

*17th
Annual Report
2008 - 2009*

SAINIK FINANCE & INDUSTRIES LIMITED

SAINIK FINANCE & INDUSTRIES LIMITED

Board of Directors

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

Company Secretary

Sh. Kulbhushan Sharma

Audit Committee

Sh. Ganesh Chandra Mrig
Ex-Capt. Rudra Sen Sindhu
Lt. Gen. Gorakh Nath AVSM, PVSM (Retd.)

Share Transfer and Shareholders'/ Investors' Grievances Committee

Sh. Ganesh Chandra Mrig
Col. Girdhari Singh AVSM (Retd)
Ex-Capt. Rudra Sen Sindhu

Listed At

The Bombay Stock Exchange, Mumbai

Auditors

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

Bankers

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

Registrar and Share Transfer Agent

(For all securities related activities)

Indus Portfolio Pvt. Ltd.

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

Registered Office

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

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SAINIK FINANCE & INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the Company shall be held on **Wednesday, the 30th September, 2009** at the Farm House of M/s Kapil Constructions Private Limited, Kishangarh- Mehrauli Road, Near Maa Anandmai Ashram, New Delhi-110 057, at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2009 and Profit & Loss Account for the year ended 31st March, 2009 together with the Directors' Report and Auditors' Report thereon.
2. To appoint a director in place of **Lt. Gen. Gorakh Nath AVSM, PVSM (Retd)**, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint a director in place of **Sh. Vir Sen Sindhu**, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint and fix remuneration of **M/s Kumra Bhatia & Co.**, Chartered Accountants, the retiring Statutory Auditors of the company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting. M/s Kumra Bhatia & Co., Chartered Accountants, New Delhi, being eligible offered themselves for re-appointment.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as **Ordinary Resolution**:
"RESOLVED THAT Col. Girdhari Singh AVSM (Retd.) who was appointed as Whole Time Director-Chairman of the company for the period of 3 (three) years w.e.f. 1st October, 2006 and whose term expires at the date of ensuing Annual General Meeting of the company, be and is hereby re-appointed as Non-Executive Chairman of the Company for the further period of 3 years w.e.f. 1st October, 2009 for discharging the duties of Chairman of Board of Directors of the company and Chairman for shareholders' meeting."
6. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as **Ordinary Resolution**:
"RESOLVED THAT pursuant to Section 260 of the Companies Act, 1956, Shri V. K. Sehgal, who was appointed as an Additional Director at the meeting of the Board of Directors of the Company, held on 29th July, 2009 whose term expires on the Annual General Meeting of the Company scheduled to be held on 30th September, 2009 and for the appointment of whom Notice u/s 257 of the Companies Act, 1956 proposing his candidature for the office of Director has been received, be and is hereby appointed as a Director of the Company whose period of office will be liable to be determined by rotation."
7. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as **Ordinary Resolution**:
"RESOLVED THAT pursuant to Section 260 of the Companies Act, 1956, Shri G.M.S. Johar, who was appointed as an Additional Director at the meeting of the Board of Directors of the Company, held on 29th July, 2009 whose term expires on the Annual General Meeting of the Company scheduled to be held on 30th September, 2009 and for the appointment of whom Notice u/s 257 of the Companies Act, 1956 proposing his candidature for the office of Director has been received, be and is hereby appointed as a Director of the Company whose period of office will be liable to be determined by rotation."

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

Place : New Delhi
Dated : 1st September, 2009

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

SAINIK FINANCE & INDUSTRIES LIMITED

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. IN ORDER TO BE EFFECTIVE PROXY FORM DULY COMPLETED MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE SCHEDULED TIME FOR HOLDING OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED HEREWITH.
3. Annual report has been sent to all members and members are requested to bring their copy to the meeting along with duly filled attendance slip (to be handed over at the entrance). No copy of Annual Report shall be distributed at the meeting as an endeavour of the Company to reduce operational cost.
4. The register of members and share transfer registers of the Company will remain closed from **Friday, 25th September, 2009** to **Wednesday, 30th September, 2009** (both days inclusive).

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM No. 5

Col. Girdhari Singh AVSM (Retd) who was appointed as Whole Time Director-Chairman of the company for the period of 3 (three) years w.e.f. 1st October, 2006 and whose term expires at the date of ensuing Annual General Meeting of the company, now be re-appointed as Non-Executive Chairman of the Company for the further period of 3 years w.e.f. 1st October, 2009 for discharging the duties of Chairman of Board of Directors of the company and Chairman for shareholders' meeting. Yours directors, therefore, recommend the said resolution at Item No. 5 for your approval.

None of the directors except Ex-Capt. Kuldeep Singh Solanki and Col. Girdhari Singh, AVSM (Retd) is any way, concerned or interested in the said resolution.

ITEM No. 6

Shri V.K. Sehgal was appointed as an Additional Director of the Company, w.e.f. 29/07/2009 as per the provisions of Section 260 of the Companies Act, 1956, whose term of Directorship will get expired on the date of ensuing Annual General Meeting of the Company. He being eligible, has offered himself to be re-appointed as the Director liable to retire by rotation. A Notice u/s 257 of the Companies Act, 1956 has been received by the Company from Sh. V.K. Sehgal offering his candidature for the office of the Director liable to retire by rotation. He will act as an Independent Director.

None of the Directors except Sh. V.K. Sehgal is interested in the said resolution.

ITEM No. 7

Shri G.M.S. Johar was appointed as an Additional Director of the Company, w.e.f. 29/07/2009 as per the provisions of Section 260 of the Companies Act, 1956, whose term of Directorship will get expired on the date of ensuing Annual General Meeting of the Company. He being eligible, has offered himself to be re-appointed as the Director liable to retire by rotation. A Notice u/s 257 of the Companies Act, 1956 has been received by the Company from Sh. G.M.S. Johar offering his candidature for the office of the Director liable to retire by rotation. He will act as an Independent Director.

None of the Directors except Sh. G.M.S. Johar is interested in the said resolution.

SAINIK FINANCE & INDUSTRIES LIMITED

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

a) Lt. Gen. Gorakh Nath AVSM, PVSM (Retd) :

Lt. Gen. Gorakh Nath AVSM, PVSM (Retd) is a graduate. He is known for his qualities to man a large number of men and machines with total command discipline and commitment to complete the contract undertaken. His ability to take quick decisions coupled with pragmatic and optimistic approach to work and other areas has helped to expand the group's growth in a substantial way. He has in depth knowledge in the field of administration and finance. He was nominated as member of the Executive Council of Rohilkhand University, Bareilly, U.P. by the Government of U.P. in 1993.

At present Lt. Gen. Gorakh Nath AVSM, PVSM (Retd) is a Director on the Board of Ex-Servicemen Arvind Transport Private Limited, in addition to being a Director on the Board of Sainik Finance & Industries Limited:

b) Sh. Vir Sen Sindhu :

Sh. Vir Sen Sindhu is a graduate. He has been associated with the Vehicle Financing, NBFC for the last 15 years. He is fully conversant with the working of the NBFC & knows the Financial Market very well. As on date, Sh. Vir Sen Sindhu holds 102198 equity shares of the Company.

Apart from the Company, Sh. Vir Sen Sindhu is also Director on Board and member of committees of the following Public Limited Companies :

Name of the public Companies in which he is a Director	Name of Committees constituted in the respective Company	Chairman/ Member
Sindhu Trade Links Limited	Audit Committee Share Transfer & Shareholders' & Investor Grievance Committee	Member
Pragati Vanijaya Limited	N.A.	N.A.
Sainik Mining & Allied Services Limited	N.A.	N.A.

(c) Sh. V.K. Sehgal :

Sh. V.K. Sehgal graduated in Mining Engineering (Hons) from India School of Mines, Dhanbad. He is an Associate of Indian School of Mines Dhanbad (AISM) and obtained 1st Class Managers' Certificate of Competency (Coal) in 1965 from Director General of Mines Safety Dhanbad.

At present Sh. V.K. Sehgal is a Director on the Board of following Public Limited Companies in addition to being a Director on the Board of Sainik Finance & Industries Limited.

1. Sainik Mining and Allied Services Limited
2. Rajasthan Explosives and Chemicals Limited
3. Global Minetec Limited

(d) Sh. G M S Johar:

Sh. Gurinder Mohan Singh Johar graduated in Mining Engineering (Hons) from India School of Mines, Dhanbad in 1964. He is an Associate of Indian School of Mines Dhanbad (AISM) and obtained 1st Class Mine Managers' Certificate of Competency in 1967.

