share capital during the year 2018-19	
Balance as at 31 March 2019	1,088.00
Changes in equity share capital during the year 2019-20	0.00
Balance as at 31 March 2020	1,088.00

**b. Other equity**

Particulars	Other equity					Total
	Securities premium account	General reserve	Statutory Reserve under Section 45-IC of the RBI Act, 1934	Retained earnings	Items of Other comprehensive income	
Balance as at 1 April 2018	400.15	71.92	650.20	1,302.72	-	2,424.99
Profit for the year		-		505.54		505.54
Other comprehensive income (net of tax)	-	-			0.56	0.56
Total comprehensive income for the year of India Act, 1934	-	-	-	505.54	0.56	506.09
Demand/(excess) provision of income tax for earlier years			108.49	(108.49)		-
				(0.32)		(0.32)
<b>Balance as at 31 March 2019</b>	<b>400.15</b>	<b>71.92</b>	<b>758.69</b>	<b>1,699.45</b>	<b>0.56</b>	<b>2,930.77</b>
						-
Balance as at 1 April 2019	400.15	71.92	758.69	1,699.45	0.56	2,930.77
Profit for the year	-	-		406.26		406.26
Other comprehensive income (net of tax)	-	-		-	(7.23)	(7.23)
Total comprehensive income for the year of India Act, 1934	-	-	-	406.26	(7.23)	399.03
Demand/(excess) provision of income tax for earlier years	-	-	81.25	(81.25)		-
	-	-		(0.01)		(0.01)
<b>Balance as at 31 March 2020</b>	<b>400.15</b>	<b>71.92</b>	<b>839.94</b>	<b>2,024.45</b>	<b>(6.67)</b>	<b>3,329.78</b>

As per our report of even date  
For **Nagar Goel & Chawla**  
Chartered Accountants  
ICAI Firm Registration No. : 009933N

On behalf of the Board of Directors  
For **Sainik Finance & Industries Limited**

**Dharmender Singhal**  
Partner  
Membership No. 515984

**Rudra Sen Sindhu**  
Director  
DIN-00006999

**Samai Singh**  
Director  
DIN-00235036

**Akash Shrivastava**  
Chief Executive Officer  
PAN-BAYPS2407Q

**Renu**  
Company secretary  
PAN-BUPPR8662B

Place : New Delhi  
Date : 25 June 2020

**Jagdish Chandra**  
Chief financial officer  
PAN-AAJPU3255G

## **SAINIK FINANCE & INDUSTRIES LIMITED**

### **Notes on the financial statement for the year ended 31<sup>st</sup> March 2020**

*(All amount are in rupees lakhs, unless otherwise stated)*

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#### **1. Background**

The Company was incorporated on 22<sup>nd</sup> August 1991 with Registrar of Companies, NCT Delhi and Haryana (ROC) in the name of Garuda Clays Limited. Later on Ramanuj Leasing Limited which was incorporated on 2<sup>nd</sup> January 1985 with the object to carry on leasing & finance activities, was merged with Garuda Clays Limited by order of the Hon'ble High Court of Delhi dated 1<sup>st</sup> November 1999 and the said order was filed with ROC on 4<sup>th</sup> December 2000. The name of Garuda Clays Limited was changed to the present name i.e. Sainik Finance & Industries Limited.

The Company was earlier engaged in manufacturing of 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 and Pre-stressed Poles were discontinued in July, 2012. The Company disposed-off the Plant & machinery and factory structure during the previous years.

The Company is presently engaged in non-banking finance activities and is registered with Reserve Bank of India as Non-Banking Finance Company (NBFC). The Reserve Bank of India has issued its Certificate of Registration No. N.14.02967 dated 3rd September 2003.

#### **2. Significant accounting policies**

##### **2.1 Basis of accounting and preparation of financial statements**

The accompanying financial statements are prepared and presented in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with guidelines issued by the Securities and Exchange Board of India (SEBI) and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The financial statements have been prepared on a going concern basis. The Company uses accrual basis of accounting except in case of significant uncertainties. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The financial statements are presented in Indian rupees.

For all periods up to and including the year ended 31 March 2019, the Company had prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the NBFC Master Directions (hereinafter referred as 'Previous GAAP'). These financial statements for the year ended 31 March 2020 are the first the Company has prepared in accordance with Ind AS. The Company has applied Ind AS 101 'First-time Adoption of Indian Accounting Standards', for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note no. 35.

##### **2.2 Presentation of financial statements**

The Company presents its Balance Sheet in order of liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically unless they are material in nature.

## SAINIK FINANCE & INDUSTRIES LIMITED

### Notes on the financial statement for the year ended 31<sup>st</sup> March 2020

*(All amount are in rupees lakhs, unless otherwise stated)*

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#### **Critical accounting estimates and judgments**

The preparation of the Company's financial statements requires Management to make use of estimates and judgments. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgments are used in various line items in the financial statements for e.g.:

- Business model assessment [Refer note no.2.15(i)]
- Fair value of financial instruments [Refer note no.2.16, 34]
- Effective Interest Rate (EIR) [Refer note no. 2.4]
- Impairment on financial assets [Refer note no.2.15(i),33]
- Provisions and other contingent liabilities [Refer note no. 2.8]
- Provision for tax expenses [Refer note no. 2.10]
- Residual value and useful life of property, plant and equipment [Refer note no.2.6]

#### **2.3 Current/ Non-current classification**

All assets and liabilities are classified into current and non-current.

##### **Assets**

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realized within 12 months after the reporting date; or
- (d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

##### **Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

All other liabilities are classified as non-current.

##### **Operating cycle**

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

#### **2.4 Revenue recognition**

##### **Interest income**

The Company recognises interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the

## **SAINIK FINANCE & INDUSTRIES LIMITED**

### **Notes on the financial statement for the year ended 31<sup>st</sup> March 2020**

*(All amount are in rupees lakhs, unless otherwise stated)*

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expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The Company recognises interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets regarded as 'stage 3', the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest) levied on customers for delay in repayments/non-payment of contractual cash flows is recognised on realisation.

Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest.

#### **2.5 Inventories**

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 Ind AS-2.

#### **2.6 Property, Plant and Equipment**

Property, plant and equipment are carried at historical cost of acquisition less accumulated depreciation and impairment losses, consistent with the criteria specified in Ind AS 16 'Property, Plant and Equipment'

##### **Depreciation on property, plant and equipment**

Depreciation / amortisation are provided over the useful life of the assets, pro rata for the period of use, on a straight-line method. The useful life estimates prescribed in Part C of Schedule II to the 2013 Act have been considered as useful life for tangible assets. Acquired intangible assets are amortised over a period as per management estimates of their useful life. Depreciation is provided on a pro-rata basis i.e. from the month in which asset is ready for use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

##### **Gains / losses on disposal of assets**

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included under other income in the Statement of Profit and Loss when the asset is derecognised.

#### **2.7 Impairment of non- financial assets**

An assessment is done at each Balance Sheet date to ascertain whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of asset is determined. If the carrying value of relevant asset is higher than the recoverable amount, the carrying value is written down accordingly.

## **2.8 Provisions and contingent liabilities**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company also discloses present obligations for which a reliable estimate cannot be made. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## **2.9 Earnings per share**

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.

## **2.10 Taxes**

### **i) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **ii) Deferred tax**

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised either in OCI or in other equity. Deferred tax assets and deferred

## **SAINIK FINANCE & INDUSTRIES LIMITED**

### **Notes on the financial statement for the year ended 31<sup>st</sup> March 2020**

*(All amount are in rupees lakhs, unless otherwise stated)*

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tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **2.11 Employee benefits**

- i) Short Term Employee Benefits: (i.e. benefits payable within one year) are recognized in the period in which employee services are rendered.
- ii) Contributions towards provident fund are recognized as expense. Provident Fund contributions in respect of all employees are made to Provident Fund Authorities.
- iii) 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 up to the end of the financial year.
- iv) Contribution to Central Government Employees State Insurance Scheme for eligible employees is recognized as charge for the year.

#### **2.12 Finance costs**

Borrowing costs on financial liabilities are recognised using the EIR.

#### **2.13 Provisions and contingencies**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### **2.14 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **2.15 Financial Instruments**

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments. For tradable securities, the Company recognises the financial instruments on settlement date.

##### **(i) Financial assets**

Financial assets include cash, or an equity instrument of another entity, or a contractual right to receive cash or another financial asset from another entity. Few examples of financial

## SAINIK FINANCE & INDUSTRIES LIMITED

### Notes on the financial statement for the year ended 31<sup>st</sup> March 2020

*(All amount are in rupees lakhs, unless otherwise stated)*

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assets are loan receivables, investment in equity and debt instruments, trade receivables and cash and cash equivalents.

#### **Initial measurement**

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of financial assets except in the case of financial assets recorded at FVTPL where the transaction costs are charged to profit or loss.

#### **Subsequent measurement**

For the purpose of subsequent measurement, financial assets are classified into four categories:

- (a) Debt instruments at amortised cost
- (b) Debt instruments at FVOCI
- (c) Debt instruments at FVTPL
- (d) Equity instruments designated at FVOCI

#### **(a) Debt instruments at amortised cost**

The Company measures its financial assets at amortised cost if both the following conditions are met:

- The asset is held within a business model of collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Sole Payments of Principal and Interest (SPPI) on the principal amount outstanding.

To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the nature of portfolio and the period for which the interest rate is set.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated financial assets going forward.

The business model of the Company for assets subsequently measured at amortised cost category is to hold and collect contractual cash flows. However, considering the economic viability of carrying the delinquent portfolios in the books of the Company, it may sell these portfolios to banks and/or asset reconstruction companies.

After initial measurement, such financial assets are subsequently measured at amortised cost on effective interest rate (EIR). The expected credit loss (ECL) calculation for debt instruments at amortised cost is explained in subsequent notes in this section.

#### **(b) Debt instruments at FVOCI**

The Company subsequently classifies its financial assets as FVOCI, only if both of the following criteria are met:

**SAINIK FINANCE & INDUSTRIES LIMITED****Notes on the financial statement for the year ended 31<sup>st</sup> March 2020**

*(All amount are in rupees lakhs, unless otherwise stated)*

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- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVOCI category are measured at each reporting date at fair value with such changes being recognised in other comprehensive income (OCI). The interest income on these assets is recognised in profit or loss. The ECL calculation for debt instruments at FVOCI is explained in subsequent notes in this section.

Debt instruments such as long term investments in Government securities to meet regulatory liquid asset requirement of the Company's deposit program and mortgage loans portfolio where the Company periodically resorts to partially selling the loans by way of assignment to willing buyers are classified as FVOCI.

On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to profit or loss.

**(c) Debt instruments at FVTPL**

The Company classifies financial assets which are held for trading under FVTPL category. Held for trading assets are recorded and measured in the Balance Sheet at fair value. Interest and dividend incomes are recorded in interest income and dividend income, respectively according to the terms of the contract, or when the right to receive the same has been established. Gain and losses on changes in fair value of debt instruments are recognised on net basis through profit or loss.

The Company's investments into mutual funds, Government securities (trading portfolio) and certificate of deposits for trading and short term cash flow management have been classified under this category.

**(d) Equity investments designated under FVOCI**

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The Company has strategic investments in equity for which it has elected to present subsequent changes in the fair value in other comprehensive income. The classification is made on initial recognition and is irrevocable.

