



23rd

ANNUAL REPORT

2010-2011



**ESCORTS
FINANCE
LIMITED**



COMPANY INFORMATION

Board of Directors

Mr. Inder Mohan Sakhuja
Chairman

Mr. Pritam Narang

Mr. Hans Raj Sachdeva

Ms. Babita Tewari

Manager

Mr. P. K. Marwah

Company Secretary

Mr. Suresh Kumar Meher

Chief Financial Officer

Mr. Donald Fernandez

Auditors

M/s N.M. Raiji & Co.
E-7/14, IInd Floor,
Vasant Vihar,
New Delhi- 110057

Registered Office

C-30, Friends Colony (East)
New Delhi - 110 065



NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of Escorts Finance Limited will be held on Friday, 15th July, 2011 at 4.00 P.M. at 'The Executive Club', 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi - 110 074 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, the Profit and Loss Account for the year ended on that date and the Reports of Auditors' and Directors' thereon.
2. To appoint a Director in Place of Mr. Hans Raj Sachdeva who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/S N.M. Rajji and Company, Chartered Accountants, New Delhi as Statutory Auditors of the Company to hold office from the conclusion of this Annual General meeting till the Conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Ms. Babita Tewari be and is hereby appointed as a Director of the Company, liable to retire by rotation."
5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 17 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), and subject to the confirmation of the Hon'ble Company Law Board, Northern Region Bench, New Delhi, the consent of the Company be and is hereby accorded for shifting of the Registered Office of the Company from the National Capital Territory (NCT) of Delhi to the Union Territory of Chandigarh.

RESOLVED FURTHER THAT Clause II of the Memorandum of Association of the Company be altered by substitution of the existing clause by the following clause:

"II. The Registered Office of the Company will be situated in the Union Territory of Chandigarh."

RESOLVED FURTHER THAT the Board of Directors (which term include any committee thereof) be and are hereby authorized to take all such steps as may be deemed expedient or necessary to give effect to the above resolution."

By Order of the Board,
For Escorts Finance Limited

Place: Faridabad
Dated: 4th May, 2011

Sd/-
Suresh Kumar Meher
(Company Secretary)

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES MAY BE IN THE FORM ANNEXED HERETO AND TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolutions set out under items no. 4 & 5 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 9th July, 2011 to 15th July, 2011 (both days inclusive).



4. Shareholders / Proxy holders are requested to produce at the entrance attached admission slip duly completed and signed, for admission to the meeting hall.
5. Members are informed that Share Transfer and related activities are being carried out by Alankit Assignments Limited, Registrar and Share Transfer Agents, from the following address: -

ALANKIT ASSIGNMENTS LIMITED
Alankit House
2E/21, Jhandewalan Extension,
New Delhi – 110 055
Tel.: 23541234, 42514234 Fax: 23552001, 42541201
E-mail : alankit@alankit.com

All correspondence may kindly be sent to the above address only.
6. The Equity shares of the company can only be traded in electronic mode w.e.f.26.06.2000 as per SEBI guidelines. The company has already entered into agreements with National Securities Depository Ltd. and Central Depository Services (I) Ltd for the same. Interested members may opt to convert physical shares of the company in the electronic mode after sending request for dematerialisation through their Depository Participant.
7. Members of the Company (s) who have multiple accounts in identical name(s) or are holding more than one share certificate in the same name under different ledger folio(s) are requested to apply for consolidation of such folio(s) and send the relevant share certificate to the Alankit Assignment Limited, Registrar and Share Transfer agent of the Company.
8. Section 109A of the Companies Act, 1956 has extended nomination facility to individuals holding shares in Companies. Shareholders, in particular those holding shares in single name, are requested to avail the above facility by furnishing to the Company, particulars of their nominees. Shareholders may please write to the Company Secretary for the prescribed Nomination Form 2B.
9. The Ministry of Corporate Affairs (“MCA”) has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by companies and has issued a circular on April 21, 2011 stating that the service of document by a company can be made through electronic mode. In view of this, members are requested to provide their e-mail Addresses to the Company Secretary at Escorts Corporate Centre, 15/5, Mathura Road, Faridabad-121003, Haryana or by sending an email at e-mail id escortsfinance@escortscorporate.com.
10. Members are requested to notify immediately any change in their address (with pin code) to Alankit Assignments Limited, quoting their folio numbers.
11. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary at least ten days before the date of the meeting, so that the information required may be made available at the meeting.
12. Members who have not yet paid their “Allotment Money” are advised to send the same along with interest calculated @ 17% p.a. for delayed period i.e. from 07.05.95 till the date of payment, through demand draft / cheque payable at Delhi in favour of the Company, to avoid forfeiture.
13. Members are requested to bring their copy of Annual Report to the meeting. No extra copy would be available for distribution at the meeting.
14. Pursuant to the requirements of the Listing agreement with the Stock Exchanges on Corporate Governance the information required to be given in case of appointment of new Director or re-appointment of a Director, is given in the Corporate Governance report forming part of this Annual Report.