At present Sh. Gurinder Mohan Singh Johar is a Director on the Board of following Public Limited Companies in addition to being a Director on the Board of Sainik Finance & Industries Limited

Name of the public Companies in which he is a Director	Name of Committees constituted in the respective Companies	Chairman/ Member
Sainik Mining and Allied Services Limited	N.A.	N.A.
Sindhu Trade Links Limited	Audit Committee	Member

SAINIK FINANCE & INDUSTRIES LIMITED

DIRECTORS' REPORT

The members,
Ladies and Gentlemen,

Your directors have pleasure in presenting their 17th Annual Report and the Audited Statement of Accounts for the year ended on 31st March, 2009.

1. FINANCIAL RESULTS Particulars	(Rs. In lacs)	
	2008-09	2007-08
Net profit before tax & depreciation	85.73	233.09
Less: Depreciation	58.08	47.24
Net Profit After Depreciation	27.65	185.85
Add: Balance in Profit & Loss Appropriation A/c brought forward from last year	506.67	399.78
Provision for Bad & Doubtful Debts Written Back	28.81	36.22
	563.13	621.85
Less: Provision for Income Tax - Current	35.39	75.50
Provision for Income Tax - Deferred	0.22	(0.24)
Provision for Income Tax - Fringe Benefit	3.49	3.02
Transfer to Reserve Fund	5.53	37.17
Income Tax for earlier year	0.72	(0.25)
Net profit carried forward to next year	517.78	506.67

2. DIVIDEND

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

3. OPERATIONS OF THE COMPANY

The Company has been carrying out the businesses of manufacturing Portland cement. The company has sold 35010.350 MT of Portland Cement during the year under report. However due to stiff competition in the market, the sales realisation per bag remained lower during the year under report. During the year the Company has also sold 15980 PCC Poles.

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

The net profits of the Company were Rs. 27.65 lacs during the year under review.

4. DIRECTORS

Lt. Gen. Gorakh Nath AVSM, PVSM (Retd), and Sh. Vir Sen Sindhu Directors of the Company retire by rotation and being eligible, have offered themselves for re-appointment. Your Directors recommend their re-appointment subject to retire by rotation.

Shri V.K. Sehgal and Shri G.M.S. Johar were appointed as Additional Directors of the Company by the Board w.e.f. 29/07/2009. In terms of Section 260 of the Companies Act, 1956, their Directorships expire on the date of Annual General Meeting i.e. 30th September, 2009. Sh. V.K. Sehgal and Sh. G.M.S. Johar being eligible have offered themselves for re-appointment as the Directors liable to retire by rotation. They are appointed as Independent Directors to meet the requirement of clause 49 of the listing agreements.

Ex-Capt. Rudra Sen Sindhu, who was appointed as Managing Director of the Company, whose term expires at the date of ensuing Annual General Meeting of the company has expressed to relinquish the Office of Managing Director in the Board Meeting held on 29/07/2009. He is not to be re-appointed as Managing Director of the Company for further period. However he will continue to work designated as Vice-Chairman of the Company.

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

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

6. DIRECTORS RESPONSIBILITY STATEMENT

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

SAINIK FINANCE & INDUSTRIES LIMITED

- 1) That in the preparation of Annual Accounts for the financial year 2008-09, the applicable Accounting Standards have been followed along with proper explanation relating to the material departures.
- 2) That the Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the financial year ended as at 31st March, 2009 and of the profit or loss of the Company for the financial year ended on 31st March, 2009.
- 3) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the Assets of the Company and for preventing and detecting fraud or other irregularities.
- 4) That the Directors have prepared the Annual Accounts on a **Going Concern** basis.

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

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

8. PUBLIC DEPOSITS

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

9. SECURED NON-CONVERTIBLE DEBENTURES

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

10. AUDITORS REPORT

The Auditors' Report on Annual Accounts of the company for the year ended on 31st March, 2009 is self explanatory. Hence, no explanation is required to be given.

11. AUDITORS OF THE COMPANY

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

12. INDUSTRIAL RELATIONS

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

13. CORPORATE GOVERNANCE REPORT

A detailed report on Corporate Governance prepared in accordance with the Clause 49 of the Listing Agreement is formed a part of this Annual Report.

14. LISTING OF SECURITIES

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

15. ACKNOWLEDGEMENTS

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

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

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

Place : New Delhi
Dated : 1st September, 2009

SAINIK FINANCE & INDUSTRIES LIMITED

ANNEXURE - I

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

A. Power & Fuel consumption

	Current Year	Previous Year
1. Electricity		
a) Purchased/consumption Units	3497740.00	3378510.00
Total Amount (Rs.)	15487621.00	15111968.00
Rate/ Unit (Rs.per units)	4.43	4.47
b) Own generation		
i) Through Diesel Generator Units	102333	130604.00
Unit per liter of diesel oil	2.20	2.83
Cost/ Unit (Rs.)	12.85	10.86
ii) Through steam turbine/ generator Units		
Units per liter of fuel oil/gas	N.A.	N.A.
2. Coal (specify quality and whereused)		
Quantity (tonnes) (MT)	4886.850	4688.16
Total Cost (Rs.)	24413171.89	20177995.32
Average rate (Rs.)	4995.69	4304.03
3. Furnace Oil		
Total Amount (Average rate)	N.A.	N.A.
4. Others/Internal Generation		
Quantity		
Total Cost	N.A.	N.A.
Rate/Unit	N.A.	N.A.

B. Consumption per unit of production

	Standard (if any)	Current year (MT)	Previous year (MT)
<u>Cement</u>			
Products (with details)	Unit		
Electricity	-	102.77	103.84
Furnace Oil	-	-	-
Coal	-	0.14	0.14
Others (Specify)	-	-	-

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

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

Place : New Delhi
Dated : 1st September, 2009

SAINIK FINANCE & INDUSTRIES LIMITED

ANNEXURE - II

CORPORATE GOVERNANCE REPORT for the financial year ended on 31st March, 2009

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 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, viz., the shareholders, lenders, creditors and employees. As required under clause 49 of the Listing Agreement entered into with the Stock Exchange, all necessary disclosures are set out towards achievements of good Corporate Governance.

2. BOARD OF DIRECTORS

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

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

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

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

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

Board Meetings held during the year under review:

During the Year 2008-09, Sixteen (16) meetings of the Board of Directors of the Company were held on 01/04/2008, 30/04/2008, 26/05/2008, 02/06/2008, 30/06/2008, 31/07/2008, 25/08/2008, 04/09/2008, 03/10/2008, 31/10/2008, 28/11/2008, 31/12/2008, 31/01/2009, 18/02/2009, 26/02/2009 and 30/03/2009

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

NAME OF DIRECTORS	ATTENDANCE DETAILS		NUMBER OF OTHER COMPANIES IN WHICH DIRECTOR*	OTHER COMMITTEES OF WHICH	
	BOARD MEETINGS	AGM HELD ON 30-09-08		CHAIRMAN	MEMBER
Col. Girdhari Singh AVSM (Retd.)	16	YES	03	—	—
Ex-Capt. Rudra Sen Sindhu	14	YES	04	—	01
Ex-Capt. Kuldeep Singh Solanki	14	YES	04	—	01
Lt.Gen.Gorakhnath AVSM PVSM (Retd.)	09	NO	—	—	—
Sh. Vir Sen Sindhu	10	NO	03	—	02
Mr. Ganesh Chandra Mrig	09	YES	02	02	—

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

SAINIK FINANCE & INDUSTRIES LIMITED

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

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

3. COMMITTEES OF THE BOARD

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

3.1 Audit Committee

The Constitution of the Audit Committee meets with the requirements of section 292A of the Companies Act, 1956 as well as the Listing Agreement. All the members of the committee are financially literate members. Sh. Ganesh Chandra Mrig as the Chairman of the Committee who has in-depth knowledge of Accounts, Finance & Banking. Sh. Kulbhushan Sharma, Company Secretary of the Company is the Secretary of the Committee.

The **Audit Committee** as on report date i.e. 31st March, 2009 comprises of the following Directors:

Sh. Ganesh Chandra Mrig	Chairman	Independent Non-executive Director
Lt. Gen. Gorakh Nath AVSM PVSM (Retd.)	Member	Independent Non-Executive Director
Ex-Capt. Rudra Sen Sindhu	Member	Non-Independent Non-executive Director

The **Audit Committee** is responsible for the effective supervision of the financial reporting process to ensure proper disclosure of financial statements, their credibility, and compliance with the Accounting Standards, stock exchanges and other legal requirements, reviewing with internal and external audit and internal control systems, assessing their adequacy ensuring compliance with internal controls, reviewing findings of internal audit, reviewing the company's financial and risk management policies and ensuring follow up action on significant findings, and reviewing quarterly, half yearly and yearly accounts.