All fair value changes of the equity instruments, excluding dividends, are recognised in OCI and not available for reclassification to profit or loss, even on sale of investments. Equity instruments at FVOCI are not subject to an impairment assessment.

**Derecognition of Financial Assets**

The Company derecognises a financial asset (or, where applicable, a part of a financial asset) when:

- The right to receive cash flows from the asset have expired; or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement and the Company has

## **SAINIK FINANCE & INDUSTRIES LIMITED**

### **Notes on the financial statement for the year ended 31<sup>st</sup> March 2020**

*(All amount are in rupees lakhs, unless otherwise stated)*

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transferred substantially all the risks and rewards of the asset. Once the asset is derecognised, the Company does not have any continuing involvement in the same.

The Company transfers its financial assets through the partial assignment route and accordingly derecognises the transferred portion as it neither has any continuing involvement in the same nor does it retain any control. If the Company retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. A service liability in respect of a service is recognised at fair value if the fee to be received is not expected to compensate the Company adequately for performing the service. If the fees to be received are expected to be more than adequate compensation for the servicing, a service asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

On derecognition of a financial asset in its entirety, the difference between:

- the carrying amount (measured at the date of derecognition) and
- the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

#### **Impairment of financial assets**

ECL is recognised for financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments.

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised.

Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognised for stage 2 and stage 3 financial assets.

At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months.

In the event of a significant increase in credit risk, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets (and the related impairment loss allowances) are written off in full, when there is no realistic prospect of recovery.

#### **Treatment of the different stages of financial assets and the methodology of determination of ECL**

##### **(a) Credit impaired (stage 3)**

The Company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

**SAINIK FINANCE & INDUSTRIES LIMITED****Notes on the financial statement for the year ended 31<sup>st</sup> March 2020**

*(All amount are in rupees lakhs, unless otherwise stated)*

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- Contractual payments of either principal or interest are past due for more than 90 days;
- The loan is otherwise considered to be in default.

Restructured loans, where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower, are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period, typically 12 months— post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default is done for such loans.

Interest income is recognised by applying the EIR to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

**(b) Significant increase in credit risk (stage 2)**

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, 30 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk. Based on other indications such as borrower's frequently delaying payments beyond due dates though not 30 days past due are included in stage 2 for mortgage loans.

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioural trends of default across the identified homogenous portfolios. These past trends factor in the past customer behavioural trends, credit transition probabilities and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

**(c) Without significant increase in credit risk since initial recognition (stage 1)**

ECL resulting from default events that are possible in the next 12 months is recognised for financial instruments in stage 1. The Company has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using application/behavioural score cards and other performance indicators, determined statistically.

**(d) Measurement of ECL**

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the

## SAINIK FINANCE & INDUSTRIES LIMITED

### Notes on the financial statement for the year ended 31<sup>st</sup> March 2020

*(All amount are in rupees lakhs, unless otherwise stated)*

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performance of our portfolios over a period of time have been applied to determine impact of macro economic factors.

Measurement of expected credit losses are based on 3 main parameters:

- **Probability of default (PD):** It is defined as the probability of whether borrowers will default on their obligations in future. Since the company don't have any history of past losses therefore it was not adequate enough to create our own internal model through which actual defaults for each grade could be estimated. Hence, the default study published by one of the recognised rating agency is used for estimating the PDs for each range grade.
- **Loss given default (LGD):** It is the magnitude of the likely loss, if there is a default. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value. The default study published by one of the recognised rating agency is used for estimating the LGD for secured and unsecured loans.
- **Exposure at default (EAD):** EAD represents the expected balance at default, taking into account the repayment of principal and interest from the Balance Sheet date to the date of default together with any expected drawdowns of committed facilities.

**Write offs** – The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no reasonable expectation of recovering the asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off and when there is no reasonable expectation of recovery from the collaterals held. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

- Determination of PD is covered above for each stages of ECL.
- EAD represents the expected balance at default, taking into account the repayment of principal and interest from the Balance Sheet date to the date of default together with any expected drawdowns of committed facilities.
- LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

#### (ii) **Financial liabilities**

Financial liabilities include liabilities that represent a contractual obligation to deliver cash or another financial assets to another entity, or a contract that may or will be settled in the entities own equity instruments. Few examples of financial liabilities are trade payables, debt securities and other borrowings and subordinated debts.

**SAINIK FINANCE & INDUSTRIES LIMITED****Notes on the financial statement for the year ended 31<sup>st</sup> March 2020**

*(All amount are in rupees lakhs, unless otherwise stated)*

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**Initial measurement**

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, other payables, debt securities and other borrowings.

**Subsequent measurement**

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR. Any gains or losses arising on derecognition of liabilities are recognised in the Statement of Profit and Loss.

**Derecognition**

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

**(iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

**2.16 Fair value measurements**

The Company measures its qualifying financial instruments at fair value on each Balance Sheet date.

Fair value is the price that would be received against sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the accessible principal market or the most advantageous accessible market as applicable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into Level I, Level II and Level III based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are fair valued in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy

**Sainik Finance & Industries Limited**  
**Notes on financial statements for the year ended 31st March 2020**  
*(all amounts are in rupees lakhs, unless otherwise stated)*

<b>3 Cash and cash equivalents</b>	<b>As at 31st March 2020</b>	<b>As at 31st March 2019</b>	<b>As at 1st April 2018</b>
Cash on hand #	0.86	0.99	1.22
Balances with banks			
- in Current account	6.13	25.49	13.89
Cheques in hand	-	10.00	-
	<u>6.99</u>	<u>36.48</u>	<u>15.11</u>
# Cash Balance on hand including imprest with employee			
<b>4 Bank Balance other than cash and cash equivalents</b>	<b>As at 31st March 2020</b>	<b>As at 31st March 2019</b>	<b>As at 1st April 2018</b>
Fixed deposit with bank (Maturity less than 12 months)	-	30.35	-
	<u>-</u>	<u>30.35</u>	<u>-</u>
<b>5 Receivables</b>	<b>As at 31st March 2020</b>	<b>As at 31st March 2019</b>	<b>As at 1st April 2018</b>
<b>Trade Receivables</b>			
Considered good-unsecured	-	-	-
Hypothecation money receivable	-	-	6.81
<b>Other receivable</b>			
a) Secured, considered good ;	-	-	-
b) Unsecured, considered good; and	-	-	0.87
c) Doubtful	-	-	-
<b>Subtotal (a+b+c)</b>	<u>-</u>	<u>-</u>	<u>7.68</u>
<b>6 Loans</b>	<b>As at 31st March 2020</b>	<b>As at 31st March 2019</b>	<b>As at 1st April 2018</b>
<i>( measured at amortised cost)</i>			
<b>Corporate loan/Inter corporate deposit's</b>			
To related parties (refer note no. 40)	1,300.11	1,675.28	1,479.35
To others	21,029.96	22,665.56	19,565.18
<b>Trade advances</b>	372.55	335.76	245.07
Less : Unmatured interest	19.60	16.36	14.24
	<u>22,683.02</u>	<u>24,660.24</u>	<u>21,275.36</u>
<b>Loans</b>	22,683.02	24,660.24	21,275.36
Less:Impairment loss allowance	472.18	470.15	394.70
<b>Total(A)</b>	<u>22,210.84</u>	<u>24,190.09</u>	<u>20,880.66</u>
<b>(B) Out of above</b>			
<b>(i) Secured</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>(ii) Unsecured</b>	22,683.02	24,660.24	21,275.36
Less:Impairment loss	472.18	470.15	394.70
	<u>22,210.84</u>	<u>24,190.09</u>	<u>20,880.66</u>
<b>Total(B)=(i)+(ii)</b>	<u>22,210.84</u>	<u>24,190.09</u>	<u>20,880.66</u>
<b>(C)Out of above</b>			
<b>(I) Loans in India</b>			
(i)Public sector	-	-	-
Less:Impairment loss	-	-	-
Subtotal(i)	<u>-</u>	<u>-</u>	<u>-</u>
(ii) Others	22,683.02	24,660.24	21,275.36
Less:Impairment loss	472.18	470.15	394.70
Subtotal(ii)	<u>22,210.84</u>	<u>24,190.09</u>	<u>20,880.66</u>
<b>(II) Loans outside india</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total ( C)=(I+II)</b>	<u>22,210.84</u>	<u>24,190.09</u>	<u>20,880.66</u>

**Summary of loans by stage distribution**

Particulars	As at 31st March 2020			As at 31st March 2019			As at 1st April 2018		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross carrying amount	21,460.84	1,152.81	69.37	24,590.44	-	69.80	21,237.77	-	37.58
Less:Impairment Loss	379.86	57.64	34.69	435.25	-	34.90	375.91	-	18.79
<b>Net Carrying amount</b>	<b>21,080.98</b>	<b>1,095.17</b>	<b>34.68</b>	<b>24,155.19</b>	<b>-</b>	<b>34.90</b>	<b>20,861.86</b>	<b>-</b>	<b>18.79</b>

Sainik Finance & Industries Limited  
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Analysis of changes in the gross carrying amount and corresponding ECL allowances in relation to loans is as follows

Particulars	As at 31st March 2020							
	Stage 1		Stage 2		Stage 3		Total	
	Loans	Impairment Loss	Loans	Impairment Loss	Loans	Impairment Loss	Loans	Impairment Loss
As at 31st March 2019	24,590.44	435.25	-	-	69.80	34.90	24,660.23	470.15
Transfer during the year -								
transfer to stage 1							-	-
transfer to stage 2	(1,337.41)	(23.67)	1,337.41	23.67			-	-
transfer to stage 3							-	-
New credit exposures during the year. Net of repayments	(1,785.46)	(31.72)	5.40	33.97	(0.43)	(0.21)	(1,780.49)	2.03
Amount written off during the year	(6.73)		(190.00)				(196.73)	-
As at 31st March 2020	21,460.84	379.86	1,153	57.64	69.37	34.69	22,683.01	472.18

Particulars	As at 31st March 2019							
	Stage 1		Stage 2		Stage 3		Total	
	Loans	Impairment Loss	Loans	Impairment Loss	Loans	Impairment Loss	Loans	Impairment Loss
As at 1st April 2018	21,237.77	375.91	-	-	37.58	18.79	21,275.34	394.70
Transfer during the year -								
transfer to stage 1							-	-
transfer to stage 2							-	-
transfer to stage 3	(32.65)	(0.58)	-	-	32.65	0.58	-	-
New credit exposures during the year. Net of repayments	3,385.32	59.92	-	-	(0.43)	15.53	3,384.89	75.45
Amount written off during the year								
As at 31st March 2019	24,590.44	435.25	-	-	69.80	34.90	24,660.23	470.15

Details of impairment on financial instruments disclosed in the Statement of Profit and Loss

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
(i) Net impairment loss allowance charge/(release) for the year	2.03	75.45	394.70
(ii) Amounts written off during the year	196.73		
Impairment on loans			
Add: Impairment on other assets			
Impairment on financial instruments			
	<u>198.76</u>	<u>75.45</u>	<u>394.70</u>

**Sainik Finance & Industries Limited**  
**Notes on financial statements for the year ended 31st March 2020**  
*(all amounts are in rupees lakhs, unless otherwise stated)*