By Order of the Board,
For Escorts Finance Limited

Sd/-
Suresh Kumar Meher
(Company Secretary)

Place: Faridabad
Dated: 4th May, 2011



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

Item No. 4

During the period under review, Ms. Babita Tewari was co-opted as Additional Director on 10th March, 2011. Pursuant to Section 260 of the Companies Act, 1956, Ms. Tewari holds office only upto the date of the ensuing Annual General Meeting. A notice in writing under Section 257 of the said Act, proposing her candidature as a Director of your Company, liable to retire by rotation, has been received.

Particulars of her qualification, brief resume and area of expertise etc. are included in Corporate Governance Report annexed to the Directors' Report.

Your Directors feel that her presence and participation in the deliberations of the Board would be beneficial for the Company's business.

None of the Directors except Ms. Tewari may be deemed to be concerned or interested in the proposed resolution.

The Board commends this resolution for your approval.

Item No. 5

Since the inception, the Company is having its Registered Office in NCT of Delhi. It is proposed to shift the Registered Office of the Company to Union Territory of Chandigarh, where the Regional Office of the flagship Company of the group viz. Escorts Ltd. is situated, which will enable the Company to carry on the business more economically / efficiently.

The above proposal requires the approval of the members by a Special Resolution together with a concurrence of the Company Law Board.

None of the director is concerned or interested in this resolution.

The Board recommends the resolution for approval.

Copies of the Memorandum & Articles of Association of the Company will be available for inspection at the registered office of the Company from 11.00 am to 1.00 pm on all working days upto the date of the meeting.

By Order of the Board,
For Escorts Finance Limited

Sd/-
Suresh Kumar Meher
(Company Secretary)

Place: Faridabad
Dated: 4th May, 2011

DIRECTORS' REPORT



Your Directors are pleased to present the Twenty Third Annual Report, together with the Audited Accounts of the Company for the Financial Year ended 31st March 2011, and the Auditors' Report thereon.

FINANCIAL RESULTS

(Rs. In Lacs)

	Financial Year ended March 31, 2011	Financial Year ended March 31, 2010
Gross Income	256.51	166.15
Profit/(Loss) before write off, provisions & tax	147.27	2.24
Write offs/Provisions/Reversals etc.	26.50	(39.85)
Provision for taxation	-	-
Profit/(Loss) after Tax	120.77	(37.61)

DIVIDEND

In order to conserve the resources of the company no dividend has been considered for the year.

SCHEME OF ARRANGEMENT AND COMPROMISE

The Scheme of Arrangement and Compromise filed by the Company and Escorts Limited before the Hon'ble High Court of Delhi (the Court) to bail out fixed deposit holders and creditors of the Company, stands disposed-off by the Court vide its Order dated 4th March, 2011. On the interim directions of the Court, a total payment of Rs. 130.25 Crores have already been made under the overall control & supervision of the erstwhile Hardship Committee (constituted by the Court) to the fixed deposit holders towards the maturity value of their fixed deposits in full & final settlement. In terms of the Order dated 4th March, 2011, 24,01,050 shares of Escorts Limited (EL) worth Rs. 31 Crores, as per the then current market price, have already been transferred by the Members of the erstwhile Hardship Committee in favour of trustees of Escorts Benefit Trust ("Trust") for the purpose of discharging the unclaimed fixed deposits liability amounting to Rs. 33.23 Crores (unclaimed fixed deposits liability as on 31st March, 2011 is Rs. 32.45 crores). The said shares would be sold by the trustees of the Trust in the open market as and when payment claims are received upon furnishing of the discharge certificate by the fixed deposit holders. The said Court also directed EL that in the event the realized value of the said shares falls short of the unclaimed Fixed Deposit liability (as stated hereinbefore) then EL shall further place its shares to make good such shortfall to this Trust for discharging the liability in the manner stated above.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development

Non Banking Finance Companies (NBFC) sector in India is represented by a mix of a few large companies with nationwide presence and a few small and medium sized companies with regional focus, primarily engaged in hire purchase financing, investments, corporate loans, IPO funding, venture capital and other non-fund based activities etc. The Reserve Bank of India regulates and supervises these NBFCs.