During the year 2008-09 (**Eight**) **8** Audit Committee meetings were held. The attendance record of the members during these meetings is set down below:

Date of Meeting	Sh. Ganesh Chandra Mrig	Lt. Gen. Gorakhnath AVSM PVSM (Retd.)	Ex-Capt. Rudra Sen Sindhu
25-04-2008	YES	YES	YES
20-05-2008	YES	YES	YES
23-07-2008	YES	YES	YES
19-08-2008	YES	YES	YES
19-10-2008	YES	YES	YES
29-11-2008	YES	YES	YES
20-01-2009	YES	YES	YES
23-02-2009	YES	YES	YES

3.2 Share Transfer/Shareholders' and Investors' Grievances Committ

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

The membership of the Share Transfer/ Shareholders' and Investors' Grievances Committee of the Company is as follows:

Sh. Ganesh Chandra Mrig	Chairman	Independent Non-executive Director
Ex-Capt. Rudra Sen Sindhu	Member	Non-Independent Non-executive Director
Col. Girdhari Singh, AVSM (Retd.)	Member	Non-Independent Non-Executive Director

SAINIK FINANCE & INDUSTRIES LIMITED

The Committee met **10 (Ten)** times during the year under review. The following table summarises the attendance at the Share Transfer/ Shareholders' and Investors' Grievances Committee of the Company:

Date of meeting	Sh. Ganesh Chandra Mrig	Col. Girdhari Singh, AVSM (Retd.)	Ex-Capt. Rudra Sen Sindhu
30-04-2008	NO	YES	YES
30-05-2008	YES	YES	YES
28-06-2008	NO	YES	YES
25-07-2008	YES	YES	YES
30-08-2008	YES	YES	YES
25-09-2008	YES	YES	NO
14-11-2008	YES	YES	YES
31-12-2008	YES	YES	YES
31-01-2009	YES	YES	YES
31-03-2009	YES	YES	YES

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

Sl. No.	Particulars	Status	Remark
1.	Number of queries/complaints received from shareholders/investors from April 01, 2008 to March 31, 2009 regarding non-receipt of dividend/ interest warrants, non-receipt of shares sent for transfer etc	NIL	
2.	Number of queries/complaints not attended	N.A.	
3.	Number of request of Share Transfer / Transmission received during the year.	21	
4.	Number of Share Transfer cases done during the year.	21	
5.	Number of Share Transfer pending during the year.	NIL	

3.3 Remuneration Committee

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

4. GENERAL MEETINGS

Location and time of the last three Annual General Meetings:

Year	Date	Time	Location
2008	30 th September, 2008	9.30 A.M.	Farm House of Kapil Constructions Pvt. Ltd., Kishangarh-Mehrauli Road, Near Ma Anandmai Ashram, New Delhi-110 057
2007	29 th September, 2007	9.30 A.M.	Farm House of Kapil Constructions Pvt. Ltd., Kishangarh-Mehrauli Road, Near Ma Anandmai Ashram, New Delhi-110 057
2006	30 th September, 2006	9.30A.M.	Farm House of Kapil Constructions Pvt. Ltd., Kishangarh-Mehrauli Road, Near Ma Anandmai Ashram, New Delhi-110 057

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

Sl. No.	Particulars	Status	Remark
1.	Whether any Special Resolutions were passed at the last three Annual General Meeting *	Yes	
	Two Special Resolutions were passed at the Annual General Meeting held on 30 th September, 2006:		
-	for delisting of Securities from Stock Exchanges and,		
-	for extending the terms of Managing Director of the Company		
2.	Whether Special Resolutions were put through postal ballot at the last three Annual General Meeting	No	
3.	Persons who conducted the postal ballot	N.A.	
4.	Procedure for postal ballot	N.A.	

SAINIK FINANCE & INDUSTRIES LIMITED

5. DISCLOSURES

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

6. MEANS OF COMMUNICATIONS WITH THE INVESTORS/SHAREHOLDERS

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

7. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date	-	30th September, 2009
Time	-	9:30 a.m.
Venue	-	Farm House of Kapil Constructions Pvt. Ltd. Kishangarh-Mehrauli Road, Near Maa Anandmai Ashram, New Delhi-110 057.

Financial Calendar (tentative)

Financial year	-	April 01, 2009- March 31, 2010
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Quarterly results- For Quarter ending

30-06-2009	-	4 th /5 th week of July, 2009.
30-09-2009	-	4 th /5 th week of October, 2009.
31-12-2009	-	4 th /5 th week of January, 2010.
31-03-2010	-	4 th /5 th week of April, 2010.

Book closure

Friday, 25th September, 2009 to Wednesday, 30th September, 2009 (both days inclusive).

Listing on Stock Exchanges:

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

The Listing fees have been paid to the Stock Exchange for the year 2009-10.

Stock Exchange Code

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

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

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April, 2008	11.26	08.73	Oct., 2008	08.50	05.79
May, 2008	11.16	09.65	Nov., 2008	05.90	05.26
June, 2008	10.75	08.52	Dec., 2008	05.00	05.00
July, 2008	08.37	07.25	Jan., 2009	04.87	04.44
Aug., 2008	10.66	08.38	Feb., 2009	-	-
Sept., 2008	12.00	08.52	Mar., 2009	04.24	04.24

Share Transfer system

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

Share Registrar and Transfer Agents:

Indus Portfolio Private Limited,

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

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

Email : bharat.b@indusinvest.com

Website : www.indusinvest.com

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

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

Distribution of Shareholding as on 31st March, 2009

Nominal Value of Shares (in Rs.)	Share holders	% to Total Shares	Total shares held	%age
UPTO 5000	3548	96.73	10988120	10.10
5001 - 10000	46	01.25	3413340	03.14
10001 - 20000	27	0.74	4115470	03.78
20001 - 30000	4	0.11	971000	0.89
30001 - 40000	6	0.16	2062840	01.90
40001 - 50000	4	0.11	1846910	01.70
50001 - 100000	10	0.27	6860300	06.30
ABOVE 100000	23	0.63	78542020	72.19
	3668	100.00	108800000	100.00

Shareholding Details as on 31st March, 2009.

Category	No. of shares held	Percentage of shareholding
Promoters	5563179	51.13%
Institutional Investors	NIL	NIL
Mutual Funds and UTI	NIL	NIL
Banks, Financial institutions, Insurance Companies (Central/ State Govt. Institutions/Non-govt. Institutions)	NIL	NIL
FIs	NA	NA
Private Corporate Bodies	3500239	32.17%
Indian Public	1771557	16.29%
NRIs	41429	0.38%
Clearing House	3596	0.03%
TOTAL	1,08,80,000	100%

SAINIK FINANCE & INDUSTRIES LIMITED

Top 10 Shareholders as on 31st March, 2009.

Sr. No.	Name	Shares	Percentage
1.	Col. Girdhari Singh AVSM (Retd.)	9,88,900	9.09
2.	Sainik Mining and Allied Services Ltd.	8,53,666	7.85
3.	Sindhu Trade Links Limited	8,15,133	7.49
4.	Maneesha Finlease Limited	6,70,895	6.17
5.	Ex-Capt. Kuldeep Singh Solanki	5,01,682	4.61
6.	Mr. Yuvraj Singh Solanki	4,32,833	3.98
7.	Garuda Imaging and Diagnostic P. Ltd.	3,51,933	3.23
8.	Mrs. Indu Solanki	3,37,833	3.11
9.	Sainik Cement Works P. Ltd.	3,25,266	2.99
10.	Ch. Mitter Sen Sindhu	3,08,466	2.84

Dematerialisation of Shares and Details thereof

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

7562884 Equity shares of the Company i.e. **69.51%** of total paid up share capital are held in dematerialised form as on 31st March, 2009.

