

***Thirteenth  
Annual Report  
2003-2004***

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***Sai Industries Limited***

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**SAI INDUSTRIES LIMITED**  
Thirteenth Annual Report 2003-2004

<b>BOARD OF DIRECTORS</b>	Dr. Niraj K. Singh	Chairman & Managing Director
	Shri S.D.R. Chadha	Director
	Dr. S.M. Pathak	Director

<b>BANKERS</b>	INDIAN BANK, Aurebindo Place, Hauz Khas, New Delh - 110 016
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<b>AUDITORS</b>	M/S. GOYAL & GOYAL Chartered Accountants, C-2/4, Community Centre, Ashok Vihar Phase-II Delhi - 110 052
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<b>REGISTERED OFFICE</b>	C-2/4, Community Centre, Ashok Vihar Phase-II Delhi - 110 052
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**SAI INDUSTRIES LIMITED****NOTICE TO THE SHAREHOLDER FOR THE THIRTEENTH ANNUAL GENERAL MEETING**

Notice is hereby given that the Thirteenth Annual General Meeting of the Company will be held as scheduled below :

Day and Date	:	Thursday, 30th, September 2004
Time	:	12.30 P.M.
Place	:	2nd Floor, Aurobindo Place Hauz Khas New Delh - 110016

The agenda for the meeting will be as follows :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2004 and the Balance Sheet as at that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Dr. S.M. Pathak. who retired by rotation and being eligible. offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration M/s. Goyal and Goyal, Chartered Accountants, the retiring Auditors, are eligible for re-appointment.

**NOTES**

1. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 2004 to 30th September 2004 (both days inclusive).
2. A member entitled to attend and vote at the Meeting is entitled to appoint Proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. A proxy, in order to be effective must be received at the Company's Registered office not less than 48 hours before the time of holding the Meeting.
3. Members desiring and information of the accounts at the Annual General Meeting are requested to write to the Company at its Registered Office atleast 10 days in advance so as if enable the Company to keep the information ready.
4. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are, therefore requested to bring the copy of the Annual Report with them at the Meeting.
5. Re-appointment of Director:  
Details of Director seeking reappointment at the Thirteenth Annual General Meeting (pursuant to Clause 49 of the Listing Agreement)

Name of Director	-	Dr. S. M. Pathak
Date of Birth	-	15-07-1931
Expertise in specific	-	44 years rich experience in Public professional areas Sector Undertaking with specialisation in finance. Worked at Director level.
Qualification	-	Ph.D.
List of other Indian Public Limited Companies in which Directorship held.	-	--
Chairman/Member of the Committee of Board of other Public Companies of which he is a Director.	-	--

Place : New Delhi  
Dated : 30th June, 2004

By Order of the Board of Directors  
Sd/-  
(Dr. Niraj Kuma. Singh)  
Chairman & Managing Director

**SAI INDUSTRIES LIMITED****DIRECTORS' REPORT**

To the Shareholders of SAI INDUSTRIES LTD.

The Directors take pleasure in presenting the Thirteenth Annual Report of your Company and the Audited Statement of Accounts for the year ended on March 31, 2004.

The financial results of your Company for the year ended on March 31, 2004 are as follows :

	2003-04	(Rs. in Lacs) 2002-03
Total Income	0.02	0.26
Profit/Loss before Depreciation and Tax	(107.93)	(31.02)
Depreciation	(2.70)	(2.70)
Provision made (-)/written back(+) for for doubtful debts/assets as per R.B.I.	2.03	2.03
Prudential Norms		
Profit/Loss before Tax	(108.61)	(31.69)
Provision for Income Tax	-	-
Net Profit/Loss	(108.61)	(31.69)
Profit(+)/Loss(-) brought forward	(161.83)	(130.14)
Accumulated Loss	(270.44)	(161.83)

**PERFORMANCE :**

Although the economy and the Capital Markets have shown signs of recovery, the performance of your company continues to be adversely affected as there has been no appreciation in its investments. The working of the Company is expected to improve once the capital markets improve further. Your Company continues to be on the look out for diversifying its activities, and expects to turn in an improved performance in future.

**DIVIDEND :**

There being no profit during the year, your Directors do not recommend payment of dividend for the year under report.

**MANAGEMENT DISCUSSION & ANALYSIS REPORT****Industry Trends and Business Analysis:**

The economy and Capital Markets showed signs of recovery during the year under review. However, spiralling oil prices have led to higher inflation. Interest rates are also under pressure and could firm up in the medium term.

**OPPORTUNITIES AND THREATS:****Opportunities :**

The globalisation of the economy has vastly increased the opportunities available to Indian Companies. The presence of foreign companies is increasing and so is foreign investment. The Company hopes to capitalise on its experience in the financial services sector and report a better performance in the future years.

**Threats:**

The number of players in the financial services sector has gone up sharply resulting in severe competition. With interest rate moving down substantially the margins have been drastically affected. With Public Sector Banks and large Private Sector Banks offering retail financial services small-mid-size NBFC's are being marginalised.