Opportunities and Threats

The NBFCs are facing stiff competition from banks and financial institutions, due to the ability of Banks & FII's to raise low cost funds which enables them to provide funds at much cheaper rate. More stringent capital adequacy norms have been stipulated by RBI for NBFCs which is making difficult for them to give cheaper finance.

Segment-wise or Product-wise Performance

The Company is primarily engaged in the business of hire purchase, leasing and bill discounting and non-fund based activities. Since the risk and returns in these businesses are similar, therefore, these are grouped as a single segment. This is in accordance with the guiding principle enunciated in the Accounting Standard on Segment Reporting (AS- 17) issued by The Institute of Chartered Accountants of India.

Future Outlook

As the substantial liability towards outstanding fixed deposit stands liquidated under the Scheme of Arrangement and Compromise filed before the Hon'ble Delhi High Court and for the balance liability funds have been earmarked and kept aside in a trust as per the direction of Hon'ble Court, the Company would now look into the possibility of the expansion of existing businesses and entry into new areas would also be considered.

Your Company sees suitable opportunities in these business areas based on the expected growth rate of the economy and in particular high growth rate in the construction, infrastructure and agricultural areas which are your Company's areas of competence and involvement.



Risks and Concerns

High interest regime in the economy may act as a dampener in the business of financing .There is also stiff competition with entry of large players in the market.

Financial Performance

The profit for the year after write offs/provisions etc. and tax, amounts to Rs 120.77 Lacs . The total accumulated losses at the end of the year amounted to Rs. 24939.58 Lacs.

Internal Control Systems And Their Adequacy

The Company's internal control systems are in place to serve the existing operations of the Company.

Human Resource and Industrial Relations

Your Directors relation at all levels with employees were cordial.

Cautionary Statement

Statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations are significant changes in political and economic environment in India, tax laws, RBI regulations, exchange rate fluctuation and other costs.

DIRECTORS

In terms of the provisions of the Companies Act, 1956 and of the Articles of Association of the Company, Mr. Hans Raj Sachdeva, Director retires by rotation at the ensuing Annual General Meeting of your Company, and being eligible, offers himself for re-appointment.

Mr. Janak Sachdeva has resigned from the Directorship of the Company with effect from 10th February, 2011. The Board places on record its appreciation for the valuable services rendered and contribution made by him for the growth of the Company during his tenure as Director.

Mr. Suchita Koley had been appointed as Additional Director with effect from 10th February, 2011 but ceased to be a Director of the Company due to his resignation with effect from 10th March, 2011. The Board places on record its appreciation for the valuable services rendered during his tenure as Director.

Ms. Babita Tewari was appointed as Additional Director of the Company w.e.f. 10th March, 2011 pursuant to Section 260 of the Companies Act, 1956, and accordingly she holds office upto the ensuing Annual General Meeting. The Company has received a notice pursuant to Section 257 of the said Act from a member of the Company proposing candidature of Ms. Babita Tewari for appointment as Director, whose period of office shall be liable to determination by retirement of director by rotation, at the forthcoming Annual General Meeting of the Company. The Board recommends the appointment.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the listing agreement with Stock Exchanges, a Report on Corporate Governance along with a certificate from M/s N.M. Raiji & Co., Chartered Accountants, confirming compliance of conditions of corporate governance enclosed as 'Annexure A'.

AUDITORS

M/s N. M. Raiji & Co., Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a written Certificate from them to the effect that their reappointment as statutory auditors for the financial year 2011-2012, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

AUDITORS OBSERVATIONS AND COMMENTS THEREON

The observations made by the Statutory Auditors in the Auditors' Report are dealt with separately in the Notes to the Profit & loss Account and the Balance Sheet, forming Schedule 14 of the Accounts. These are self-explanatory and do not call for any further comments.



DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby confirm:

1. That in the preparation of the annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to 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 end of the financial year ended 31st March, 2011 and of the Profit or loss of the Company for that period;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the annual accounts for the financial year ended 31st March, 2011 on a going concern basis.

PARTICULARS OF EMPLOYEES

None of the employees of your Company is in receipt of remuneration requiring disclosure pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, hence no such particulars are annexed.

INFORMATION UNDER 217(1)(E) OF THE COMPANIES ACT, 1956

I. Conservation of Energy

Your Company being engaged in financing business does not have any activity relating to conservation of energy.

II. Research & Development (R&D)

Specific R&D Activities: There is no Research and Development activity in the Company.

Benefits derived as a result of above R&D: N.A.