7 Investments (At fair value through Profit & loss)	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>	<u>As at 1st April 2018</u>
<b>(i) Quoted</b>			
Equity Shares	0.12	0.17	0.17
Add: Fair value gain/(losses)	0.07	(0.05)	-
	<u>0.19</u>	<u>0.12</u>	<u>0.17</u>
<b>(ii) Un-quoted</b>			
Equity Shares	0.20	0.20	0.20
Add: Fair value gain/(losses)	-	-	-
	<u>0.20</u>	<u>0.20</u>	<u>0.20</u>
<b>Total(i+ii)</b>	<u>0.39</u>	<u>0.32</u>	<u>0.37</u>
<b>Particulars</b>	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>	<u>As at 1st April 2018</u>
<b>Out of above</b>			
in India	0.39	0.32	0.37
Outside India	-	-	-
	<u>0.39</u>	<u>0.32</u>	<u>0.37</u>
<b>8 Other financial assets</b>	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>	<u>As at 1st April 2018</u>
Interest accrued and due	3,037.41	1,744.43	779.79
Interest accrued but not due	-	718.84	469.79
	<u>3,037.41</u>	<u>2,463.27</u>	<u>1,249.58</u>
<b>9 Inventories</b> <i>(Valued at lower of cost and net realisable value)</i>	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>	<u>As at 1st April 2018</u>
Finished goods	-	0.03	0.03
	<u>-</u>	<u>0.03</u>	<u>0.03</u>
<b>10 Current tax assets</b>	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>	<u>As at 1st April 2018</u>
Advance tax & TDS	219.38	174.60	89.46
	<u>219.38</u>	<u>174.60</u>	<u>89.46</u>
<b>11 Deferred Tax Assets (Net)</b>			
<b>Reconciliation of tax expenses and profit before tax multiplied by corporate tax rate</b>			
<b>Particulars</b>	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>	<u>As at 1st April 2018</u>
Profit before tax	627.04	686.41	-
At corporate tax rate of 25.17% (Previous year 27.82%)	157.83	190.96	-
Tax on non-deductible expenditure	52.93	19.24	-
Tax expense	<u>210.76</u>	<u>210.20</u>	<u>-</u>
<b>Deferred tax recorded in balance sheet</b>	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>	<u>As at 1st April 2018</u>
Deferred tax relates to the following:			
<b>Deferred tax liabilities:</b>			
- Related to property, plant and equipment	2.33	2.68	12.33
<b>Deferred tax assets:</b>			
- Provision for ECL	118.85	129.53	108.74
- Related to gratuity	7.12	4.37	5.69
<b>Deferred tax assets/(liabilities), net</b>	<u>123.64</u>	<u>131.22</u>	<u>102.10</u>
<b>Changes in deferred tax assets recorded in profit or loss</b>			
Deferred tax relates to the following:			
- Related to property, plant and equipment	(0.36)	(9.65)	-
- Related to gratuity	2.75	(1.32)	-
- Provision for ECL	(10.68)	20.79	-
	<u>(7.57)</u>	<u>29.12</u>	<u>-</u>

**Sainik Finance & Industries Limited**  
**Notes on financial statements for the year ended 31st March 2020**  
*(all amounts are in rupees lakhs, unless otherwise stated)*

**12 Property, Plant and Equipment**

Particulars	As at 31st March 2020					
	Land	Building	Furniture & Fixtures	Office Equipments	Computer & printers	Total
At cost at 1st April 2019	16.03	12.29	0.10	0.23	0.21	28.86
Additions						
Disposals						
<b>At cost at the end of the year</b>	<b>16.03</b>	<b>12.29</b>	<b>0.10</b>	<b>0.23</b>	<b>0.21</b>	<b>28.86</b>
Accumulated depreciation as at the beginning of the year	-	0.61	0.06	0.05	0.16	0.88
Depreciation for the period	-	0.61	0.03	0.05	0.03	0.72
Disposals						
<b>Accumulated depreciation as at the end of the year</b>	<b>-</b>	<b>1.22</b>	<b>0.09</b>	<b>0.10</b>	<b>0.19</b>	<b>1.60</b>
<b>Net carrying amount as at the end of the year</b>	<b>16.03</b>	<b>11.07</b>	<b>0.01</b>	<b>0.13</b>	<b>0.02</b>	<b>27.26</b>

Particulars	As at 31st March 2019					
	Land	Building	Furniture & Fixtures	Office Equipments	Computer & printers	Total
Gross Carrying amount(Deemed cost)						
As at 1st April 2018	16.03	12.29	0.10	34.67	0.21	63.30
Additions			-	-	-	-
Disposals			-	34.44	-	34.44
<b>At cost at the end of the year</b>	<b>16.03</b>	<b>12.29</b>	<b>0.10</b>	<b>0.23</b>	<b>0.21</b>	<b>28.86</b>
Accumulated depreciation as at the beginning of the year			-	-	-	-
Depreciation for the period	-	0.61	0.06	0.05	0.16	0.88
Disposals			-	-	-	-
<b>Accumulated depreciation as at the end of the year</b>	<b>0.00</b>	<b>0.61</b>	<b>0.06</b>	<b>0.05</b>	<b>0.16</b>	<b>0.88</b>
<b>Net carrying amount as at the end of the year</b>	<b>16.03</b>	<b>11.68</b>	<b>0.04</b>	<b>0.18</b>	<b>0.05</b>	<b>27.98</b>

**Sainik Finance & Industries Limited**  
**Notes on financial statements for the year ended 31st March 2020**  
*(all amounts are in rupees lakhs, unless otherwise stated)*

<b>13 Other non-financial assets</b>			
	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>	<u>As at 1st April 2018</u>
Security deposits	2.37	2.37	8.40
Balances with government authorities	3.89	4.08	2.63
Other advances recoverable	0.23	0.23	0.23
	<u>6.49</u>	<u>6.68</u>	<u>11.26</u>
<b>14 Payables</b>			
	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>	<u>As at 1st April 2018</u>
<b>(I) Trade payables</b>			
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
<b>(II) Other payables</b>			
Total outstanding dues of micro enterprises and small enterprises	0.00	0.00	0.00
Total outstanding dues of creditors other than micro enterprises and small enterprises	4.72	4.92	6.11
	<u>4.72</u>	<u>4.92</u>	<u>6.11</u>
* The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Further, the Company has not received any claim for interest from any supplier under the said Act.			
<b>15 Borrowings (other than Debt Securities)</b>			
	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>	<u>As at 1st April 2018</u>
<b>(A) In India</b>			
<i>(At amortised cost)</i>			
Inter corporate deposits	17,819.48	20,947.25	18,055.41
<b>Outside India</b>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>17,819.48</u>	<u>20,947.25</u>	<u>18,055.41</u>
<b>(B) Out of above</b>			
<b>Secured</b>			
<b>Unsecured</b>			
<b>From related parties</b>			
Inter corporate deposits (refer note no. 40)	95.46	85.46	76.51
<b>From others</b>			
Inter corporate deposits	17,724.02	20,861.79	17,978.90
	<u>17,819.48</u>	<u>20,947.25</u>	<u>18,055.41</u>
<b>16 Other financial liabilities</b>			
	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>	<u>As at 1st April 2018</u>
Interest accrued and due on borrowings	2,768.54	1,859.45	594.84
Lease Security Deposit	-	-	15.00
	<u>2,768.54</u>	<u>1,859.45</u>	<u>609.84</u>
<b>17 Provisions</b>			
	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>	<u>As at 1st April 2018</u>
<b>Provision for employee benefits</b>			
For gratuity	28.30	15.87	20.66
	<u>28.30</u>	<u>15.87</u>	<u>20.66</u>
<b>18 Other non-financial liabilities</b>			
	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>	<u>As at 1st April 2018</u>
Statutory dues	215.71	207.92	183.36
Expenses payable	23.87	6.84	31.18
Advance from party	354.00	-	-
	<u>593.58</u>	<u>214.76</u>	<u>214.54</u>
<b>19 Equity Share capital</b>			
	<u>As at 31st March 2020</u>	<u>As at 31st March 2019</u>	<u>As at 1st April 2018</u>
<b>Authorised share capital</b>			
110,00,000 equity shares face value of Rs. 10/- each (Previous year 110,00,000 equity shares)	<u>1,100.00</u>	<u>1,100.00</u>	<u>1,100.00</u>
<b>Issued, subscribed &amp; paid up capital</b>			
108,80,000 equity shares of face value Rs. 10/- each fully paid up (Previous year 108,80,000 equity shares)	<u>1,088.00</u>	<u>1,088.00</u>	<u>1,088.00</u>

a) **Reconciliation of shares outstanding at the beginning and at the end of reporting period**

Particulars	As at 31st March 2020		As at 31st March 2019		As at 1st April 2018	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
At the commencement and at the end of the year	10880000	1,088.00	10880000	1,088.00	10880000	1,088.00

b) **Terms/rights attached to equity shares**

The Company has only one class of equity shares, having a par value of Rs.10 per share. All shares rank pari passu with respect to dividend, voting rights and other terms. Each shareholder is eligible to one vote per share. The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) **The details of shareholders holding more than 5% shares**

Name of shareholder	As at 31st March 2020		As at 31st March 2019		As at 1st April 2018	
	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)
Kuldeep Singh Solanki	25,03,982	23.01%	22,33,070	20.52%	19,63,246	18.04%
Rudra Sen Sindhu	13,34,835	12.27%	10,63,923	9.78%	7,94,099	7.30%
Sindhu Trade Links Limited	0	0.00%	9,03,741	8.31%	11,73,565	10.79%
Manesha Finlease Limited	0	0.00%	7,76,335	7.14%	10,46,159	9.62%
<b>Total</b>	<b>38,38,817</b>	<b>35.28%</b>	<b>49,77,069</b>	<b>45.75%</b>	<b>49,77,069</b>	<b>45.75%</b>

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**20 Other equity**

	As at 31st March 2020		As at 31st March 2019		As at 1st April 2018
<b>General reserve</b>					
Opening Balance		71.92		71.92	71.92
Add : Transfer during the year		-		-	-
<b>Total</b>		<b>71.92</b>		<b>71.92</b>	<b>71.92</b>
<b>Statutory Reserve under Section 45-IC of the RBI Act, 1934</b>					
Balance as per last year	758.69		650.20		
Add : Transferred from profit and loss account	81.25	839.94	108.49	758.69	650.20
<b>Surplus in the statement of profit and loss account</b>					
Balance as per last year	1,700.01		1,302.72		
Add : Profit for the year	399.03		506.10		
	2,099.04		1,808.82		
Transfer to reserve fund (Pursuant to RBI norms)	81.25		108.49		
Demand/(excess) provision of income tax for earlier years	0.015		0.32		
		2,017.77		1,700.01	1,302.72
<b>Securities Premium</b>					
Opening Balance		400.15		400.15	400.15
Add : Transfer during the year		-		-	-
<b>Total</b>		<b>400.15</b>		<b>400.15</b>	<b>400.15</b>
<b>Total reserves and surplus</b>		<b>3,329.78</b>		<b>2,930.77</b>	<b>2,424.99</b>

**Notes:**

**i) Statutory Reserve under Section 45-IC of the RBI Act, 1934:**

The Company created a reserve pursuant to section 45 IC the Reserve Bank of India Act, 1934 by transferring amount not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss and before any dividend is declared.

**ii) Securities premium:**

The amount received in excess of face value of the equity shares is recognised in Securities Premium Account. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium account. The account is utilised in accordance with the provisions of the Companies Act 2013.