**Segment wise performance:**

The Company is engaged primarily in the business of Investments & Finance and accordingly there are no separate reportable as per Accounting Standard 17.

## **SAI INDUSTRIES LIMITED**

### **Future Prospects and Outlook:**

With retail financial services almost having been monopolised by Public & Private Sectors Banks, the Company will have to develop niche areas for itself and explore means to substantially increase its investible funds to participate in the growth of the economy. The Company hopes to forge partnerships with larger players to increase its presence and achieve profitability in its operations.

### **Risks and Concerns:**

The performance of the Company is very closely linked with the conditions of the economy (both domestic & global) and is also very sensitive to the fluctuations in the Capital Markets, interest rates fluctuations and credit risks.

### **Internal Control Systems and Their Adequacy:**

The Company has in place an adequate system of internal controls which are monitored on a regular basis, commensurate with the nature of its business. All activities are monitored to prevent any unauthorised transactions or misuse of any assets. The Audit Committee of the Board oversees and reviews the adequacy of internal controls at regular intervals.

**Financial Performance:** The Company reported a loss of Rs 108.61 lacs during the year under review as against a loss of Rs.31.69 lacs during the previous year. The paid up capital of the Company stood at Rs. 229.76 lacs. The issued and subscribed capital is Rs. 300 lacs. Allotment money due but not received is Rs. 3.24 lacs.

### **Human Resources:**

The management of the Company maintains cordial relations with the employees and considers human capital as one of the most valuable resource.

### **DIRECTOR'S RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
- 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 and other irregularities;
- iv) that the directors have prepared the annual accounts on going concern basis.

### **CORPORATE GOVERNANCE**

A separate section on Corporate Governance forming part of the Director's Report and the certificate from the Company's Auditors confirming the compliance of conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement is included in the Annual Report.

### **DISPUTE RELATING TO INCOME TAX:**

The Hon'ble Income Tax Appellate Tribunal (I.T.A.T.) has allowed the appeal of the Revenue and disallowed depreciation of Rs. 38,50,000/- (Rupees Thirty Eighty Lacs fifty thousand) relating to assessment year 1995-1996, with this disallowance, the Income tax demand of Rs. 15,86,718/- raised vide assessment order dated March 31, 1998 would be reinstated. In addition, the Income Tax department has levied a penalty of Rs. 13,81,102/- against the company and also launched prosecution against the Company and Directors.

The company has filed reference u/s 260 A of the Income tax Act, 1961 against the order of the Hon'ble I.T.A.T. before the Hon'ble Delhi High Court. The matter is listed for September 21, 2004.

## **SAI INDUSTRIES LIMITED**

The company has also filed an appeal before the C.I.T. (Appeals) against the Penalty levied by the Assessing Officer and sought stay against the penalty.

The company has also filed a Miscellaneous Application before the Hon'ble I.T.A.T. u/s 254(2) of the Income Tax Act, 1961 against the order of the Hon'ble I.T.A.T.

### **AUDIT COMMITTEE :**

The Audit Committee consists of three directors, including one independent director. It provides direction for audit functions, reviews the financial accounts, interacts with statutory auditors and reviews matters of special interest. The Committee meets regularly to carry out its functions. The quorum for a meeting of audit committee is any two Directors personally present at the meeting.

Members of the Audit Committee are, Dr. Niraj Kumar Singh, Sh. S.D.R. Chadha and Dr. S.M. Pathak. Sh. S.D.R. Chadha who has good knowledge of Accounts is always present at these meetings. In terms of the requirements under corporate governance practices, arrangements for presence of Sh. S.D.R. Chadha at the forthcoming AGM in September, 2004 are being made.

### **CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION :**

As the Company is not engaged in manufacturing/processing, it is not in a position to undertake any measures for energy conservation or technology absorption.

### **FOREIGN EXCHANGE EARNINGS AND OUTGO :**

There was no income or expenditure in Foreign Exchange during this period.

### **DEPOSITS :**

The Company has no public deposits and has neither invited nor accepted any deposit from the public during this period.

### **DIRECTORS :**

Dr. S.M. Pathak, Directors retires by rotation and being eligible offer himself for re-appointment.

### **LISTING OF EQUITY SHARES :**

The Equity Shares of your company are listed on Delhi, Mumbai and Chennai Stock Exchanges. Your company has paid the Listing Fee upto and including the financial year 2000-2001 to each of the above stock exchanges. The listing fee for 2001-02 to 2003-04 is due and is proposed to be paid shortly.

### **EMPLOYEES :**

During the year, there was no employee, whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956.

### **AUDITORS :**

In accordance with the provisions of Companies Act, 1956, M/s. Goyal & Goyal, Chartered Accountants, statutory auditors, retire at the conclusion of the Annual General Meeting, and being eligible, offer themselves for re-appointment. The Company has received a certificate from M/s. Goyal & Goyal to the effect that their appointment, if made, would be within the prescribed limit u/s 224(1-B) of the Companies Act, 1956.