Future Plan of Action: NIL

Expenditure on 'R & D': NIL

III. Technology Absorption, Adaptation and Innovation:

- Efforts in brief made towards Technology absorption etc.: NIL
- Benefits derived as a result of above: N.A
- Technology imported, years of Import, Has technology been fully absorbed? If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action: N.A

IV. Foreign exchange earnings and outgo

During the period under review, there was no foreign exchange outflow from your Company and it had no foreign exchange earnings.

ACKNOWLEDGEMENT

Your Directors wish to thank and acknowledge the co-operation and assistance extended by the Banks, Financial Institutions, Government Agencies, Customers and Depositors, and members of the hardship committee.

The Directors also wish to convey their deep appreciation of the contribution made by all employees to the operations of the Company, in particular those who continued with the Company and extended their full support during this difficult period. We also convey our thanks to our esteemed shareholders for their continued support and encouragement.

For and on behalf of the Board

Sd/-
Inder Mohan Sakhuja
Chairman

Place: Faridabad
Date: 4th May, 2011



A detailed report on Corporate Governance practices followed at Escorts Finance Limited for the period April 1, 2010 to March 31, 2011 is given below:

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

"Corporate Governance" refers to a combination of laws, regulations, procedures, implicit rules and voluntary practices that enable companies to attract financial and human capital, perform efficiently and thereby maximize long term value for shareholders, while respecting the aspect of multiple stakeholders, including society at large.

Corporate Governance strengthens investors' trust and ensures long term partnership that help in fulfilling the Company's quest for higher growth and profits. Corporate Governance rests upon the four pillars of: *Transparency, Full Disclosure, Independent Monitoring and Fairness* to all, especially to minority shareholders.

Your Company is committed to transparency in all its dealings and places high emphasis on business ethics. The Company's philosophy of good Corporate Governance is reflected in its commitment to achieve a balance between Stakeholder's Interest and Corporate Goals through the efficient conduct of its business guided by transparency, accountability and integrity. Your Company has always believed that an independent Board following transparent disclosures and empowerment of shareholders are as necessary as its financial results for creating and sustaining shareholder value.

II. BOARD OF DIRECTORS

Composition and Category of Directors

The composition of the Board is in conformity with Clause 49 of the Listing Agreement. The Board of Directors alongwith its Committees provide leadership and guidance to the Company's management and direct, supervises and controls the performance of the Company. As on March 31, 2011, the Company's Board comprised of Two Independent Non-Executive Directors. Chairman of the Board is also non-executive. All Independent Non-Executive Directors are compliant with the requirements of the Listing Agreement for being an Independent Director and have confirmed that they meet the 'Independence' criteria as mentioned under the above Clause 49 of the Listing Agreement. Apart from reimbursement of expenses incurred in the discharge of their duties and the payment of sitting fees, none of these Directors has any other material pecuniary relationships or transactions with the Company, its Directors or its Senior Management, which in their judgment would affect their independence.

The details of directors with regard to their directorships and committee positions are as follows:

Name	Designation	Category	Other Directorships Held*	Committee Positions held**	
				Membership	Chairmanship
Mr. Inder Mohan Sakhuja	Chairman	Non-Executive & Non Independent	1	1	NIL
Mr. Pritam Narang	Director	Non-Executive & Non Independent	2	2	NIL
Mr. Hans Raj Sachdeva	Director	Non-Executive & Independent	1	2	2
Mr. Janak Sachdeva^	Director	Non-Executive & Independent	NA	NA	NA
Mr. Suchitta Koley#	Director	Non-Executive & Independent	NA	NA	NA
Ms. Babita Tewari^^	Director	Non-Executive & Independent	1	1	NIL



- * Excluding Directorships in private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956 but including Escorts Finance Limited.
- ** For this purpose only two committees viz. the Audit Committee and Shareholders'/Investors' Grievance Committee of Public Companies have been considered including Escorts Finance Limited.
- ^ Resigned from the Directorship w.e.f. 10th February, 2011.
- # Appointed as Additional Director w.e.f. 10th February, 2011 and Ceased to be a Director, due to his resignation w.e.f. 10th March, 2011.
- ^^ Appointed as Additional Director w.e.f. 10th March, 2011.

Note: 1) None of the Directors is representing a Lender or Equity Investor
2) None of the Directors hold any shares in the Company.

Attendance of Directors at Board Meetings and the last Annual General Meeting

In compliance with Clause 49 of the Listing Agreement, the Board of Directors met 5 (Five) times during the year on 14.05.2010, 11.08.2010, 12.11.2010, 10.02.2011, 10.03.2011

The directors' attendance at the Board Meetings and the last Annual General Meeting are as follows:

Name	No. of Board meetings held during tenure	No. of Board meetings attended	Attendance at the last AGM
Mr. Inder Mohan Sakhuja	5	5	YES
Mr. Pritam Narang	5	5	YES
Mr. Hans Raj Sachdeva	5	5	YES
Mr. Janak Sachdeva*	4	3	NO
Mr. Suchitta Koley**	1	-	NA
Ms. Babita Tewari^	1	-	NA

* Resigned from the Directorship, w.e.f 10.02.2011.