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

Plants/Branch Offices of the Company:

Finance Division

Head Office : 129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi -35.
Branch Office : Rajendra Nagar Chowk, 4 Link Road, Bilaspur (Chhattisgarh)

Cement Division

Head Office : 129, Transport Centre, Rohtak Road, Punjabi Bagh, New Delhi -35.
Plant : Village Jaliawas, 94.8 km stone, Delhi Jaipur Road, NH 8,
Tehsil Bawal, District Rewari (Haryana)

Address for Correspondence :

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

Registered Office of the Company :

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

Registrar and Transfer Agents:

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

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

Place : New Delhi
Dated : 1st September, 2009

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

SAINIK FINANCE & INDUSTRIES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company has three divisions

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

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

Cement Division :

The Company is operating a 200 tonnes per day mini cement plant based on Vertical Shaft Kiln (VSK) Technology, at village Jaliawas, District Rewari, Haryana. The Company has taken various steps to become cost effective and has achieved a turnover of Rs.9.84 Crores and during the year 2008-09 it has sold 35010 MT of Portland Cement. The Company is making all efforts to increase its cost effectiveness, but, due to stiff competition and higher power tariff and government duties in the State of Haryana, the net realisation for the Company has been quite low considering the fact that the cement industry has been passing a lean phase, and a sluggish off take, and taking into account the per capita consumption of cement in India (100 kgs.) as compared to the world per capita cement consumption (270 kgs.) being on the lower side, the Management is hopeful of getting the cement division back into black.

Finance Division :

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

Pole Division :

During the year the Company has acquired business of Manufacturing of PCC Poles from Sainik Pole Manufacturing Co. at Jaliawas, District Rewari, Haryana and achieved a turnover of Rs.3.49 Crores.

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

Place : New Delhi
Dated : 1st September, 2009

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of
Sainik Finance and Industries Limited

We have examined the compliance of conditions of corporate governance by Sainik Finance and Industries Limited, for the year ended 31st March, 2009 as per clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

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

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

For **KUMRA BHATIA & CO.**
Chartered Accountants

Place : New Delhi
Dated : 1st September, 2009

(**P. K. Bhatia**)
Partner

SAINIK FINANCE & INDUSTRIES LIMITED

AUDITORS' REPORT

The Members,

SAINIK FINANCE & INDUSTRIES LIMITED

1. We have audited the attached balance sheet of **SAINIK FINANCE & INDUSTRIES LIMITED**, as at 31st March 2009, and also the profit and loss account for the year ended 31st March 2009. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, the company has kept proper books of account as required by law so far as appears from our examination of those books.
 - iii) The balance sheet & profit and loss account dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the balance sheet, profit and loss account dealt with by this report complies with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v) On the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2009;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date.
 - c) In the case of cash flow statement of the cash flows for the year ended on that date.

For **KUMRA BHATIA & CO.**
Chartered Accountants

Place : New Delhi
Dated : 1st September, 2009

(P. K. Bhatia)
Partner

SAINIK FINANCE & INDUSTRIES LIMITED

ANNEXURE

Re : Sainik Finance & Industries Limited

For the year ended 31st March, 2009

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

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) All the assets have not been physically verified by the management during the year. There is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) The company has sold few fixed assets during the year under report. The sales do not constitute or substantial part of the assets of the company and do not cast any doubt on the company's ability to continue as a going concern in the foreseeable future.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) The company has taken loans from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 120 Lacs and the year-end balance of loans given to such parties was Rs. Nil.
(b) The company has given loans to one other company covered in the register maintained u/s 301 of the Companies' Act 1956. The maximum amount involved during the year was Rs. 4.95 Lacs and the year-end balance of loans given to such parties was Rs. 4.95 Lacs.
(c) In our opinion the terms and conditions on which loans have been taken from / granted to companies, firms or other parties listed in the register maintained under section 301 are not, prima facie, prejudicial to the interest of the company.
(d) The company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest. The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest.
(e) There is no overdue amount of loans taken from or granted to companies, firms or other parties listed in the registers maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

SAINIK FINANCE & INDUSTRIES LIMITED

8. The provision of section 209(1)(d) of the Companies Act, 1956 does not apply.
9. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding, as at 31st March 2009 for a period of more than six months from the date they became payable.
(c) According to the records of the company, there are no dues of sales tax, income tax, custom tax / wealth tax, excise duty / cess which have not been deposited on account of any dispute.
10. The company does not have any accumulated losses for the previous years. The company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is neither a Chit Fund nor a nidhi / mutual benefit society. Hence, in our opinion, the requirements of Clause 4 (xiii) of the order do not apply to the company.
14. On the basis of our examination of the companies records we are of the opinion that the company is maintaining adequate records regarding transaction and contracts regarding its trading activities in shares securities, debentures and other investment and timely entries have been made in these records. The shares securities, debentures and other investments have been held by the company in its own name except to the extent of exemption granted under section 49 of the Act.
15. The company has given guarantee in connection with loan taken by others from banks or Financial Institutions. In our opinion, the terms and conditions of the guarantees given are not pre-judicial to the interest of the company.
16. No term loan has been obtained during the year.
17. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, we report that no funds raised on short-term basis have been used for long-term investment and vice versa.
18. Based on our examination of records and the information provided to us by management we report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. During the period covered by our audit report, the company has issued 3161 debentures of Rs.1000/- each, the terms of issue of which require the creation of security. The company has created the security in accordance with the terms of issue of the debentures.
20. The company has not made any public issue during the year under reporting.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For KUMRA BHATIA & CO.
Chartered Accountants

Place : New Delhi
Dated : 1st September, 2009

(P. K. Bhatia)
Partner

SAINIK FINANCE & INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

	SCHEDULE NO.	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
<u>SOURCES OF FUNDS</u>			
Share Holders' Funds			
Share Capital	1	108,800,000.00	108,800,000
Reserves & Surplus	2	134,780,562.14	133,117,865
		243,580,562.14	241,917,865
Loan Funds			
Secured Loans	3	-	3,735,000
Unsecured Loans	4	20,469,059.00	19,090,710
		20,469,059.00	22,825,710
Deferred Tax Liability		9,668,521.64	9,645,842
TOTAL		273,718,142.28	274,389,418
<u>APPLICATION OF FUNDS</u>			
Fixed Assets			
Gross Block	5	114,944,212.09	112,786,147
Less : Depreciation		51,745,035.13	46,225,182
Net Block		63,199,176.96	66,560,965
Less : Lease Adjustment Account		(2,939,161.57)	(2,812,975)
		66,138,338.53	69,373,940
Investments			
	6	68,461,410.00	68,461,410
Current Assets, Loans & Advances			
Inventories	7	27,894,223.70	49,977,075
Sundry Debtors		59,846,852.75	50,936,433
Cash & Bank Balances		14,895,341.13	20,360,771
Loans & Advances		83,497,335.49	81,292,021
		186,133,753.07	202,566,300
Less : Current Liabilities & Prov.			
Liabilities	8	17,412,527.82	36,676,570
Provisions		29,602,831.00	29,335,662
		47,015,358.82	66,012,232
Net Current Assets (7 - 8)		139,118,394.25	136,554,068
TOTAL		273,718,142.78	274,389,418

Significant accounting policies and notes to accounts 15

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

As per our separate report of even date
For **KUMRA BHATIA & CO.**
Chartered Accountants

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

P. K. BHATIA
Partner

Col. Girdhari Singh AVSM (Retd.)
Chairman

Ex-Capt. K. S. Solanki
Director

Place : New Delhi
Dated : 1st September, 2009

Kulbhushan Sharma
Company Secretary

SAINIK FINANCE & INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE NO.	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
<u>INCOME</u>			
Sales	9	133,406,280.00	96,563,851
Lease Rentals	10	126,187.00	158,273
Interest & Finance Charges	11	13,503,596.64	29,944,338
Other Income	12	2,545,252.12	2,302,252
		149,581,315.76	128,968,714
<u>EXPENDITURE</u>			
Manufacturing Expenses	13	109,369,835.01	76,424,941
Administrative & Other Expenses	14	29,334,328.78	25,575,399
Interest Paid		2,304,458.00	3,658,701
Depreciation	5	5,808,015.00	4,724,140
		146,816,636.79	110,383,181
Profit Before Tax		2,764,678.97	18,585,533
Less : Provision for Income Tax- Current		3,538,924.00	7,549,584
Less : Provision for Income Tax- Deferred		22,679.00	(24,263)
Less : Provision for Income Tax- Fringe Benefit		349,987.00	301,407
Profit after Tax		(1,146,911.03)	10,758,806
Add : Brought forward from Last year		50,667,584.17	39,977,946
Add : Provision for Bad & Doubtful Debts Written Back		2,881,301.00	3,622,630
Available for Appropriations		52,401,974.14	54,359,382
<u>APPROPRIATIONS :</u>			
Transfer to Reserve Fund		552,936.00	3,717,107
Income Tax Paid for earlier years		71,693.00	(25,309)
Balance Carried to Balance Sheet		51,777,345.14	50,667,584
		52,401,974.14	54,359,382
Earning Per Share (Rs.)		(0.11)	0.99

Significant accounting policies and notes to accounts 15

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

As per our separate report of even date
For **KUMRA BHATIA & CO.**
Chartered Accountants