### **ACKNOWLEDGMENTS :**

Your Directors take this opportunity of expressing their gratitude to Indian Bank, Hauz Khas, New Delhi for the cooperation and assistance extended to your Company. The Directors also place on record their sincere appreciation for the efficient services rendered by the employees.

For and on behalf on the Board of Directors

Sd/-

(Dr. Niraj Kumar Singh)  
Chairman & Managing Director

New Delhi  
June 30, 2004

## SAI INDUSTRIES LIMITED

### REPORT ON CORPORATE GOVERNANCE

In line with the requirement for providing a "Report on Corporate Governance" as per clause 49 of the revised Listing Agreement of the Stock Exchange applicable for the financial year 2003-2004, but not beyond 31st March, 2005. Given below is a report on the Company's Corporate Governance norms:

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance envisages transparency, accountability and propriety in the functioning of the Company and in the conduct of its business internally and externally, including its interactions with employees, shareholders, creditors and other lenders.

### BOARD OF DIRECTORS

During the year under review, 4 (Four) Board Meetings were held on June 30, 2003, July 31, 2003, November 29, 2003 and January 31, 2004. The composition of the Board, attendance at Board Meetings held during the financial year under review and at the last Annual General Meeting, number of Directorships and memberships/chairmanships in public companies (including the Company) are given below:

Name of Director	Category	FY 2003-04		As on date	
		BM	Attendance at last AGM	No. of Directorships	Committee Members
Dr. Niraj Kumar Singh	Chairman & Managing Director	4	Yes	5	7
Shri S.M. Pathak	Director	--	No	--	1
Shri S.D.R. Chadha	Director	4	Yes	--	3

Change in Directorship. There is no change in Directorship during the year.

### AUDIT COMMITTEE

The Audit Committee consists of three directors, including one independent director. It provides direction to audit functions, reviews the financial accounts, interacts with statutory auditors and reviews matters of special interest.

The Committee meets regularly to carry out its functions. The quorum for a meeting of audit committee is any two directors personally present at the meeting. Members of the Audit Committee are Dr. Niraj Kumar Singh, Sh. S.M. Pathak and Mr S.D.R. Chadha. The meetings are generally chaired by Dr. Niraj Kumar Singh and Mr S.D.R. Chadha, Director who has significant experience of Finance and Accounts is always present at the meetings.

In terms of the requirements under corporate governance practices, arrangements for presence of Shri S.D.R. Chadha at the forthcoming AGM in September, 2004, are being made.

### REMUNERATION COMMITTEE

The Company has not yet formed a Remuneration Committee. The same will be put in place once the need arises.

### REMUNERATION TO DIRECTORS

No sitting fees is paid to the Directors for attending Board Meetings or sub-committee meetings. Also none of the Directors are being paid any remuneration.

**SAI INDUSTRIES LIMITED****DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS**

Year	Location	Date	Day	Time
2001	202, Aurobindo Place, Hauz Khas New Delhi - 110016	28-09-2001	Friday	12:30 PM
2002	202, Aurobindo Place, Hauz Khas New Delhi - 110016.	30-09-2002	Monday	12:30 PM
2003	2nd Floor, Aurobindo Place, Hauz Khas, New Delhi - 110016.	30-09-2003	Tuesday	12:30 PM

Whether Special Resolution were put through Postal Ballot, last year? : No

Are votes proposed to be conducted through postal ballot, this year? : No

**DISCLOSURES**

- The Company has complied with various rules and regulations prescribed by Stock Exchanges, SEBI or any other Statutory Authority relating to the Capital Markets during the last three years. No penalties or strictures have been imposed by them on the Company.
- During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no other related party transactions with its promoter, directors, management and associate companies.

**SHAREHOLDERS INFORMATION**

- a) Annual General Meeting :

Date and Time : September 30, 2004 at 12:30 PM

Venue : 2nd Floor, Aurobindo Place, Hauz Khas,  
New Delhi - 110016.

- b) Book Closure Date : 16-09-2004 TO 30-09-2004 (Both days inclusive)

- c) Financial Calender:

Financial Reporting for the Quarter ending June 30, 2004	- Last week of July 2004.
Financial Reporting for the Quarter ending September 30, 2004	- Last week of Nov. 2004.
Financial Reporting for the Quarter ending December 31, 2004	- Last week of January 2005.
Financial Reporting for the Quarter ending March 31, 2005	- Last week of June 2005.
AGM for the year ended March 31, 2005	- Last week of Sept. 2005.

- d) Dividend Payment Date - Not Applicable.

- e) Stock Exchange Listing - Mumbai, Delhi and Chennai.

- f) Stock Code
 

Mumbai Stock Exchange	- 30905
Delhi Stock Exchange	- 19475
Madras Stock Exchange	- SSIT

- g) Stock Market Data - There has been no trading of Securities at the Stock Exchanges.

**II. REGISTRARS AND SHARE TRANSFER AGENT -**

The Company has not appointed any Registrar or Share Transfer Agent. Share transfers and shareholder queries/complaints are handled by the Company in house.

**III. MEANS OF COMMUNICATIONS:**

- Half yearly report sent to each household of shareholder. - No
- Quarterly results sent to each shareholder - No