** Appointed as Additional Director w.e.f 10.02.2011 and ceased to be a Director due to his resignation w.e.f 10.03.2011.

^ Appointed as Additional Director w.e.f 10.03.2011

Code of Conduct

In terms of Clause 49 of the Listing Agreement the Board has laid down a code of conduct for all Board members and senior management of the Company. All Board members and senior management personnel affirm compliance with the code on an annual basis. The Annual Report of the Company contains a declaration to this effect signed by the Chief Executive Officer.

The Company's code of conduct has been posted on Company's website www.escortsfinance.com.

Declaration by CEO

The Manager of the Company has given the Certificate as below as per the requirement of Clause 49 of the Listing Agreement:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the code of conduct for Directors and Senior Management in respect of the Financial Year ended on 31st March, 2011.

Place: Faridabad
Date: 4th May, 2011

Sd/-
P.K. Marwah
(Manager)

III. AUDIT COMMITTEE

Composition

In compliance with Clause 49 of the Listing Agreement, your Company's Audit Committee was originally constituted on 18.11.1996.



As on February 10, 2011, the composition of the Audit Committee was as under:

Director	Designation	Category
Mr. Hans Raj Sachdeva	Chairman	Independent Director
Mr. Janak Sachdeva	Member	Independent Director
Mr. Pritam Narang	Member	Non Independent Director

On 10th February, 2011 the Audit Committee was reconstituted due to resignation of Mr. Janak Sachdeva from the membership of the Committee and in his place Mr. Suchitta Koley was inducted as Member of the Committee. The Committee was again reconstituted on 10th March, 2011, due to the resignation of Mr. Suchitta Koley from the Directorship of the Company.

As on March 31, 2011, the composition of the Audit Committee was as under:

Director	Designation	Category
Mr. Hans Raj Sachdeva	Chairman	Independent Director
Ms. Babita Tewari	Member	Independent Director
Mr. Pritam Narang	Member	Non Independent Director

Terms of Reference

The Audit Committee is performing in terms of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The role of the Audit Committee includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is



suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism, in case the same is /will be framed by the Company.
14. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
16. The Committee shall mandatorily review the following information:
 - a. Management Discussion and Analysis of financial condition and results of operations;
 - b. Statement of significant related party transactions submitted by management;
 - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d. Internal audit reports relating to internal control weaknesses; and
 - e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The Audit Committee is also endowed with the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. To invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee.

Meeting & Attendance during 2010-11

During the financial year 2010-11, Audit Committee met 4 (Four) times on 14.05.2010, 11.08.2010, 12.11.2010 and 10.02.2011.

The details of members' attendance at the Audit Committee Meetings are as follows:

Name	No. of meetings held during tenure	No. of meetings attended
Mr. Hans Raj Sachdeva	4	4
Mr. Pritam Narang	4	4
Mr. Janak Sachdeva*	4	3
Mr. Suchitta Koley**	1	-
Ms. Babita Tewari***	NIL	NIL

* Resigned from the Membership w.e.f 10.02.2011.

** Inducted as Member w.e.f 10.02.2011 and ceased to be a Member w.e.f 10.03.2011.

*** Inducted as Member w.e.f 10.03.2011

Mr. Suresh Kumar Meher, Company Secretary acts as Secretary to the Audit Committee. The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on September 30, 2010.

IV. REMUNERATION COMMITTEE

There is no remuneration committee of Directors constituted in the Company.

Remuneration of Directors

The Directors are being paid Rs. 2000/- per meeting for attending Board Meeting and Audit Committee Meeting and no fees are paid for attending any other Committee meeting.



The details of sitting fees paid to Directors during the period April 01, 2010 to March 31, 2011 are as under:

S.No.	Name	Relationship with other Directors	Sitting Fees (in Rs.)
1.	Mr. Inder Mohan Sakhuja	*	10000.00
2.	Mr. Pritam Narang	*	18000.00
3.	Mr. Hans Raj Sachdeva	*	18000.00
4.	Mr. Janak Sachdeva**	*	12000.00
5.	Mr. Suchitta Koley***	*	0.00
6.	Ms. Babita Tewari^	*	0.00
	Total		58000.00

* There is no relationship between any of these directors.