**iii) General reserve:**

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

**iv) Retained earnings:**

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

**Sainik Finance & Industries Limited**  
**Notes on financial statements for the year ended 31st March 2020**  
*(all amounts are in rupees lakhs, unless otherwise stated)*

**21 Revenue from operations**

	<u>For the year ended 31st March 2020</u>	<u>For the year ended 31st March 2019</u>
<b>Interest income</b>		
Interest on loans	3,401.86	2,960.30
	<u>3,401.86</u>	<u>2,960.30</u>

**22 Other income**

	<u>For the year ended 31st March 2020</u>	<u>For the year ended 31st March 2019</u>
Sale of scrap	0.91	0.32
Liability written off	-	26.24
Interest on Income Tax Refund	6.45	-
Net gain on fair value changes	0.07	-
	<u>7.43</u>	<u>26.56</u>

**23 Finance cost**

	<u>For the year ended 31st March 2020</u>	<u>For the year ended 31st March 2019</u>
Interest on borrowings	2,467.32	2,105.56
	<u>2,467.32</u>	<u>2,105.56</u>

**24 Impairment of financial instruments**

Particulars	For the year ended 31st March 2020		For the year ended 31st March 2019	
	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost
On Loans		198.76		75.45
		<u>198.76</u>		<u>75</u>

**25 Changes in inventories of finished goods, work-in-progress and stock-in-trade**

	<u>For the year ended 31st March 2020</u>	<u>For the year ended 31st March 2019</u>
<b>Finished &amp; semi finished goods</b>		
A. Opening stock		
Finished goods	0.03	0.03
Semi-finished goods	-	-
	<u>0.03</u>	<u>0.03</u>
Add : purchased during the year	-	-
	<u>0.03</u>	<u>0.03</u>
B. Less : Closing stock		
Finished goods	-	0.03
	<u>-</u>	<u>0.03</u>
	<b>0.03</b>	<b>-</b>
(Increase)/decrease in stocks	<u><b>0.03</b></u>	<u><b>-</b></u>

**Sainik Finance & Industries Limited**  
**Notes on financial statements for the year ended 31st March 2020**  
*(all amounts are in rupees lakhs, unless otherwise stated)*

**26 Employee benefits expense**

	<b>For the year ended 31st March 2020</b>	<b>For the year ended 31st March 2019</b>
Salary, wages and other benefits	55.63	31.32
Contribution to provident and other fu	3.99	2.41
Staff welfare expenses	0.27	0.34
Provision for gratuity	2.76	2.52
	<b>62.65</b>	<b>36.59</b>

26.1 Salary includes Director remuneration of Rs. Nil ( previous year Rs. Nil )

**27 Depreciation and amortization**

	<b>For the year ended 31st March 2020</b>	<b>For the year ended 31st March 2019</b>
Deprecation and amortization	0.71	0.87
	<b>0.71</b>	<b>0.87</b>

**28 Other expenses**

	<b>For the year ended 31st March 2020</b>	<b>For the year ended 31st March 2019</b>
Advertisement expenses	0.63	0.90
<b>Repairs &amp; maintenance</b>		
- Building	-	-
- Office	80,175	1,01,482
Travelling & conveyance	1.76	0.55
Rates fees & taxes	5.58	8.55
General expenses	1.38	1.38
Bank Charges	0.04	0.02
Security expenses	7.84	8.34
Electricity & water charges	3.04	8.83
Donation	0.05	-
Legal & professional charges	10.77	18.13
Newspaper & periodicals	0.02	0.02
Auditor's remuneration (refer note no 37)	3.39	3.22
AGM expenses	0.39	0.32
Printing & stationery	1.97	0.76
Postage & courier	1.38	1.12
Telephone expenses	0.39	0.38
Office maintenance expenses	-	0.13
Rent paid	0.60	0.60
Festival expenses	0.19	0.22
Sundry balance written Off	1.44	0.01
Loss on recovery of Assets	-	19.44
Net loss on fair value changes	-	0.05
CSR expense	11.14	8.00
	<b>52.78</b>	<b>81.98</b>

**Sainik Finance & Industries Limited**  
**Notes on financial statements for the year ended 31st March 2020**  
*(all amounts are in rupees lakhs, unless otherwise stated)*

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**29. Disclosure pertaining to Corporate Social Responsibility expenses**

Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year is Rs 11.13 Lacs (previous year Rs 7.96)  
The amount recognised as an expense in the Statement of Profit and Loss on CSR related activities is Rs 11.14 Lacs (previous year Rs 8 Lacs) (Refer note 28), which comprises

Particulars	2019-20			2018-19		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
Amount spent during the year						
- Contribution to Trust registered u/s 11 of Income tax act	11.14	-	11.14	8.00	-	8.00
<b>Total</b>	<b>11.14</b>	<b>-</b>	<b>11.14</b>	<b>8.00</b>	<b>-</b>	<b>8.00</b>

**Sainik Finance & Industries Limited**  
**Notes on financial statements for the year ended 31st March 2020**  
*(all amounts are in rupees lakhs, unless otherwise stated)*

**30 Employee benefits**

**Defined Contribution Plan - Provident Fund (PF) Contribution**

The Company makes contributions towards PF, in respect of qualifying employees. The amount recognised as an expense and included in Note 26 "Employee benefits expense" under the head "Contribution to Provident and Other Funds" are as under.

The employees of the Company are members of a retirement contribution plan operated by the government. The Company is required to contribute a specified percentage of payroll cost to the retirement contribution scheme to fund the benefits. The only obligation of the Company with respect to the plan is to make the specified contributions

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Employer's Contribution to Provident Fund	3.99	2.41

**Defined Benefit Plan - Gratuity**

The Company has a defined benefit gratuity plan, under which every employee who has completed atleast five years of service gets a gratuity on departure @15 days of last drawn basic salary for each completed year of service.

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. The actuarial risks associated are:

**Interest Rate Risk:**

The risk of government security yields falling due to which the corresponding discount rate used for valuing liabilities falls. Such a fall in discount rate will result in a larger value placed on the future benefit cash flows whilst computing the liability and thereby requiring higher accounting provisioning.

**Longevity Risks:**

Longevity risks arises when the quantum of benefits payable under the plan is based on how long the employee lives post cessation of service with the company. The gratuity plan provides the benefit in a lump sum form and since the benefit is not payable as an annuity for the rest of the lives of the employees, there is no longevity risks.

**Salary Risks:**

The gratuity benefits under the plan are related to the employee's last drawn salary. Consequently, any unusual rise in future salary of the employee raises the quantum of benefit payable by the company, which results in a higher liability for the company and is therefore a plan risk for the company.

The estimates of the future salary increases, considered in actuarial valuation, include inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The discount rate is based on the prevailing market yield on government securities as at the balance sheet date for the estimated average remaining service.

The disclosure as required by Indian Accounting Standard (Ind AS) -19 "Employee Benefits" is as under.

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>I. Assumption</b>		
Mortality rate	IALM (2012-14)	IALM (2006-08)
Interest / Discount Rate	6.65%	7.70%
Rate of increase in compensation	8.00%	8.00%
Expected average remaining service	14.80	17.80
<b>II. Reconciliation of net defined benefit (asset)/liability</b>		
(a) Reconciliation of present value of defined benefit obligation		
Opening Defined Benefit Obligation	15.87	20.66
Interest Cost	1.22	1.59
Current Service Cost	1.54	0.93
Transfer in of liability	-	-
Past Service Cost (vested benefits)	-	-
Actuarial (Gains) / Losses	9.67	-0.77
Benefits Paid	-	-6.54
<b>Closing Defined Benefit Obligation</b>	<b>28.30</b>	<b>15.87</b>

**Sainik Finance & Industries Limited**  
**Notes on financial statements for the year ended 31st March 2020**  
*(all amounts are in rupees lakhs, unless otherwise stated)*

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>(b) Reconciliation of present value of plan asset</b>		
Fair value of plan assets at the beginning of year	-	-
Transfer in of Funds	-	-
Interest Income	-	-
Contributions	-	-
Benefits paid	-	-
Return on Plan Assets excluding Interest Income	-	-
<b>Fair value of plan assets at the end of year</b>	<b>-</b>	<b>-</b>
<b>(c) Reconciliation of net defined benefit (asset)/liability</b>		
Present value of Obligation as at the end of year	28.30	15.87
Fair value of plan assets as at the end of year	-	-
<b>Recognised in Balance Sheet - (Asset) / Liability</b>	<b>28.30</b>	<b>15.87</b>
<b>III. Actuarial (Gain)/Loss on Obligation</b>		
Due to Demographic Assumption	0.01	0.00
Due to Financial Assumption	1.65	0.00
Due to Experience	8.00	0.77
<b>Net Actuarial (Gain)/ Loss on Obligation</b>	<b>9.67</b>	<b>0.78</b>
<b>IV. Actual Return on Plan Assets</b>		
Actual Interest Income	-	-
Expected Interest Income	-	-
<b>Return on Plan Assets excluding Interest Income</b>	<b>-</b>	<b>-</b>
<b>V. Net Interest</b>		
Interest Expense	1.22	1.59
Interest Income	-	-
<b>Net Interest Exp/(Income)</b>	<b>1.22</b>	<b>1.59</b>
<b>VI. Expenses Recognised in Profit and Loss account under Employee benefit expenses</b>		
Current Service Cost	1.54	0.93
Net Interest Exp/(Income)	1.22	1.59
Past Service Cost (vested benefits)	-	-
<b>Expenses recognised in Profit and Loss Account</b>	<b>2.76</b>	<b>2.52</b>
<b>VII. Remeasurements recognised in Other Comprehensive Income</b>		
Net Actuarial (Gain)/ Loss on Obligation	9.67	(0.77)
Return on Plan Assets excluding Interest Income	-	-
<b>Total Actuarial (Gain)/ Loss recognised in OCI</b>	<b>9.67</b>	<b>(0.77)</b>
<b>VIII. Others</b>		
Weighted average duration of defined benefit Obligation	14.00	12.00

**Sensitivity analysis :**

Sensitivity analysis for significant actuarial Assumptions, showing how the defined benefit Obligation would be affected, considering

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Change in rate of Discount Rate + 100 basis points	24.85	14.16
Change in rate of Discount Rate- 100 basis points	32.39	17.87
Change in rate of Salary Escalation Rate + 100 basis points	32.32	17.84
Change in rate of Salary Escalation Rate - 100 basis points	24.84	14.15
Change in rate of Attrition Rate + 100 basis points	27.98	15.85
Change in rate of Attrition Rate - 100 basis points	28.66	15.91
Change in rate of Mortality Rate + 100 basis points	28.29	15.87
Change in rate of Mortality Rate - 100 basis points	28.32	15.87

**Maturity profile of Defined Benefit Obligation**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Year 1	0.71	0.41
Year 2 - 5	4.36	3.72
Year 6-10	3.67	2.13
More than 10 years	67.40	38.16

**Notes:**

Since the gratuity plan of the Company is not funded, and hence the disclosure related to plan assets are not applicable.