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

P. K. BHATIA
Partner

Col. Girdhari Singh AVSM (Retd.)
Chairman

Ex-Capt. K. S. Solanki
Director

Place : New Delhi
Dated: 1st September, 2009

Kulbushan Sharma
Company Secretary

SAINIK FINANCE & INDUSTRIES LIMITED

YEAR ENDED 31ST MARCH, 2009

	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
<u>SCHEDULE - 1</u>		
<u>SHARE CAPITAL</u>		
AUTHORISED CAPITAL		
11000000 Equity Shares of Rs. 10/- each	<u>110,000,000.00</u>	<u>110,000,000</u>
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
10880000 Equity Shares of Rs. 10/- each fully paid up	<u>108,800,000.00</u>	<u>108,800,000</u>
TOTAL RS.	<u>108,800,000.00</u>	<u>108,800,000</u>
<u>SCHEDULE - 2</u>		
<u>RESERVES & SURPLUS</u>		
GENERAL RESERVE		
Balance as per last year	7,191,579.00	7,191,579
RESERVE FUND		
Balance as per last year	35,243,702.00	31,526,595
Add: Transferred from P&L		
Appropriation Account	<u>552,936.00</u>	<u>3,717,107</u>
	35,796,638.00	35,243,702
PROFIT & LOSS APPROPRIATION ACCOUNT		
Balance as per Profit & Loss Appropriation A/c	51,777,345.14	50,667,584
SHARE PREMIUM ACCOUNT		
Balance as per last year	<u>40,015,000.00</u>	<u>40,015,000</u>
TOTAL RS.	<u>134,780,562.14</u>	<u>133,117,865</u>
<u>SCHEDULE - 3</u>		
<u>SECURED LOANS</u>		
Non Convertible Debentures		
(Secured against charge created on all assets including Current Assets of the company in form of debenture trust deed)		
3735 - 10% Series- XIV NCD of Rs.1000/- each redeemable in full on 31.01.2009	-	3,735,000
TOTAL RS.	-	<u>3,735,000</u>
<u>SCHEDULE - 4</u>		
<u>UNSECURED LOANS</u>		
i) Inter Corporate Deposits	15,990,059.00	15,042,710
ii) Non-Convertible Debentures		
Application Money -Pending Allotment	<u>4,479,000.00</u>	<u>4,048,000</u>
TOTAL RS.	<u>20,469,059.00</u>	<u>19,090,710</u>

SAINIK FINANCE & INDUSTRIES LIMITED

SCHEDULE - 5 SCHEDULE OF FIXED ASSETS AS AT 31ST MARCH, 2009

PARTICULARS	GROSS BLOCK		DEPRECIATION BLOCK		LEASE ADJUSTMENT BLOCK		NET BLOCK				
	As On 31/03/2008	Addition During the Year	Sale/ Adjustment during the year	As On 31/03/2009	For the year	Sale/ Adjustment during the year	Up to 31/03/2009	As On 31/03/2009	As On 31/03/2008		
(A) FINANCE DIVISION											
ASSETS ON LEASE											
Other Equipments	5,300,000.00	-	-	4,669,070.55	126,187.00	-	(2,812,974.57)	(126,187.00)	(2,939,161.57)	3,443,904.02	3,443,904
OTHER ASSETS											
Vehicles	1,533,374.00	-	-	1,296,168.83	61,411.00	-	-	-	-	175,794.17	237,205
Office Equipments	1,741,894.50	9,300.00	-	1,404,783.41	72,069.00	-	-	-	-	274,342.09	337,111
Furniture & Fixture	565,216.22	-	-	476,951.60	15,975.00	-	-	-	-	72,289.62	88,265
Software	1,090,325.82	-	-	1,083,179.66	2,859.00	-	-	-	-	4,287.16	7,146
Total (Finance Div.)	10,230,810.54	9,300.00	-	8,930,154.05	276,501.00	-	(2,812,974.57)	(126,187.00)	(2,939,161.57)	3,970,617.06	4,113,631
(B) CEMENT DIVISION											
Land	1,341,059.75	-	-	-	-	-	-	-	-	1,341,059.75	1,341,060
Building	21,062,247.81	-	-	8,097,489.64	703,478.00	-	-	-	-	12,261,280.17	12,964,758
Plant & Machinery	61,572,503.98	2,145,217.00	-	26,912,332.55	2,981,498.00	-	-	-	-	33,823,890.43	34,660,171
Vehicles	2,641,966.50	-	468,497.00	887,731.49	264,838.00	288,161.98	-	-	-	1,309,061.99	1,754,235
Furniture & Fixture	1,216,185.35	5,499.00	-	822,265.27	77,139.00	-	-	-	-	322,000.08	393,920
Office Equipments	476,686.00	21,992.00	-	126,997.16	58,265.00	-	-	-	-	313,415.84	349,689
Total (Cement Div.)	88,310,649.39	2,172,708.00	468,497.00	36,846,816.11	4,085,218.00	288,161.98	(2,812,974.57)	(126,187.00)	(2,939,161.57)	49,370,988.26	51,463,833
(C) POLE DIVISION											
Plant & Machinery	11,472,815.00	444,554.00	-	414,296.44	1,341,989.00	-	-	-	-	10,161,083.56	11,058,519
Building	2,570,770.00	-	-	28,464.41	85,864.00	-	-	-	-	2,456,441.59	2,542,306
Office Equipments	37,587.30	-	-	2,019.84	6,093.00	-	-	-	-	29,474.46	35,567
Furniture & Fixture	163,514.86	-	-	3,431.26	10,350.00	-	-	-	-	149,733.60	160,084
Total (Cement Div.)	14,244,687.16	444,554.00	-	448,211.95	1,444,296.00	-	-	-	-	12,796,733.21	13,796,475
Current Year (A+B+C)	112,786,147.09	2,626,582.00	468,497.00	46,225,182.11	5,808,015.00	288,161.98	(2,812,974.57)	(126,187.00)	(2,939,161.57)	66,138,338.53	69,373,940
Previous Year	90,672,196	22,413,951	300,000	41,748,127	4,724,140	247,085	(3,104,702)	291,227	(2,812,975)	69,373,940	52,028,771

SAINIK FINANCE & INDUSTRIES LIMITED

YEAR ENDED 31ST MARCH, 2009

	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
<u>SCHEDULE - 6</u>		
<u>INVESTMENTS (AT COST)</u>		
<u>LONG TERM INVESTMENT</u>		
<u>UNQUOTED</u>		
<u>Govt. Shares / Securities :</u>		
Haryana Financial Corporation (250000 Equity Shares @ Rs.10/- each)	2,500,000.00	2,500,000
National Saving Certificate	5,000.00	5,000
<u>Others :</u>		
Sainik Mining And Allied Services Ltd. (Unlisted) (2451 Equity Shares of Face Value of Rs.10/- each)	65,956,410.00	65,956,410
TOTAL RS.	68,461,410.00	68,461,410

SCHEDULE - 7

CURRENT ASSETS, LOANS & ADVANCES

A. CURRENT ASSETS

i) Inventories

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

a) Finished Goods (At Cost or Market price whichever is lower)	5,259,969.86		3,604,080
b) Semi-Finished Goods (At Cost or Market price whichever is lower)	560,230.85		4,593,835
c) Raw Material (At Cost or Market price whichever is lower)	7,104,378.97		13,114,481
d) Packing Material (At Cost or Market price whichever is lower)	190,262.10		269,668
e) Fuel Oil & Lubricant (At Cost or Market price whichever is lower)	524,551.61		203,168
f) Spares & Stores (At Cost or Market price whichever is lower)	703,779.00		854,511
g) Shares (At Cost or Market price whichever is lower)	43,330.00		64,985
h) Stock on Hypothecation under Hypothecation Aggt.	12,176,659.00		19,957,284
Less: Unmatured Hyp.Charges	1,205,858.30	10,970,800.70	2,084,601
			17,872,683
i) Stock on Loan Syndication -Principal	2,536,920.61		9,399,666
	27,894,223.70		49,977,075