** Resigned from the Directorship w.e.f. 10.02.2011

*** Appointed as Additional Director w.e.f. 10.02.2011 and Ceased to be a Director w.e.f. 10.03.2011

^ Appointed as Additional Director w.e.f. 10.03.2011

Shareholding of Non Executive Directors of Company

As on 31st March, 2011, None of the Directors of the Company held any share in the Company.

V. SHAREHOLDERS GRIEVANCE COMMITTEE

Constitution

Your Company's Shareholders' Grievance Committee was originally constituted on 31.01.2002. As on March 31, 2011, the composition of the Shareholders' Grievance Committee was as under:

Director	Designation	Category
Mr. Hans Raj Sachdeva	Chairman	Independent Director
Mr. Inder Mohan Sakhuja	Member	Non Independent Director
Mr. Pritam Narang	Member	Non Independent Director

Terms of Reference

This committee looks into redressing of Shareholders' complaints relating to delay in transfer/demat of shares, issue of duplicate shares, non-receipt of Balance Sheet, non-receipt of dividends etc.

Meetings and Attendance

During the financial year 2010-11, 4 (Four) meetings of the Shareholders' Grievance Committee were held on 14th May, 2010; 11th August, 2010; 12th November, 2010; 10th February, 2011.

The details of members' attendance at the Shareholders' Grievance Committee Meetings are as follows:

Name	No. of meetings held during tenure	No. of meetings attended
Mr. Inder Mohan Sakhuja	4	4
Mr. Hans Raj Sachdeva	4	4
Mr. Pritam Narang	4	4

Compliance Officer

Mr. Suresh Kumar Meher acts as the Compliance Officer of the Company.

Complaints received/resolved

During the period under review, 3(Three) complaint was received from investors, which was replied/ resolved to the satisfaction of the investors. No complaint(s) are pending for redressal for the year 2010-11.

Pending Share Transfer

No share transfer requests were pending for approval as on March 31, 2011.



VI. OTHER COMMITTEES OF BOARD

SHARE TRANSFER COMMITTEE

Board of Directors constituted a Share Transfer Committee to approve, issue of duplicate share certificates and to review matters connected with transfer/ transposition/ transmission of Shares, Dematerialisation/ Rematerialisation/ Split of Shares, etc. The Board has delegated the power of approving transfer of securities to the Company's Registrar's under the supervision and control of Company Secretary, subject to placing of a summary statement of transfer/transmission/split/ Demat / Remat etc. of securities of the company at the meeting of the Committee.

As on 31.03.2011 the Committee comprised of three Directors namely Mr. Inder Mohan Sakhuja, Mr. Pritam Narang and Mr. Hans Raj Sachdeva. The Committee meets twice in a month.

COMMITTEE OF BANKING AND LEGAL MATTERS

Board of Directors constituted the Committee of Banking and Legal Matters to facilitate and monitor issues relating to dealings with the Banks and other Legal authorities in accordance with powers delegated by the Board.

As on 31.03.2011 the Committee comprised of three Directors namely Mr. Inder Mohan Sakhuja, Mr. Pritam Narang and Mr. Hans Raj Sachdeva.

VII. GENERAL BODY MEETINGS

Location, day and time of Annual General Meetings held during the last three years and special resolution passed thereat are given below:

Year	Venue	Date	Time	No. of Special Resolution passed at AGM
2009-10	The Executive Club', 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110074	Thursday, 30 th September, 2010	3.00 P.M.	None
2008-09	The Executive Club', 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110074	Wednesday, 30 th September, 2009	12.00 Noon	One
2007-08	The Executive Club', 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110074	Monday, 29 th September, 2008	11.00 A.M.	One

Postal Ballot

No resolution was put through postal ballot since the last Annual General Meeting and there is no Special resolution proposed to be passed through postal ballot.

VIII. DISCLOSURES

Disclosure on materially significant related party transactions:

None of the transactions with any of the related parties were in conflict with the interest of the Company. The Company has received sufficient disclosures from promoters, directors or management wherever applicable.

Details of any non-compliance by the Company:

The Company has complied with the statutory rules and regulations of SEBI and Stock Exchanges. However, the Company has not been able to comply with the Prudential Norms Direction relating to maintenance of liquid assets and Capital Adequacy Ratio, Provision for doubtful debtors and advances, reversal on income as required by the Reserve Bank Of India's Rules and Regulations.



Whistle Blower Policy and confirmation that no personnel were denied access to the audit committee

The Company has not adopted any Whistle Blower Policy. However, no personnel were denied access to the audit committee.

Compliance with the requirements of Clause 49

The Company is complying with all the mandatory requirements of Clause 49 of the Listing Agreement.