**Sainik Finance & Industries Limited**  
**Notes on financial statements for the year ended 31st March 2020**  
*(all amounts are in rupees lakhs, unless otherwise stated)*

**31 Disclosure pursuant to Ind AS 12 'Income Taxes'**

**(i) Tax Expenses recognised in the Statement of Profit and Loss**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>Current tax:</b>		
In respect of current year	210.76	210.20
In respect of prior years	-	
<b>Deferred Tax:</b>		
Deferred tax relating to origination and reversal of temporary differences	10.02	(29.33)
<b>Total Income Tax recognised in profit or loss</b>		
Current tax	210.76	210.20
Deferred tax	10.02	(29.33)
<b>Total Income Tax recognised in profit or loss</b>	<b>220.78</b>	<b>180.87</b>

**(ii) Income Tax recognised in Other comprehensive income**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>Deferred tax related to items recognised in Other comprehensive income during</b>		
Remeasurement of defined employee benefits	2.44	(0.21)
<b>Total Income tax recognised in Other comprehensive income</b>	<b>2.44</b>	<b>(0.21)</b>

**(iii) Reconciliation of effective tax rate :**

The reconciliation of estimated income tax expense at tax rate to income tax expense reported in profit or loss is as follows :

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Profit before Tax	627.04	686.41
Enacted income tax rate (%)	25.17%	27.82%
Income tax expense calculated at applicable income tax rate	157.83	190.96
<b>Tax effect of adjustments to reconcile expected income tax expense to reported</b>		
Expenses that are not deductible for tax purposes	53.72	27.63
Dividend income exempt from income tax	-	-
Deductions available under income tax	(0.79)	(8.39)
Effect of differential tax rate	-	-
Adjustment against b/f losses	-	-
Income tax for earlier year	-	-
Income Tax expense recognised in profit and loss	210.76	210.20
Deferred Tax recognised in profit and loss	10.02	(29.33)
<b>Tax recognised in profit and loss</b>	<b>220.78</b>	<b>180.87</b>
<b>Actual effective income tax rate (%)</b>	<b>35.21%</b>	<b>26.35%</b>

**(iv) Recognised deferred tax assets and liabilities**

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
<b>Deferred Tax Asset :</b>			
Loans & Advances (EIR Adjustment and ECL Provision)	118.85	129.53	108.74
Provisions for gratuity	7.12	4.37	5.69
<b>Deferred Tax Liability:</b>			
Property, Plant and Equipment & Intangible assets	2.33	2.68	12.33
<b>Net Deferred Tax Asset/(Liability)</b>	<b>123.66</b>	<b>131.22</b>	<b>102.10</b>

**(v) Movement in temporary differences**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>Credit / (Charge) in the Statement of Profit and Loss during the period</b>		
Loans & Advances	(10.68)	20.79
Property, Plant and Equipment & Intangible assets	(0.36)	(9.65)
Provisions	0.31	(1.11)
<b>Total (a)</b>	<b>(10.01)</b>	<b>29.33</b>
<b>Credit / (Charge) in the other comprehensive income during the period</b>		
Provisions - employee benefits	2.44	(0.21)
Investment measured at fair value through other comprehensive income	-	-
<b>Total (b)</b>	<b>2.44</b>	<b>(0.21)</b>
Net deferred income tax asset at the beginning (c)	131.22	102.10
<b>Net deferred tax asset/(Liabilities) at the end of the period (d) = (a) + (b) + (c)</b>	<b>123.65</b>	<b>131.22</b>

**Sainik Finance & Industries Limited**  
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*(all amounts are in rupees lakhs, unless otherwise stated)*

**32 Maturity Analysis of Assets & Liabilities**

	As at 31st March 2020			As at 31st March 2019			As at 1st April 2018		
	Within 12 Months	After 12 months	Total	Within 12 Months	After 12 months	Total	Within 12 Months	After 12 months	Total
<b>Assets</b>									
<b>Financial Assets</b>									
Cash & cash equivalents	6.99	-	6.99	36.48	-	36.48	15.11	-	15.11
Bank balances other than Cash & cash equivalents	-	-	-	30.35	-	30.35	-	-	-
Receivables	-	-	-	-	-	-	-	-	-
- Trade Receivables	-	-	-	-	-	-	7.68	-	7.68
- Other Receivables	-	-	-	-	-	-	-	-	-
Loans	22,195.92	14.92	22,210.83	24,157.52	32.57	24,190.08	20,860.73	19.92	20,880.66
Investments	0.39	-	0.39	0.32	-	0.32	0.37	-	0.37
Other financial assets	3,037.41	-	3,037.41	2,463.27	-	2,463.27	1,249.58	-	1,249.58
<b>Non-financial Assets</b>									
Inventories	-	-	-	-	0.03	0.03	-	0.03	0.03
Current tax assets(net)	-	219.38	219.38	-	174.60	174.60	-	89.46	89.46
Deferred tax asset (net)	-	123.64	123.64	-	131.22	131.22	-	-	-
Property, plant and equipment	-	27.26	27.26	-	27.98	27.98	-	63.30	63.30
Other non-financial assets	-	6.49	6.49	-	6.68	6.68	-	11.26	11.26
<b>Total Assets</b>	<b>25,240.71</b>	<b>391.70</b>	<b>25,632.40</b>	<b>26,687.92</b>	<b>373.08</b>	<b>27,061.00</b>	<b>22,133.48</b>	<b>183.98</b>	<b>22,317.45</b>
<b>LIABILITIES</b>									
<b>Financial Liabilities</b>									
Payables									
(i) Trade Payables	4.72	-	4.72	4.92	-	4.92	6.11	-	6.11
(ii) Other Payables	-	-	-	-	-	-	-	-	-
Borrowings	0.18	17,819.30	17,819.48	0.21	20,947.04	20,947.25	0.18	18,055.23	18,055.41
Other financial liabilities	2,768.54	-	2,768.54	1,859.45	-	1,859.45	609.84	-	609.84
<b>Non-Financial Liabilities</b>									
Current tax liabilities (net)	-	-	-	-	-	-	-	-	-
Provisions	-	28.30	28.30	-	15.87	15.87	-	20.66	20.66
Deferred tax liabilities (net)	-	-	-	-	-	-	-	-	-
Other non-financial liabilities	-	593.58	593.58	-	214.76	214.76	-	214.54	214.54
<b>Total Liabilities</b>	<b>2,773.45</b>	<b>18,441.19</b>	<b>21,214.64</b>	<b>1,864.56</b>	<b>21,177.68</b>	<b>23,042.25</b>	<b>616.14</b>	<b>18,290.43</b>	<b>18,906.58</b>
Net	22,467.26	(18,049.49)	4,417.77	24,823.36	(20,804.60)	4,018.76	21,517.33	(18,106.46)	3,410.88

### 33 Financial Risk Management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has constituted the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The Company has exposure to the following risks arising from its business operations:

**i) Credit risk**

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. Lending activities account for most of the Company's credit risk. Other sources of credit risk also exist in loans and transaction settlements. Credit risk is measured as the amount that could be lost if a customer or counterparty fails to make repayments. The maximum exposure to credit risk in case of all the financial instruments is restricted to their respective carrying amount.

Credit Risk is monitored through stringent credit appraisal, counter party limits and internal risk ranges of the borrowers. Exposure to credit risk is managed through regular analysis of the ability of all the customers and counterparties to meet interest and capital repayment obligations and by changing lending limits where appropriate.

**a) Maximum exposure to the Credit risk**

This table below shows the Company's maximum exposure to the credit risk.

Particulars	Mar-20	Mar-19	Mar-18
Financial Assets at amortised cost - Loans & Advances (Gross)	22,683.02	24,660.24	21,275.36
Less : Impairment loss allowances	472.18	470.15	394.70
Financial Assets at amortised cost - Loans & Advances (Net)	22,210.83	24,190.09	20,880.67
Trade receivables	-	-	7.68
<b>Total</b>	<b>22,210.83</b>	<b>24,190.09</b>	<b>20,888.34</b>

**b) Credit quality analysis**

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. The credit quality of Loans and advances measured at amortised cost is primarily assessed by the Days Past Due (DPD) status and other qualitative factors leading to increase in credit risk.

**Inputs, assumptions and techniques used for estimating impairment**

In assessing the impairment of financial assets under the expected credit loss model, the Company defines default when a loan obligation is overdue for more than 90 days and credit impaired.

**Assessment of significant increase in credit risk**

When determining whether the risk of default has increased significantly since initial recognition, the Company considers the DPD status of the loans. Credit risk is deemed to have increased significantly when an asset is more than 30 days past due (DPD) and other qualitative internal or external factors demonstrating credit or liquidity risk.

**Calculation of expected credit losses**

The key elements in calculation of ECL are as follows:

PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, accrued interest from missed payments and loan commitments.

LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is determined based on valuation of collaterals and other relevant factors.

For PD the Company has relied upon the PD data from industry benchmarks and external rating agencies. For Loss Given Default (LGD) the Company has relied on internal and external information.

The following table sets out information about the credit quality of financial assets measured at amortised cost.

Particulars	(Rs in lakhs)		
	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
<b>Gross Stage 1 (DPD&lt; 30 days) Performing asset and 12 month ECL</b>	21,460.84	24,590.44	21,237.77
Less : Impairment loss allowance	379.86	435.25	375.91
<b>Net Stage 1 Assets</b>	<b>21,080.98</b>	<b>24,155.19</b>	<b>20,861.86</b>
ECL Prov. Coverage	1.80%	1.80%	1.80%
<b>Gross Stage 2 (30&gt;DPD&lt; 90 days) Under performing assets increase in credit risk and Lifetime ECL</b>	1,152.81	-	-
Less : Impairment loss allowance	57.64	-	-
<b>Net Stage 2 Assets</b>	<b>1,095.17</b>	<b>-</b>	<b>-</b>
ECL Prov. Coverage	5.26%	0.00%	0.00%
<b>Gross Stage 3 (DPD&gt;90) Non-performing assets credit impaired and lifetime ECL</b>	69.37	69.80	37.58
Less : Impairment loss allowance	34.69	34.90	18.79
<b>Net Stage 3 Assets</b>	<b>34.69</b>	<b>34.90</b>	<b>18.79</b>
ECL Prov. Coverage	100%	100%	100%
<b>Total Loans &amp; Advances</b>	<b>22,683.02</b>	<b>24,660.24</b>	<b>21,275.34</b>
Less : Impairment loss allowance	472.18	470.15	394.70
<b>Net Loans &amp; Advances</b>	<b>22,210.83</b>	<b>24,190.09</b>	<b>20,880.65</b>
ECL Provision Coverage	2.13%	1.94%	1.89%

**Credit impairment charge to the income statement**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
New and increased provisions (incl. write off)	198.76	75.45
Write-backs of specific provisions	-	-
Recoveries of specific provisions	-	-
<b>Total charge to the income statement</b>	<b>198.76</b>	<b>75.45</b>

**Sainik Finance & Industries Limited**  
**Notes on financial statements for the year ended 31st March 2020**  
*(all amounts are in rupees lakhs, unless otherwise stated)*

**c) Movement in Gross Exposures and credit impairment for loans and advances**

The Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets measured at amortised cost or FVTOCI. Company follows a 'three-stage' model for