SAINIK FINANCE & INDUSTRIES LIMITED

YEAR ENDED 31ST MARCH, 2009

	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
ii) Sundry Debtors		
a) Hire Money Receivable		
Outstanding for a period exceeding 6 month	135,000.00	135,000
Other Debts	-	-
	135,500.00	135,000
Less: Unmatured Finance Charges (NPA)	25,126.00	17,811
	110,374.00	117,689
b) Lease Rent Receivable		
Outstanding for a period exceeding 6 month	-	-
Other Debts	-	-
	-	-
c) Hypothecation Money Receivable		
Outstanding for a period exceeding 6 month	5,356,753.00	2,434,148
Other Debts	2,665,469.00	2,798,292
	8,022,222.00	5,232,440
Less: Unmatured Finance Charges (NPA)	188,222.00	16,723
	7,834,000.00	5,215,717
d) Loan Syndication Receivable		
Outstanding for a period exceeding 6 month	8,174,523.00	8,325,965
Other Debts	22,068,759.00	27,100,492
	30,243,282.00	35,426,457
e) Cement Division		
Outstanding for a period exceeding 6 month	2,266,730.75	325,675
Other Debts	7,706,637.00	6,141,851
	9,973,367.75	6,467,526
f) Pole Division		
Outstanding for a period exceeding 6 month	-	-
Other Debts	11,685,829.00	3,709,044
	11,685,829.00	3,709,044
	59,846,852.75	50,936,433
iii) Cash & Bank Balances		
Cash Balance on hand (Including imprest with employees)	1,003,313.90	959,311
Bank Balances with scheduled banks		
In Current Accounts	10,501,548.56	17,131,969
In Term Deposit	1,643,423.67	1,657,859
	12,144,972.23	18,789,828
Cheques in hand	1,747,055.00	611,633
	14,895,341.13	20,360,771
TOTAL 'A'	102,636,417.58	121,274,279
B. LOANS AND ADVANCES		
(Unsecured Considered Good)		
i) Advances Recoverable in cash or in kind or for value to be received	30,977,375.49	43,769,687
ii) Trade Advances	56,943,671.00	41,198,853
Less : Unmatured Interest	4,423,711.00	3,676,519
	83,497,335.49	81,292,021
TOTAL 'B'	83,497,335.49	81,292,021
TOTAL 'A' + 'B'	186,133,753.07	202,566,300

SAINIK FINANCE & INDUSTRIES LIMITED

YEAR ENDED 31ST MARCH, 2009

	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
<u>SCHEDULE - 8</u>		
<u>CURRENT LIABILITIES & PROVISIONS</u>		
<u>A. CURRENT LIABILITIES</u>		
i) Lease Security Deposit	1,500,000.00	1,500,000
ii) Security Deposit -Agency	80,000.00	80,000
iii) Sundry Creditors	5,089,637.18	9,208,960
iv) Expenses Payable	2,708,059.72	2,323,921
v) Advances from Customers	986,450.00	1,219,865
vi) Advance Payment for the portion for which value still to be given	6,822,080.51	22,230,727
vii) Interest Accrued but not due on N.C.D.	-	113,097
viii) Bank Book Overdraft- ICICI Bank (Connaugh Place)	226,300.41	-
TOTAL 'A'	17,412,527.82	36,676,570
<u>B. PROVISIONS</u>		
i) For Income Tax		
Assessment Year 2006-07	-	7,711,389
Assessment Year 2007-08	9,020,542.00	9,020,542
Assessment Year 2008-09	7,549,584.00	7,549,584
Assessment Year 2009-10	3,538,924.00	-
For Fringe Benefit Tax		
Assessment Year 2006-07	-	298,711
Assessment Year 2007-08	258,694.00	258,694
Assessment Year 2008-09	301,407.00	301,407
Assessment Year 2009-10	349,987.00	-
ii) For Non-performing Assets & Doubtful Debts		
(Pursuant to R.B.I. Norms)	6,501,338.00	2,881,301
iii) For Gratuity		
	2,082,355.00	1,314,034
TOTAL 'B'	29,602,831.00	29,335,662
TOTAL 'A' + 'B'	47,015,358.82	66,012,232

SAINIK FINANCE & INDUSTRIES LIMITED

YEAR ENDED 31ST MARCH, 2009

	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
<u>SCHEDULE - 9</u>		
<u>SALES</u>		
Sale of Cement & other receipts	97,909,499.00	89,164,410
Sale of PCC Poles	34,922,810.00	7,185.801
Sale of Scrap	573,971.00	213,640
TOTAL Rs.	133,406,280.00	96,563,851
<u>SCHEDULE - 10</u>		
<u>LEASE RENTALS</u>		
Lease Rent	-	450,000
Less : Lease Equalisation Reserve	(126,187.00)	291,727
TOTAL Rs.	126,187.00	158,273
<u>SCHEDULE - 11</u>		
<u>INTEREST & FINANCE CHARGES</u>		
Interest Income	6,536,952.94	7,303,347
Hypothecation Charges	2,220,598.77	4,013,943
Loan Syndication Charges	4,746,044.93	18,627,048
TOTAL Rs.	13,503,596.64	29,944,338
<u>SCHEDULE - 12</u>		
<u>OTHER INCOME</u>		
Miscellaneous Receipts	2,542,976.12	2,279,114
Dividend Received	2,276.00	1,053
Profit on sale of Assets	-	22,085
TOTAL Rs.	2,545,252.12	2,302,252

SAINIK FINANCE & INDUSTRIES LIMITED

YEAR ENDED 31ST MARCH, 2009

	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
SCHEDULE - 13		
MANUFACTURING AND OTHER EXPENSES		
Raw Materials, Stores, Packing Material & Fuel, Oil & Lubricants Consumed		
Clinker		
Purchased during the year	127,464.72	767,844
Raw Materials Consumed		
Opening Stock	13,114,480.93	5,307,246
Add: Purchased during the year	64,581,045.64	52,829,826
	77,695,526.57	58,137,071
Less: Closing Stock	7,104,378.97	13,114,481
	70,591,147.60	45,022,590
Stores & Spares Consumed		
Opening Stock	854,510.64	303,555
Add: Purchased during the year	7,346,141.53	5,679,123
	8,200,652.17	5,982,678
Less: Closing Stock	703,779.00	854,511
	7,496,873.17	5,128,167
Packing Material Consumed		
Opening Stock	269,667.73	532,302
Add: Purchased during the year	4,627,102.00	3,705,739
	4,896,769.73	4,238,041
Less: Closing Stock	190,262.10	269,668
	4,706,507.63	3,968,373
Fuel, Oil & Lubricants		
Opening Stock	203,167.62	18,338
Add: Purchased during the year	2,230,796.00	2,605,337
	2,433,963.62	2,623,675
Less: Closing Stock	524,551.61	203,168
	1,909,412.01	2,420,507
Finished & Semi Finished Goods		
A. Opening Stock		
Finished Goods	3,604,079.95	241,171
Semi-Finished Goods	4,593,834.64	3,872,718
	8,197,914.59	4,113,889
Add : Purchased during the year	-	3,941,485
	8,197,914.59	8,055,374
Less : Closing Stock	-	-
Finished Goods	5,259,969.86	3,604,080
Semi-Finished Goods	560,230.85	4,593,835
	5,820,200.71	8,197,915
(Increase)/Decrease in Stocks (A-B)	2,377,713.88	(142,541)
Shares & Units		
Opening Stock	64,985.00	66,190
Add : Purchased during the year	-	-
	64,985.00	66,190
Less : Sales During the year	-	-
Less : Closing Stock	43,330.00	64,985
	21,655.00	1,205
Other Manufacturing Expenses		
Factory Wages	6,651,440.00	4,146,827
Electricity & Water Charges	15,487,621.00	15,111,968
	109,369,835.01	76,424,941

SAINIK FINANCE & INDUSTRIES LIMITED

YEAR ENDED 31ST MARCH, 2009

	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
<u>SCHEDULE - 14</u>		
<u>ADMINISTRATIVE AND OTHER EXPENSES</u>		
Salary, Wages and Other Benefits	8,136,183.00	5,125,555
Advertisement Expenses	251,427.00	388,842
Bank Charges	402,805.28	227,118
Staff Welfare	1,562,725.00	841,134
<u>Repairs & Maintenance</u>		
Plant & Machinery	1,253,529.87	1,139,080
Factory Building	661,184.03	848,679
Others	33,217.00	235,624
Pollution Control Expenses	52,800.00	-
Vehicle Running & Maintenance	1,080,910.00	770,341
Filing /Listing Fees	34,050.00	72,014
ISI / ISO Fee	208,059.00	96,227
Travelling & Conveyance	1,234,786.00	1,280,124
Rates Fees & Taxes	97,295.00	88,933
General Expenses	1,478,879.65	1,228,576
Insurance Charges	19,305.00	31,024
Freight & Cartage, Carriage outward	1,207,748.00	345,996
Commission, Rebate and Discounts	345,109.00	483,177
Donation	16,054.00	6,205
Legal & Professional Charges	152,599.00	160,671
Newspaper & periodicals	49,150.00	51,529
Auditor Remuneration	104,635.00	105,562
AGM Expenses	134,508.00	83,322
Printing & Stationery	594,754.93	615,089
Postage & Telegram	168,229.00	349,584
Telephone Expenses	484,006.00	587,207
Software Maintenance expenses	60,813.00	40,050
Rent Paid	180,000.00	100,000
Electricity & Water Charges	38,150.00	1,654
Loss on sale of assets	25,335.02	-
Internal Audit Fees & Expenses	1,681,280.00	1,685,280
Diwali Expenses	315,143.00	299,024
Bad Debts Written Off	-	5,045,871
Provision for bad & doubtful debts (Pursuant to RBI Norms)	6,501,338.00	2,881,301
Provision for Gratuity	768,321.00	360,606
	29,334,328.78	25,575,399