I X. MEANS OF COMMUNICATION

Quarterly Results

The Company is publishing its audited and un-audited results and related matters in Jansatta (Hindi) and Financial Express (English) newspapers generally.

The Company also posts its financial results in its website www.escortsfinance.com

No presentation of financial results has been made to Financial Institution(s) / Analyst during the year.

X. GENERAL SHAREHOLDER INFORMATION

A. Annual General Meeting

Day & Date : Friday, 15th July, 2011
Time : 4.00 P.M.
Venue : The Executive Club, 439,
Village Shahoorpur,
P.O. Fatehpur Beri,
New Delhi - 110074

B. Financial year: April 1, 2010 to March 31, 2011

C. Appointment/ Reappointment of Directors

At the ensuing Annual General Meeting, Mr. Hans Raj Sachdeva retires by rotation and is proposed to be re- appointed as Director of the Company.

The information/details to be provided for the aforesaid Director are as under:

Name	Qualification	Area of Expertise	Other Directorships	Committee Memberships
Hans Raj Sachdeva	BE (Electrical)	Mr. Hans Raj Sachdeva has 15 years of experience in the Cabinet Secretariat, New Delhi as Class I Gazetted Officer. Presently Mr. Sachdeva is running his independent profession as Consultant for Electrical, Security Systems, Power Electronics, DG Sets etc. for over 20 years.	Nil	Escorts Finance Limited <ul style="list-style-type: none"> Audit Committee – Chairman Shareholders' Grievance Committee – Chairman Share Transfer Committee – Member Committee of Banking & Legal Matters - Member

During the Year, Ms. Babita Tewari has been appointed as an additional director of the Company with effect from 10th March, 2011. The information/details to be provided for the aforesaid Director are as under:

Name	Qualification	Area of Expertise	Other Directorships	Committee Memberships
Babita Tewari	B.Com, ACS, NCFM Capital Market Module	Ms. Babita Tewari is having more than 4 Years of experience in Secretarial, Legal, Finance & Accounts	NIL	Escorts Finance Limited <ul style="list-style-type: none"> Audit Committee- Member



D. Financial Calendar 2011-12 (tentative)

Board meeting to take on record financial results:

for the quarter ended 30.06.2011	:	By 14 th August, 2011
for the quarter ended 30.09.2011	:	By 14 th November, 2011
for the quarter ended 31.12.2011	:	By 14 th February, 2012
for the quarter ended 31.03.2012	:	By 15 th May, 2012

E. Dates of Book Closure

The Company will close its register of members and share transfer books from 9th July, 2011 to 15th July, 2011 (both days inclusive) for the purpose of Annual General Meeting.

F. Dividend

The Board recommends no dividend for the year.

G. Listing:

The Securities of the Company are listed on the following Stock Exchanges

Stock Exchange	Stock Code
Bombay Stock Exchange Limited	511716
Ahemdabad Stock Exchange Limited	16412/ESCORTSFIN
Demat ISIN no. in NSDL & CDSL	INE359A01012

The listing fee for the year 2010-2011 have been paid to the respective Stock Exchanges except to the Ahmedabad Stock Exchange Limited with whom the Company has made an application for Delisting of Securities.

H. Registrar & Share Transfer Agent

In terms of SEBI circular dated 27.12.2002, the share transfer work in both physical as well as electronic modes was entrusted to and carried on by Alankit Assignments Ltd., Category I Registrar and Transfer Agents with their office at Alankit House, 2E/21, Jhandewalan Extension, New Delhi- 110 055

I. Share Transfer System

The Company has appointed Alankit Assignments Ltd. as Share Transfer Agents and all work relating to share transfers is executed by them. Requests from shareholders holding shares in physical form, received by the Company and Share Transfer Agents are processed by Registrar and Transfer Agents and subject to all documents being in order are put up for approval to the Share Transfer Committee.

J. Market Price Data

Monthly high and low prices of Company's Shares at BSE during each month between April 01, 2010 to March 31, 2011 are given in the table below: -

Month	High		Low	
	BSE Sensex	Share price (in Rs.)	BSE Sensex	Share price (in Rs.)
April 2010	18,047.86	7.47	17,276.80	5.71
May 2010	17,536.86	11.07	15,960.15	6.70
June 2010	17,919.62	8.30	16,318.39	6.66
July 2010	18,237.56	8.55	17,395.58	7.07
August 2010	18,475.27	10.28	17,819.99	7.05
September 2010	20,267.98	15.17	18,027.12	8.67
October 2010	20,854.55	14.35	19,768.96	11.37
November 2010	21,108.64	13.07	18,954.82	9.80
December 2010	20,552.03	11.20	19,074.57	9.00
January 2011	20,664.80	10.08	18,038.48	7.57
February 2011	18,690.97	8.38	17,295.62	6.13
March 2011	19,575.16	9.90	17,792.17	7.00