	Movement in Gross Exposure to Loans & Advances				Movement in ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Balance as at April 1, 2018</b>	21,237.77	-	37.58	21,275.34	375.91	-	18.79	394.70
Changes due to financial assets recognised in opening balance that have:								
- Transferred to 12 month ECL				-				-
- Transferred to lifetime ECL -significant increase in credit risk				-				-
- Transferred to lifetime ECL credit – impaired	(32.65)		32.65	-	(0.58)		0.58	-
Increase due to financial assets originated								
Decrease due to loans derecognised on full payment								
Net remeasurement (Due to recovery on regular basis changes in rating, changes in security value etc.)	3,385.32	-	(0.43)	3,384.89	59.92		15.53	75.45
Amounts written off during the year	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2019</b>	<b>24,590.44</b>	<b>-</b>	<b>69.80</b>	<b>24,660.24</b>	<b>435.25</b>	<b>-</b>	<b>34.90</b>	<b>470.15</b>
Changes due to financial assets recognised in opening balance that have:								
- Transferred to 12 month ECL								
- Transferred to lifetime ECL -significant increase in credit risk								
- Transferred to lifetime ECL credit – impaired	(1,337.41)	1,337.41	-	-	(23.67)	23.67	-	-
Increase due to financial assets originated								
Decrease due to loans derecognised on full payment								
Net remeasurement (Due to recovery on regular basis changes in rating, changes in security value etc.)	(1,785.46)	5.40	(0.43)	(1,780.49)	(31.72)	33.97	(0.21)	2.03
Amounts written off during the year	(6.73)	(190.00)	-	(196.73)				-
<b>Balance as at March 31, 2020</b>	<b>21,460.83</b>	<b>1,152.80</b>	<b>69.36</b>	<b>22,683.01</b>	<b>379.85</b>	<b>57.63</b>	<b>34.68</b>	<b>472.17</b>

**Sainik Finance & Industries Limited**  
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**ii) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Company has in place an Asset-Liability Management Committee (ALCO) which functions as the operational unit for managing the Balance Sheet within the performance and risk parameters laid down by the Board and Risk Committee of the Board. ALCO reviews Asset Liability strategy and Balance Sheet management in relation to asset and liability profile. ALCO ensures that the objectives of liquidity management are met by monitoring the gaps in the various time buckets, deciding on the source and mix of liabilities, setting the maturity profile of the incremental assets and liabilities etc.

Key principles adopted in the Company's approach to managing liquidity risk include:

- Monitoring the Company's liquidity position on a regular basis, using a combination of contractual and behavioural modelling of balance sheet and cash flow information.
- Maintaining a high quality liquid asset portfolio or maintaining undrawn bank lines.
- Operating a prudent funding strategy which ensures appropriate diversification and limits maturity concentrations.

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operation.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include interest accrued till the reporting date.

As at 31st March 2020	Contractual cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Borrowings (Includes Interest accrued but not due)	17,819.48	17,819.48	-	-	-
Debt Securities (Includes Interest accrued but not due)	-	-	-	-	-
Trade and Other Payables	4.72	4.72	-	-	-
Other Financial Liabilities	2,768.54	2,768.54	-	-	-
	<b>20,592.75</b>	<b>20,592.75</b>	-	-	-

As at 31st March 2019	Contractual cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Borrowings (Includes Interest accrued but not due)	20,947.25	20,947.25	-	-	-
Trade and Other Payables	4.92	4.92	-	-	-
Other Financial Liabilities	1,859.45	1,859.45	-	-	-
	<b>22,811.62</b>	<b>22,811.62</b>	-	-	-

As at 1st April 2018	Contractual cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Borrowings (Includes Interest accrued but not due)	18,055.41	18,055.41	-	-	-
Trade and Other Payables	6.11	6.11	-	-	-
Other Financial Liabilities	609.84	609.84	-	-	-
	<b>18,671.36</b>	<b>18,671.36</b>	-	-	-

**iii) Market Risk**

Market Risk is the risk of financial loss arising on account of changes/fluctuations in market variables such as interest rates, equity prices etc. Market risk stems from the Company's Loan book and balance sheet management activities, the impact of changes and correlation between interest rates, credit spreads and volatility in bond or equity prices.

Market risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

**iv) Interest rate risk**

Company has exposure to interest rate risk, primarily from its lending business and related borrowings. The following table demonstrates the sensitivity to a

	% Increase in rate		Increase/(decrease) in profit	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019
Borrowings that are re-priced	0.25%	0.25%	33.34	39.19
Loans that are re-priced	0.25%	0.25%	(33.34)	(39.19)

Interest rate risk is managed primarily by monitoring the sensitivity of expected net interest income ('NII') under varying interest rate scenarios. This monitoring is undertaken by ALCO on regular basis. The NII sensitivities shown are indicative and based on simplified scenarios.

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**34 Financial Instruments**

i) Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial instruments (excluding investment in subsidiaries), including their levels in the fair value hierarchy. The company has disclosed financial instruments not measured at fair value at carrying values because their carrying amounts are a reasonable approximation of the fair values.

As at 31st March 2020	Carrying Amount			Fair value hierarchy			
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>							
Cash and cash equivalents	-	6.99	6.99	-	-	-	-
Bank balances other than Cash & cash equivalents	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Loans & advances	-	22,210.84	22,210.84	-	-	-	-
Investments	0.39	-	0.39	0.39	-	-	-
Others financial assets	-	3,037.41	3,037.41	-	-	-	-
<b>Total</b>	<b>0.39</b>	<b>25,255.24</b>	<b>25,255.63</b>	<b>0.39</b>	-	-	-
<b>Financial liabilities</b>							
Trade and other payables	-	4.72	4.72	-	-	-	-
Borrowings	-	17,819.48	17,819.48	-	-	-	-
Other financial liabilities	-	2,768.54	2,768.54	-	-	-	-
<b>Total</b>	-	<b>20,592.75</b>	<b>20,592.75</b>	-	-	-	-

As at 31st March 2019	Carrying Amount			Fair value hierarchy			
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>							
Cash and cash equivalents	-	36.48	36.48	-	-	-	-
Bank balances other than Cash & cash equivalents	-	30.35	30.35	-	-	-	-
Loans & advances	-	24,190.09	24,190.09	-	-	-	-
Investments	0.32	-	0.32	0.32	-	-	-
Others financial assets	-	2,463.27	2,463.27	-	-	-	-
<b>Total</b>	<b>0.32</b>	<b>26,720.19</b>	<b>26,720.51</b>	<b>0.32</b>	-	-	-
<b>Financial liabilities</b>							
Trade and other payables	-	4.92	4.92	-	-	-	-
Borrowings	-	20,947.25	20,947.25	-	-	-	-
Other financial liabilities	-	1,859.45	1,859.45	-	-	-	-
<b>Total</b>	-	<b>22,811.62</b>	<b>22,811.62</b>	-	-	-	-

As at 1st April 2018	Carrying Amount			Fair value hierarchy			
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>							
Cash and cash equivalents	-	15.11	15.11	-	-	-	-
Bank balances other than Cash & cash equivalents	-	-	-	-	-	-	-
Other receivables	-	7.68	7.68	-	-	-	-
Loans & advances	-	20,880.66	20,880.66	-	-	-	-
Investments	0.37	-	0.37	0.37	-	-	-
Others financial assets	-	1,249.58	1,249.58	-	-	-	-
<b>Total</b>	<b>0.37</b>	<b>22,153.02</b>	<b>22,153.40</b>	<b>0.37</b>	-	-	-
<b>Financial liabilities</b>							
Trade and other payables	-	6.11	6.11	-	-	-	-
Borrowings	-	18,055.41	18,055.41	-	-	-	-
Other financial liabilities	-	609.84	609.84	-	-	-	-
<b>Total</b>	-	<b>18,671.36</b>	<b>18,671.36</b>	-	-	-	-

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**35 Ind AS 101 - First Time adoption of Indian Accounting Standards:**

The Company has transitioned its basis of accounting to Ind AS from Previous GAAP (the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder). These are the Company's first financial statements prepared in accordance with Ind AS. The Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. Accordingly, the Significant Accounting Policies set out in Note No 1, have been applied consistently to all the periods presented in the financial statements, including comparative information presented in the financial statements for the year ended March 31, 2019 and the opening Ind AS Balance Sheet as at April 1, 2018.

In preparing these Ind AS Financial Statements, the Company has also availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its Previous GAAP financial statements, including the Balance Sheet as at April 1, 2018 and the subsequent financial statements.

**Optional Exemptions from retrospective application**

Ind AS 101 allows first time adopters certain exemptions from retrospective application of certain requirements under Ind AS. The Company has elected to apply the following optional exemptions from retrospective application of Ind AS:

a) Deemed cost for Property, Plant and Equipment and Intangible Assets

The Company has elected to measure all its property plant and equipment and intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

The company has prepared opening Balance Sheet as per Ind AS as of April 01, 2018 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, derecognising items of assets or liabilities which are not permitted to be recognised by Ind AS, reclassifying items from Previous GAAP to Ind AS as required, and applying Ind AS to measure the recognised assets and liabilities.

**Reconciliation of balance sheet (including equity) as previously reported under IGAAP to Ind AS**

	As at 1st April 2018			As at 31st March 2019		
	Previous GAAP	Adjustment	Ind AS	Previous GAAP	Adjustment	Ind AS
<b>ASSETS</b>						
<b>1 Financial Assets</b>						
(a) Cash & cash equivalents	15.11	-	15.11	36.48	-	36.48
(b) Bank balances other than Cash & cash equivalents	-	-	-	30.35	-	30.35
(c) Receivables						
- Other Receivables	7.68	-	7.68	-	-	-
(ii) Other Receivables						
(d) Loans (refer note i and ii)	21,181.39	(300.73)	20,880.66	24,547.78	(357.69)	24,190.09
(e) Investments	0.37	-	0.37	0.32	-	0.32
(f) Other financial assets (refer note v and vii)	1,249.58	-	1,249.58	2,463.27	-	2,463.27
<b>2 Non-financial Assets</b>						
(a) Inventories	0.03		0.03	0.03	-	0.03
(b) Current tax assets(net)	89.46		89.46	174.60	-	174.60
(c) Deferred tax asset (net) (refer note ix)	(6.64)	108.74	102.10	1.61	129.61	131.22
(d) Property, plant and equipment	63.30		63.30	27.98	-	27.98
(e) Other non-financial assets (refer note v)	11.26		11.26	6.68	-	6.68
<b>Total Assets</b>	<b>22,611.54</b>	<b>(191.99)</b>	<b>22,419.55</b>	<b>27,289.10</b>	<b>(228.08)</b>	<b>27,061.02</b>
<b>LIABILITIES AND EQUITY</b>						
<b>1 LIABILITIES</b>						
<b>Financial Liabilities</b>						
(a) Payables						
<b>(i) Trade Payables</b>						
total outstanding dues of micro enterprises and small enterprises						
total outstanding dues of creditors other than micro enterprises and small enterprises	6.11		6.11	4.92		4.92
<b>(ii) Other Payables</b>						
total outstanding dues of micro enterprises and small enterprises						
total outstanding dues of creditors other than micro enterprises and small enterprises						
(b) Debt Securities						
(c) Borrowings	18,055.41		18,055.41	20,947.25		20,947.25
(d) Other financial liabilities (refer note vii)	609.84		609.84	1,859.45		1,859.45
<b>2 Non-Financial Liabilities</b>						
(a) Deferred tax liabilities	-		-	-		-
(b) Provisions	20.66		20.66	15.87		15.87
(c) Other non-financial liabilities	214.54		214.54	214.76		214.76
<b>EQUITY</b>						
(a) Equity share capital	1,088.00		1,088.00	1,088.00		1,088.00
(b) Other equity	2,617.00	(192.01)	2,424.99	3,159.15	(228.38)	2,930.77
<b>Total Liabilities and Equity</b>	<b>22,611.56</b>	<b>(192.01)</b>	<b>22,419.55</b>	<b>27,289.40</b>	<b>(228.38)</b>	<b>27,061.02</b>