SAINIK FINANCE & INDUSTRIES LIMITED

SCHEDULE - 15

CONTINGENT LIABILITIES & NOTES TO ACCOUNTS (Forming Part of Balance Sheet as at 31ST March, 2009)

A. Significant Accounting Policies.

Finance Division:

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

Cement & Pole Division:

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

Others

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

SAINIK FINANCE & INDUSTRIES LIMITED

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

B. Notes to Accounts

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

Particulars	2008-2009	2007-2008
a) Audit Fees	30,000	30,000
b) Tax Audit Fees	15,000	15,000
c) Income Tax Representation Fees	55,000	55,000
d) Service tax	4,635	5,562
Total	1,04,635	1,05,562

- 4) In the opinion of the Board, Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business. Provision for Depreciation on Fixed Assets and other known liabilities has not been made in excess of the amount reasonably necessary.
- 5) Profit & Loss Account does not include any remuneration paid to directors.
- 6) None of the Employees of the Company was in receipt of remuneration exceeding Rs.2,00,000/- per month where employed for the part of the year or Rs.24,00,000/- per annum where employed throughout the year.
- 7) Upto the financial year ended 31.03.2008, the company has made provision for gratuity of Rs.13,14,034/- under the payment of Gratuity Act, 1972. The company has made provision of Rs.7,68,321/- for Gratuity in the financial year ended 31.03.2009.
- 8) Debit & credit balances of parties are subject to confirmation.
- 9) Previous year figures have been re-grouped/recast & rounded off to make the same comparable with those of the current year. Paise have been rounded off to nearest Rupee in the Previous Year figures.
- 10) The company has made provision on Non Performing Assets in accordance with the RBI directives to the extent of Rs.65,01,338/- which has been debited to the Profit & Loss Account.
- 11) The company has made an investment of Rs.25,00,000 in the equity shares of M/s Haryana Financial Corporation(HFC). The said equity shares were forfeited by HFC and the company has filed an appeal against the same before the Hon'ble Company Law Board at New Delhi. The company law board has given directions for filing of a case before the appropriate court of law and the company has accordingly filed a case with Hon'ble Delhi High Court, which is pending for disposal.
- 12) **Deferred Tax** -In accordance with the Accounting standard (AS-22) relating to "Accounting for Taxes on Income", the company has recorded cumulative net deferred tax liability of Rs.96.46 lacs in respect of timing differences upto 1st April, 2008 as a reduction to General Reserves. Further, the deferred tax asset of the year amounting to Rs. 0.22 lacs has been debited to the Profit & Loss Appropriation Account.

SAINIK FINANCE & INDUSTRIES LIMITED

The major component of deferred tax assets and liabilities as at 31st March, 2009 are as follows :

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

Deferred Tax Liabilities	
Fixed Assets	96.68
Total Deferred Tax Liability – Net	96.68

13) Earning per share -

Earning per share has been computed as under :

<u>Particulars</u>	<u>2008-09</u>	<u>2007-08</u>
a) Profit after Taxation (Rs.Lakhs)	(11.47)	107.59
b) Number of equity shares outstanding	10880000	10880000
c) Earning per share (Face value Rs.10)	(0.11)	0.99

14) Segment Information -

<u>Particulars</u>	<u>Cement</u>	<u>Pole</u>	<u>Finance</u>	<u>(Rs. in lacs) Consolidated</u>
1. Segment Revenue				
External Sales	984.83	3.49	482.04	1470.36
Other Revenue	-	-	25.45	25.45
Total Revenue	984.83	3.49	507.49	1495.81
2. Segment Result - Profit/(Loss)				
Profit before interest & tax	2.34	21.22	27.13	50.69
Interest Paid	-	-	23.04	23.04
Provision for taxation	-	-	-	39.12
3. Profit after Taxation	-	-	-	(11.47)
Other information				
1. Segment Assets	92.54	8.09	2636.55	2737.18
2. Segment Liabilities	92.54	8.09	2646.55	2737.18
3. Depreciation	40.85	14.44	2.79	58.08
4. Non cash expenditure other than depreciation	-	-	72.70	72.70

15) Related party Disclosures –

1. Enterprises where control Exist :
 - Subsidiaries – Nil
 - Other Entities under control of company – Nil
2. Other related party with whom the company had transactions, etc.
 - i) Associates
 - a) Sainik Mining And Allied Services Ltd.
 - b) Kapil Construction Pvt. Ltd.
 - c) Indus Portfolio Pvt. Ltd.
 - d) Global Minetec Ltd.
 - e) Global Coal & Mining Pvt. Ltd.
 - f) Secure Synergy Pvt.Ltd.
 - g) Aryan Clean Coal Technologies Pvt. Ltd.
 - h) Sindhu Holdings Ltd.
 - i) Sindhu Trade Links Limited
 - j) Shyam Indus Power Solutions Pvt. Ltd.

SAINIK FINANCE & INDUSTRIES LIMITED

- ii) Joint Venture – Nil
 iii) Key Management Personnel
 a) Sh. Vir Sen Sindhu

3. Disclosure of transactions between the company and related parties as on 31st March, 2009.

<u>Transaction</u>	(Rs. in Lacs)		
	<u>Associates</u>	<u>Key Management</u>	<u>Total</u>
Purchase of Goods	–	–	–
Sale of Goods	52.95	3.75	56.70
Purchase of Fixed Assets	–	–	–
Sale of Fixed Assets	–	–	–
Rendering of Services	2.60	–	2.60
Service Received	–	–	–
Leasing/HP/Hypothecation arrangements Received	18.52	–	18.52
Finance Provided	4.26	–	4.26
Finance Received	115.00	–	115.00
Interest Income	2.75	–	2.75
Interest Paid	0.60	–	0.60
Director Remuneration	–	–	–
Dividend Paid to shareholders	–	–	–

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

Liabilities side:

(Rs. in lakhs)

1 Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
(a) Debentures : Secured	Nil	Nil
: Unsecured	Nil	Nil
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	Nil	Nil
(c) Term Loans	Nil	Nil
(d) Inter-corporate loans and borrowing	159.90	Nil
(e) Commercial Paper	Nil	Nil
(f) Public Deposits*	Nil	Nil
(g) Other Loans	44.79	Nil
(Non Convertible Debenture-Application Money)		

* Please see Note 1 below

2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):

(a) In the form of Unsecured debentures	Nil	Nil
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
(c) Other public deposits	Nil	Nil

* Please see Note 1 below

Assets side:

3 Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	Amount Outstanding
(a) Secured	525.19
(b) Unsecured	309.77

SAINIK FINANCE & INDUSTRIES LIMITED

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

(Please see Note 2 below)

Category	Amount net of provisions		Total
	Secured	Unsecured	
1. Related Parties **			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	49.42	Nil	49.42
2. Other than related parties	498.22	Nil	498.22
Total	547.64	Nil	547.64

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

Please see note 3 below

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

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

8 Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	224.94
(ii) Net Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	160.41
(iii) Assets acquired in satisfaction of debt	Nil

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

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

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

Cement

Particulars	Licenced		Installed		Actual	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Portland Cement	66000	66000	66000	66000	35030.450	32537.050

SAINIK FINANCE & INDUSTRIES LIMITED

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

Particulars	Current Year		Previous Year	
	Quantity (MT)	Amount	Quantity (MT)	Amount
Lime Stone	40704.198	15864245.29	39,513.369	15,237,235.47
Breeze Coke	4886.850	24413171.89	4,688.160	20,177,995.32
Clay	7249.850	1983071.87	7,532.026	1,288,440.60
Iron Dust	615.272	705956.27	1,000.223	721,312.83
Gypsum	706.000	390257.29	1,230.130	847,648.78
Fly Ash	2538.548	1232707.82	1,219.700	554,075.02
Packing Material (Nos)	700207	4696685.32	650,741.000	3,968,373.29
Laterite	630.589	521658.43	858.335	574,653.92
C.Dust	704.050	397607.30	-	-