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*(all amounts are in rupees lakhs, unless otherwise stated)*

<b>Reconciliation Statement of Profit and Loss as previously reported under IGAAP to Ind AS</b>				
		<b>For the year ended 31st March 2019</b>		
		<b>Previous GAAP</b>	<b>Adjustment</b>	<b>Ind AS</b>
<b>1</b>	<b>Revenue from operations :</b>			
	Interest income	2,960.30		2,960.30
	Net gain on fair value changes			-
	<b>Total revenue from operations</b>	<b>2,960.30</b>	<b>-</b>	<b>2,960.30</b>
	Other income	19.60	6.96	26.56
	<b>Total income</b>	<b>2,979.90</b>	<b>6.96</b>	<b>2,986.86</b>
<b>2</b>	<b>Expenses :</b>			
	Finance costs	2,105.56	-	2,105.56
	Net loss on fair value changes	0.05	-	0.05
	Impairment of financial instruments	-	75.45	75.45
	Employee benefits expenses	35.52	1.06	36.59
	Depreciation and amortization	0.87	-	0.87
	Others expenses	93.48	(11.55)	81.93
	<b>Total expenses</b>	<b>2,235.48</b>	<b>64.97</b>	<b>2,300.45</b>
(V)	Profit / (loss) before exceptional items and tax (III-IV)	744.42	(58.01)	686.41
(VI)	Exceptional items	-	-	-
<b>3</b>	<b>Profit/(loss) before tax</b>			
<b>4</b>	<b>Tax Expense:</b>			
	Current Tax	210.20		210.20
	Deferred Tax(Credit) (refer note ix)	(8.25)	(21.08)	(29.33)
	<b>Total Tax expense</b>	<b>201.95</b>	<b>(21.08)</b>	<b>180.87</b>
<b>5</b>	<b>Profit / (loss) for the period from continuing operations</b>	<b>542.47</b>		<b>505.54</b>
<b>6</b>	<b>Other Comprehensive Income</b>			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurement gain/(loss) on Defined benefit plan (refer note vi)	-	0.77	0.77
	(ii) Income Tax relating to items that will not be reclassified to profit or loss	-	(0.21)	(0.21)
	Other Comprehensive Income	-	0.56	0.56
<b>7</b>	<b>Total Comprehensive Income for the period</b>	<b>542.47</b>	<b>0.56</b>	<b>506.10</b>

**Transition to Ind AS - Reconciliations**

<b>Reconciliation of Equity</b>			
<b>Particulars</b>	<b>As at 31st March 2019</b>	<b>As at 1st April 2018</b>	
<b>Total Equity as per IGAAP</b>	3,159.15	2,617.00	
<b>Adjustment made during the transition to IND AS</b>			
a) Loan given to staff at concessional rate		-	
b) Fair valuation of security deposit		-	
i) Rental adjustment		-	
i) Interest adjustment		-	
a) Ind as 116 Adjustment		-	
b) ECL Adjustment on Financial instruments measured at Amortized cost (ii)	(357.69)	(300.75)	
c) Others (including taxes)		-	
DTA on the above adjustment	129.32	108.74	
<b>Total Impact due to Ind AS transition on April 1, 2018</b>	<b>(228.37)</b>	<b>(192.01)</b>	
<b>Total Equity as per Ind AS as at 1st April, 2018</b>	<b>2,930.78</b>	<b>2,424.99</b>	

**Reconciliation of Total Comprehensive Income for the year ended March 31, 2019**

<b>Particulars</b>	<b>Amount</b>
<b>Profit after Tax as per Old GAAP</b>	<b>542.47</b>
<b>Adjustment made during the transition to IND AS</b>	
1 Loan given to Staff at concessional rate	
2 Expected credit loss	(56.94)
3 ESOP Fair value adjustment	
4 Fair valuation of security deposit	
i) Depreciation adjustment	
ii) Interest adjustment	
5 Ind as 116 Adjustment	
6 Re-measurement of Gratuity and Leave encashment through actuarial valuation	(0.77)
7 DTA on the above adjustment	20.78
<b>Profit after tax as per Ind AS (Before Other Comprehensive income)</b>	<b>505.53</b>
Other Comprehensive Income (Net of Tax)	0.56
<b>Total Comprehensive Income as per Ind AS</b>	<b>506.09</b>

**Statement of reconciliation of cash flow statement under Ind AS and cash flow statement reported under Previous GAAP**

<b>Particulars</b>	<b>Previous GAAP</b>	<b>Adjustment</b>	<b>Ind AS</b>
Net cash used in operating activities (A) (refer note vii)	(2,840.37)	0.00	(2,840.37)
Net cash used in investing activities (B)	(30.35)	-	(30.35)
Net cash generated from financing activities (C)(refer note vii)	2,892.09	-	2,892.09
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>21.37</b>	<b>0.00</b>	<b>21.37</b>
Cash and cash equivalents at beginning of the year	15.11	-	15.11
Cash and cash equivalents at the end of the year	36.48	-	36.48

The transition from previous GAAP to Ind AS has not had a material impact on the statement of cash flows.

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following notes and tables.

- i) **Effective interest rate (EIR) method :**  
 Previous GAAP did not require loans to be recorded using the EIR method. Under Ind AS, the EIR method calculates the amortised cost of a financial instrument
- ii) **Expected credit loss (ECL) :**  
 Previous GAAP provisions for credit losses were primarily based on RBI guidelines. Under Ind AS, the ECL allowance is based on the credit losses expected to

**Sainik Finance & Industries Limited**  
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*(all amounts are in rupees lakhs, unless otherwise stated)*

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- iii) **Income recognition on credit-impaired loans :**  
RBI guidelines required income on NPAs to be reversed. Under Ind AS, income continues to be recognised on credit impaired loans, by applying the effective
- iv) **Borrowing costs :**  
Previous GAAP did not require amortised cost accounting for liabilities. Under Ind AS, the Company determines the effective interest rate of its borrowings and
- v) **Employee defined benefit plans :**  
Previous GAAP required actuarial experience adjustments relating to defined benefit plans, i.e. gratuity to be recorded in the profit and loss account. By contrast,
- vi) **Deferred tax :**  
Deferred tax effect of all adjustments has been recognised on transition date and during the year ended 31 March 2019
- vii) **Ind AS 101 exemptions :**  
The company has used certain available exemptions under Ind AS 101 for first-time adoption, and accordingly has retained the accounting under Previous GAAP
- viii) **Cash flow statement :**  
There are no significant differences in the principles used for presenting cash flows between the previous GAAP and Ind AS.

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Notes on financial statements for the year ended 31st March 2020  
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36 Disclosure Pursuant to RBI Notification no RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5=3-4)	6	(7=4-6)
<b>Performing assets</b>						
Standard	Stage 1	21,460.84	379.86	21,080.98	60.92	318.94
	Stage 2	1,152.81	57.64	1,095.17	3.27	54.37
<b>Subtotal</b>		<b>22,613.65</b>	<b>437.50</b>	<b>22,176.15</b>	<b>64.19</b>	<b>373.31</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	-	-	-	-	-
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	31.80	15.90	15.90	17.33	(1.43)
Subtotal for doubtful		31.80	15.90	15.90	17.33	(1.43)
Loss	Stage 3	37.57	18.79	18.79	37.57	(18.79)
<b>Subtotal for NPA</b>		<b>69.37</b>	<b>34.69</b>	<b>34.69</b>	<b>54.90</b>	<b>(20.21)</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
<b>Subtotal</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>Stage 1</b>	21,460.84	379.86	21,080.98	60.92	318.94
	<b>Stage 2</b>	1,152.81	57.64	1,095.17	3.27	54.37
	<b>Stage 3</b>	69.37	34.69	34.69	54.90	(20.21)
	<b>Total</b>	<b>22,683.02</b>	<b>472.19</b>	<b>22,210.83</b>	<b>119.09</b>	<b>353.10</b>

**SAINIK FINANCE & INDUSTRIES LIMITED****Notes on the financial statement for the year ended 31<sup>st</sup> March 2020***(All amount are in rupees lakhs, unless otherwise stated)***37. Auditor's Remuneration:**

Particulars	2019-20	2018-19
Statutory fee	3.39	3.22
<b>Total</b>	<b>3.39</b>	<b>3.22</b>

38. Contingent Liability - Rs. Nil (previous year – Nil)  
There were no Contingent liabilities and commitment which would impact the financial position of the company.

**39. Segment information**

The Company is an NBFC registered with Reserve Bank of India and is in the business of providing credit. As such there are no separate reportable segments as per the Accounting Standards (Ind AS-108) – ‘Operating Segment’ specified under section 133 of the companies Act 2013. Since the business operations of the Company are concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

40. As per the Ind AS-24 “Related party disclosures”, disclosure regarding related party as defined, are given below :

a)	<b>Enterprises where control Exist</b>	
	Subsidiaries :	Nil
	Other entities under control of company :	Nil
b)	<b>Other related party with whom the company had transactions, etc.</b>	
	<b>i) Others :</b>	
	a) Kapil Construction Private Limited	Directors' Shareholding
	b) Indus Portfolio Private Limited	Directors' Shareholding
	c) Mittersen Agro Farms Private Limited	Directors' Shareholding
	d) ACB India Limited	Directors' Shareholding
	e) Spectrum Coal & Power Ltd ( <i>merged into ACB India Limited w.e.f. 18.02.2020</i> )	Directors' Shareholding
	f) Kartikay Exploration And Mining Private Limited	Directors' Relative Interested
	g) TAS Integrators Private Limited ( <i>struck off on 11.12.2020</i> )	Directors' Relative Interested
	h) Sainik Automobile	Directors' Relative Interested
	i) Indus Automobile Pvt.Ltd.	Directors' Relative Interested
	<b>ii) Key management personnel (KMP) :</b>	
	a) Akash Shrivastava	Chief Executive Officer
	a) Kapil Sharma ( <i>resigned on 30.04.2018</i> )	Chief Executive Officer
	b) Jagdish Chandra	Chief Financial Officer
	c) Kunal Gupta ( <i>resigned on 28.05.2019</i> )	Company Secretary
	d) Pooja Bansal ( <i>appointed and resigned on 01.06.2019 and 04.02.2020 respectively</i> )	Company Secretary

**c) Related party transactions :**

Transaction	Others	KMP	Total
<b>Services received</b>			
Indus Portfolio Private Limited	39.26	-	39.26
	(371.48)	(-)	(371.48)

**SAINIK FINANCE & INDUSTRIES LIMITED****Notes on the financial statement for the year ended 31<sup>st</sup> March 2020***(All amount are in rupees lakhs, unless otherwise stated)*

<b>Transaction</b>	<b>Others</b>	<b>KMP</b>	<b>Total</b>
Kapil Construction Private Limited	0.60 (0.60)	- (-)	0.60 (0.60)
<b>Finance provided</b>			
Tas Integrators Private Limited	- (0.40)	- (-)	- (0.40)
Kartikay Exploration & Mining Private Limited	- (20.00)	- (-)	- (20.00)
ACB India Limited	350.00 (-)	- (-)	350.00 (-)
<b>Refund of finance provided</b>			
Tas Integrators Private Limited	- (24.99)	- (-)	- (24.99)
Kartikay Explortion & Mining Pvt.Ltd.	600.00 (-)	- (-)	600.00 (-)
ACB India Limited	350.00 (-)	- (-)	350.00 (-)
<b>Advance Received</b>			
Indus Automobile Pvt.Ltd.	354.00 (-)	- (-)	354.00 (-)
<b>Interest income</b>			
Sainik Automobile	4.25 (4.25)	- (-)	4.25 (4.25)
Kartikay Exploration And Mining Private Limited	224.28 (249.81)	- (-)	224.28 (249.81)
ACB India Limited	1.44 (-)	- (-)	1.44 (-)
<b>Interest paid</b>			
Mittersen Agro Farms Private Limited	12.41 (11.11)	- (-)	12.41 (11.11)
Spectrum Coal & Power Ltd <i>(merged into ACB India Ltd w.e.f 18.2.2020)</i>	661.50 (-)	- (-)	661.50 (-)
Indus Automobiles Private Limited	21.20 (-)	- (-)	21.20 (-)
<b>Salary to key managerial personnel</b>			
Kapil Sharma	- (-)	- (8,29)	- (8,29)
Akash Shrivastava	- (-)	26.01 (-)	26.01 (-)
Jagdish Chandra	- (-)	15.21 (15.16)	15.21 (15.16)
Kunal Gupta	- (-)	0.36 (1.44)	0.36 (1.44)
Pooja Bansal	- (-)	1.20 (-)	1.20 (-)

**SAINIK FINANCE & INDUSTRIES LIMITED****Notes on the financial statement for the year ended 31<sup>st</sup> March 2020***(All amount are in rupees lakhs, unless otherwise stated)**Figures in ( ) are of previous year 31 March 2019***d) Particulars of balances as on 31<sup>st</sup> March, 2020 in respect of related party transactions :**

<b>Transaction</b>	<b>Others</b>	<b>KMP</b>	<b>Total</b>
<b>Finance provided</b>			
Kartikay Exploration And Mining Private Limited	1,501.96 (1,900.11)	- (-)	1,501.96 (1,900.11)
ACB India Limited	1.30 (-)	- (-)	1.30 (-)
<b>Finance received</b>			
Mittersen Agro Farms Private Limited	106.63 (95.46)	- (-)	106.63 (95.46)
Spectrum Coal & Power Ltd <i>(merged into ACB India Ltd w.e.f 18.2.2020)</i>	5,374.56 (-)	- (-)	5,374.56 (-)
<b>Advance Received</b>			
Indus Automobile Pvt.Ltd.	373.08 (-)	- (-)	373.08 (-)
<b>Trade advances</b>			
Sainik Automobile	40.30 (36.48)	- (-)	40.30 (36.48)
<b>Others</b>			
Kapil Constructions Private Limited	0.54 (-)	- (-)	0.54 (-)
<b>Salary to key managerial personnel</b>			
Akash Shrivastava	- (-)	1.33 (-)	1.33 (-)
Jagdish Chandra	- (-)	0.88 (0.85)	0.88 (0.85)
Kunal Gupta	- (-)	- (0.12)	- (0.12)

*Figures in ( ) are of previous year 31 March 2019*

Notes:

- Name of the related parties and nature of their relationship where control exist have been disclosed irrespective of whether or not there have been transaction with the company. In other cases, disclosures have been made only where there have been transaction with those parties.
- Related parties defined under clause 9 of the Ind AS 24 'Related party disclosures' have been identified based on management representations made by key managerial personnel and information available with the company. All the above transactions are in the ordinary course of business and on arm's length basis.

## 41. Prudential Norms of the Reserve Bank of India (RBI) :

- Appropriated 20% of the net profit to "Reserve Fund" under section 45-IC of the RBI Act.1934. – Rs.81.26 (Previous year Rs. 108.49)
- Balance Sheet of Non-Deposit taking Non-Banking Financial Company - (as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting and Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

**SAINIK FINANCE & INDUSTRIES LIMITED**
**Notes on the financial statement for the year ended 31<sup>st</sup> March 2020**
*(All amount are in rupees lakhs, unless otherwise stated)*

<b>Liabilities side :</b>		<b>(Rs.)</b>	
		<b>Amount outstanding-</b>	<b>Amount overdue</b>
<b>1</b>	<b>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>		
	(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	20,588.02	Nil
	(e) Commercial paper	Nil	Nil
	(f) Other loans	Nil	Nil
	* Please see Note 1 below		
<b>Assets side :</b>			
		<b>Amount outstanding</b>	
<b>2</b>	<b>Break-up of loans and advances including bills receivables [other than those included in (4) below] :</b>		
	(a) Secured		-
	(b) Unsecured		25,248.25
<b>3</b>	<b>Break up of leased assets and stock on hire and other assets counting towards AFC activities</b>		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease		Nil
	(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		Nil
	iv) Other loan counting towards AFC activities		
	(c) Loans where assets have been repossessed		Nil
	(d) Loans other than (a) above		Nil
<b>4</b>	<b>Break-up of investments :</b>		
	<u>Current investments :</u>		
	1. <u>Quoted</u>		
	(i) Shares : (a) Equity		0.19
	(b) Preference		Nil
	(ii) Debentures and bonds		Nil
	(iii) Units of mutual funds		Nil
	(iv) Government securities		Nil
	(v) Others (please specify)		Nil
	2. <u>Unquoted :</u>		
	(i) Shares : (a) Equity		0.20
	(b) Preference		Nil
	(ii) Debentures and bonds		Nil
	(iii) Units of mutual funds		Nil
	(iv) Government securities		Nil
	(v) Others (please specify)		Nil
	<u>Long term investments :</u>		
	1. <u>Quoted</u>		
	(i) Shares : (a) Equity		Nil
	(b) Preference		Nil
	(ii) Debentures and bonds		Nil
	(iii) Units of mutual funds		Nil
	(iv) Government securities		Nil
	(v) Others (please specify)		Nil
	2. <u>Unquoted :</u>		
	(i) Shares : (a) Equity		Nil
	(b) Preference		Nil
	(ii) Debentures and bonds		Nil
	(iii) Units of mutual funds		Nil
	(iv) Government securities		Nil
	(v) Others (please specify)		Nil

**SAINIK FINANCE & INDUSTRIES LIMITED****Notes on the financial statement for the year ended 31<sup>st</sup> March 2020***(All amount are in rupees lakhs, unless otherwise stated)*

<b>5 Borrower group-wise classification of assets financed as in (2) and (3) above :</b> (Please see note 2 below)			
<b>Category</b>	<b>Amount net of provisions</b>		<b>Total</b>
	<b>Secured</b>	<b>Unsecured</b>	
1. Related parties **			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	1,503.25	1,503.25
2. Other than related parties	Nil	23,745.00	23,745.00
<b>Total</b>	<b>Nil</b>	<b>25,248.25</b>	<b>25,248.25</b>

  

<b>6 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b> (Please see note 3 below)		
<b>Category</b>	<b>Market Value / Break up or fair value or NAV</b>	<b>Book Value (Net of Provisions)</b>
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
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

  

<b>7 Other information</b>		
	<b>Particulars</b>	<b>Amount</b>
(i)	Gross non-performing assets	
(a)	Related parties	Nil
(b)	Other than related parties	89.11
(ii)	Net non-performing assets	
(a)	Related parties	Nil
(b)	Other than related parties	72.22
(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.

**42. Earnings per share :**

The computation of basic and diluted earnings per share is set out below:

<b>Particulars</b>	<b>2019-20</b>	<b>2018-19</b>
Profit after tax attributable to equity shareholders (Rupees lakhs)	406.26	505.54
Weighted average number of equity shares outstanding during the year for calculation of earnings per share	1,08,80,000	1,08,80,000
Nominal value per share (Rupees)	10	10
Basic and diluted earnings per share (Rupees)	3.73	4.65

43. Additional information in accordance of Companies Act, 2013. The company was discontinued its manufacturing operation in the Cement and Poles segment in Financial year 2012-13.

- a) Licensed & installed capacity and actual production in MT: Nil (previous year- Nil)
- b) Quantitative detail of consumption of raw materials and packing material : Nil (previous year- Nil)

**SAINIK FINANCE & INDUSTRIES LIMITED****Notes on the financial statement for the year ended 31<sup>st</sup> March 2020***(All amount are in rupees lakhs, unless otherwise stated)*

## c) Quantitative Detail of Finished Goods:

Particulars	Opening Stock				Closing Stock			
	Cr.Yr.	Pr.Yr.	Cr.Yr.	Pr.Yr.	Cr.Yr.	Pr.Yr.	Cr.Yr.	Pr.Yr.
	Quantity(Nos)		Amount		Quantity(Nos)		Amount	
Poles	2	2	0.03	0.03	-	2	-	0.03

## d) Sales:

Particulars	Quantity(Nos)		Amount	
	Cr.Yr.	Pr.Yr.	Cr.Yr.	Pr.Yr.
Poles	Nil	Nil	Nil	Nil

44. The outbreak of COVID 19 pandemic and consequent lockdown has severely impacted the operation of the company since the last week of the March 2020. In relation to COVID-19, judgments and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries. While the methodologies and assumptions applied in the impairment loss allowance calculations remained unchanged from those applied prior to the COVID-19 pandemic, the Company has separately incorporated estimates, assumptions and judgments specific to the impact of the COVID-19 pandemic based on early indicators of and delayed payments metrics observed along with an estimation of potential stress on probability of defaults and exposure at defaults. The extent to which the COVID-19 pandemic will impact the Company's impairment loss allowance on assets and future results will depend on future developments, which are highly uncertain and the Company will continue to closely monitor the same.
45. The Financial Statements have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 25<sup>th</sup> June, 2020.
46. There have been no events after the reporting date that require disclosure in these financial statements.

As per our report of even date  
For **NAGAR GOEL & CHAWLA**  
Chartered Accountants  
ICAI Firm Registration No. : 009933N

On behalf of the board of Directors  
For **SAINIK FINANCE & INDUSTRIES LTD.**

**Dharmender Singhal**  
Partner  
Membership No. : 515984

**Rudra Sen Sindhu**  
Director  
DIN-00006999

**Samai Singh**  
Director  
DIN-00235036

**Akash Shrivastava**  
Chief Executive Officer  
PAN- BAYPS2407Q

**Renu**  
Company Secretary  
PAN-BUPPR8662B

Place: New Delhi  
Dated: 25 June 2020

**Jagdish Chandra**  
Chief Financial Officer  
PAN-AAJPU3255G

# SAINIK FINANCE & INDUSTRIES LIMITED

## 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 the Annual Financial Statements of the Company for the Financial year ended 31 <sup>st</sup> March, 2020, including the audited Balance Sheet as at 31 <sup>st</sup> March, 2020, the Statement of Profit & Loss, and Cash Flow Statement for the Financial year ended on that date and the reports of the Board of the Directors and Auditors thereon.			
2.	Approval for appointment a Director in place of Mr. Rudra Sen Sindhu, who retires by rotation and, being eligible, offers himself for re-appointment			
3.	Appointment of Mr. Ramesh Shah (DIN 00029864) as an Independent Director of the Company for the five consecutive years			
4.	Appointment of Mr. Sarvesh Sindhu (DIN: 06545787) as Director of the Company			
5.	Approval for the matter relating to entering related party transactions with ACB (India) Limited.			
6.	Approval for the matter relating to entering related party transactions with Kartikay Exploration and Mining Services Private Limited.			

Place: .....

Date: .....

Signature of shareholder