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

i) Opening & Closing Stocks :

Particulars	Opening Stock				Closing Stock			
	Quantity (MT)		Amount		Quantity (MT)		Amount	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Finished								
C.Silo	151.530	119.97	390422.80	240635.97	0.756	151.53	1395.06	390422.80
Portland Cement	20.100	0.25	54262.77	1081.04	Nil	20.100	Nil	54262.77
Semi-Finished								
Clinker	1989.263	2083.11	4501430.33	3745601.09	198.194	1989.26	359734.00	4501430.33
Raw Mixed	84.77	156.24	92404.31	127116.54	207.899	84.77	200496.58	92404.31

ii) Sales :

Particulars	Quantity (MT)		Amount	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Portland Cement	35010.350		32517.200	97909499.00
				88917858.00

Poles

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

Particulars	Licenced		Installed		Actual	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
PCC Poles	99000	99000	99000	99000	16489	3396

b) Quantitative Detail of Consumption of Raw Materials :

Particulars	Current Year		Previous Year	
	Quantity (MT)	Amount	Quantity (MT)	Amount
Cement	2296.914	7569443.24	472.295	1,840,523.22
Wire	308.613	13115617.94	74.917	2,608,216.35
Sand	3504.940	718879.07	715.896	252,350.23
Rodi 10 mm	2486.837	747859.95	490.189	223,688.72
Rodi 20 mm	3691.809	1138605.00	730.081	334,169.88
Ad-Mixture	9.857	445695.27	3.310	143,953.70
G.I.Wire	12.651	556868.63	2.772	107,901.36
Hooks	11.012	405779.81	3.230	98,254.59

SAINIK FINANCE & INDUSTRIES LIMITED

c) Quantitative Detail of Finished Goods :

i) Opening & Closing Stocks :

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

ii) Sales :

Particulars	Quantity (Nos.)		Amount	
	Cr. Yr.	Pr. Yr.	Cr. Yr.	Pr. Yr.
Poles	15980		3506	34876230
				7185801

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

Current Year – Nil

Previous Year – Nil

e) Quantitative detail of Shares/Stock

NAME OF SCRIPT	OPENING		PURCHASES		SALES		CLOSING STOCK			
	QTY.	AMOUNT	QTY.	AMOUNT	QTY.	AMOUNT	QTY.	COST PRICE	MARKET RATE	COST OR MARKET PRICE WHICHEVER IS LESS
RANA MOHIND.PAPER LTD.	1,300	3,900	-	-	-	-	1,300	39,917	3,900	3,900
APOLLO TYRES LTD.	50	2,065	-	-	50	-	-	-	-	-
BIRLA CENTURY FINANCE LTD.	500	4,950	-	-	-	-	500	30,662	4,950	4,950
CHINAR EXPORTS LTD.	300	3,600	-	-	-	-	300	15,846	3,600	3,600
HOTEL SHREE KRISHNA INTL.	600	1,140	-	-	-	-	600	13,410	1,140	1,140
HANSAFLON PLASTO CHEM. LTD.	100	110	-	-	-	-	100	4,368	110	110
NAHAR SUGAR & ALLIED IND.	100	405	-	-	-	-	100	7,511	2,405	2,405
OSWAL AGRO	500	700	-	-	-	-	500	20,213	725	725
PUNWIRE LTD.	200	10,600	-	-	-	-	200	73,716	14,080	14,080
SOMDATT FINANCE CORP. LTD.	700	8,890	-	-	-	-	700	54,033	5,026	5,026
THE TIMES GAURANTEE LTD.	100	2,405	-	-	-	-	100	12,696	1,189	1,189
ARVIND POLYCOT LTD.	100	800	-	-	-	-	100	6,445	385	385
NAMESTE EXPORTS LTD.	200	1,620	-	-	-	-	200	17,322	520	520
SHREE RAM URBAN INFRASTR. LTD.	100	23800	-	-	-	-	100	47559	5300	5,300
	4850	64985	0	0	50	0	4800	343698	43330	43330

18) Schedule 1-15 are duly authenticated and form an integral part of the Balance Sheet as at 31st March, 2009.

As per our separate report of even date
For **KUMRA BHATIA & CO.**
Chartered Accountants

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

P. K. BHATIA
Partner

Col. Girdhari Singh AVSM (Retd.)
Chairman

Ex-Capt. K. S. Solanki
Director

Place : New Delhi
Dated : 1st September, 2009

Kulbhushan Sharma
Company Secretary

SAINIK FINANCE & INDUSTRIES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration Details

Registration No.	L26912DL1991PLC045449	State Code	55
Balance Sheet Date	31.03.2009		

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

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

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

Total Liabilities	273718	Total Assets	273718
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Sources of funds

Paid up Capital	108800	Reserve & Surplus	134781
Secured Loans	NIL	Unsecured Loans	20469
Deferred Tax Liability	9668		

Application of funds

Net Fixed Assets	66138	Investments	68462
Net Current Assets	139118	Misc. Expenditure	Nil
Accumulated Losses	Nil		

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

Turnover	149581	Total Expenditure	146816
Profit before tax	2765	Profit after tax	(1146)
Earning per share (in Rs.)	(0.11)	Dividend rate %	Nil

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

Cement :

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

Pole :

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

Finance :

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

As per our separate report of even date.
For **KUMRA BHATIA & CO.**
Chartered Accountants

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

P. K. BHATIA
Partner

Col. Girdhari Singh AVSM (Retd.)
Chairman

Ex-Capt. K. S. Solanki
Director

Place : New Delhi
Dated : 1st September, 2009

Kulbhusan Sharma
Company Secretary

SAINIK FINANCE & INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs.in lacs)

	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax and interest and extraordinary items	50.69	222.44
<u>Adjustments for :-</u>		
Depreciation	58.08	47.24
Profit & Loss on sale of assets	(0.25)	0.22
Provision for bad & doubtful debts & Gratuity	72.70	32.42
Discarded assets written off	-	50.46
Investments	-	-
Interest/Dividend Income	-	-
Lease Equalisation Reserve	(1.26)	2.92
Operating profit before working capital changes	179.95	355.70
<u>Adjustments for :-</u>		
Trade and other Receivables	(111.16)	264.81
Inventories	220.83	135.17
Trade payables & other liabilities	(242.42)	(77.42)
<u>Cash generated from operations</u>		
Interest paid	(23.04)	(36.59)
Direct taxes paid	(30.78)	(55.00)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	(6.62)	586.67
Extraordinary items	-	-
Net Cash from operating activities (A)	(6.62)	586.67
B) CASH FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(26.27)	(224.14)
Sale of fixed assets	1.80	0.53
Acquisitions of Companies	-	-
Purchase of Investments	-	-
Sale of Investments	-	-
Interest received	-	-
Dividend received	-	-
Net cash used in investing activities (B)	(24.46)	(223.61)

SAINIK FINANCE & INDUSTRIES LIMITED

	(Rs. in lacs)	
	CURRENT YEAR FIGURES (RS.)	PREVIOUS YEAR FIGURES (RS.)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue share capital	-	-
NCD Application Money	4.31	(9.61)
Repayment of finance lease liabilities	-	-
Secured Loan	(37.35)	(20.17)
Dividends & Tax on Dividend	-	-
Repayment of Public Deposits	-	-
Proceeds from Intercompany Deposits	9.47	(403.14)
Borrowing (Net)	-	-
Net cash used in financing activities (C)	(23.57)	(432.92)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(54.65)	(69.86)
Cash and cash equivalents as at 31.03.2008 (Opening Balance)	203.61	273.47
Cash and cash equivalents as at 31.03.2009 (Closing Balance)	148.95	203.61

As per our separate report of even date
For **KUMRA BHATIA & CO.**
Chartered Accountants

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

P. K. BHATIA
Partner

Col. Girdhari Singh AVSM (Retd.)
Chairman

Ex-Capt. K. S. Solanki
Director

Place : New Delhi
Dated : 1st September, 2009

Kulbhushan Sharma
Company Secretary

To,

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

We have examined the above cash flow statement of **M/s Sainik Finance & Industries Ltd.** for the year ended 31st March, 2009, the statement has been prepared by the company in accordance with the requirement of the listing agreement under Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report of even date to the members of the company.

For **Kumra Bhatia & Co.**
Chartered Accountants

Place : New Delhi
Dated : 1st September, 2009

(P. K. Bhatia)
Partner