K. Distribution of share holding as on 31.03.2011: -

a) On the basis of shares held:

No. of shares	No. of share-holders	% to total share-holders	No. of shares held	% to total shares held
Upto 100	21771	82.382	1882192	4.676
101 to 500	3437	13.006	1032074	2.564
501 to 1000	683	2.584	590266	1.466
1001 to 5000	432	1.635	1013412	2.518
5001 to 10000	64	0.242	495373	1.231
10001 to 20000	17	0.064	267356	0.664
20001 to 30000	7	0.026	185950	0.462
30001 to 40000	1	0.004	32500	0.081
40001 to 50000	0	0	0	0
50001 to 100000	4	0.015	259160	0.644
100001 to 500000	1	0.004	151322	0.376
500001 and above	10	0.038	34340395	85.318
TOTAL	26427	100	40250000	100

b) On the basis of category

Category	No. of Share-holders	No. of Shares held	%
Promoter & Promoter Group			
a) Indian	16	28003178	69.573
b) Foreign	NIL	NIL	NIL
Public Shareholding Institutions :			
a) Mutual Funds & UTI	1	200	0.00
b) Banks / FIs	2	878904	2.184
c) FIIs / VCs etc.	NIL	NIL	NIL
Non Institutions :			
a) Private Bodies Corporate	203	6017959	14.952
b) Indian Public	26191	5342102	13.272
c) NRIs / OCBs etc.	14	7657	0.019
TOTAL	26427	40250000	100

L. Dematerialisation of Shares

The Equity shares of the Company are compulsorily traded and settled only in demat mode. As on 31.03.2011, approximately 85.88% of the shares of the company are held in demat form.

M. Outstanding GDRs/ADRs/Warrants etc.

The Company has not issued any GDRs / ADRs / Warrants.

N. Plant Location:

The Company is not a Manufacturing Company, therefore, there is no plant.

O. Address for correspondence:

The Company Secretary
Escorts Finance Limited
Escorts Corporate Centre
15/5, Mathura Road
Faridabad – 121 003
Tel: (0129) 2564117
Fax: (0129) 2250060



P. Registrar and Transfer Agents: Alankit Assignments Limited
Alankit House, 2E/21,
Jhandewalan Extension,
New Delhi – 110 055
Tel.: 23541234, 42514234
Fax: 42541967
E-mail: rta@alankit.com

XI. CEO/CFO CERTIFICATION

The Manager and the Chief Financial Officer of the Company give certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement.

On behalf of the Board

Place: Faridabad
Date: 4th May, 2011

Sd/-
Inder Mohan Sakhuja
(Chairman)

AUDITORS' CERTIFICATE REGARDING COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT.

To the Members of
Escorts Finance Limited,

We have examined the compliance of the conditions of Corporate Governance by Escorts Finance Limited ("the Company") for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the 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 the 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 and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned clause of the Listing Agreement.

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

For N.M. Rajji & Co.
Chartered Accountants
(Registration No. 108296W)

Sd/-
S.N. Shivakumar
Partner
M.No. 88113

Place: Faridabad
Dated: 4th May, 2011

AUDITOR'S REPORT



To the members of
ESCORTS FINANCE LIMITED

1. We have audited the attached Balance Sheet of Escorts Finance Limited, as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 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 mis-statement. 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 (as amended) 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. *Attention is invited to:*
 - (i) Note 3 of Schedule 14 Part B, regarding non-maintenance of investments in Government Securities as liquid assets in terms of Section 45-B(1) of Reserve Bank of India Act, 1934;
 - (ii) Note 4 of Schedule 14 Part B, regarding non-verification of investment in securities.
 - (iii) Note 5 of Schedule 14 Part B, regarding non-maintenance of minimum Capital Adequacy Ratio required to be maintained in terms of Non-Banking Financial Companies requirements;
 - (iv) Note 6 of Schedule 14 Part B, regarding the Company's credit rating;
 - (v) Note 7 of Schedule 14 Part B regarding discharge of Fixed Deposit holders liabilities by Escorts Limited;
 - (vi) Note 9 of Schedule 14 Part B regarding existence/working condition of some of the fixed assets.
 - (vii) Note 11 of Schedule 14 Part B regarding non-determination of Employees Terminal Benefits on actuarial basis.
 - (viii) Note 16 of Schedule 14 Part B regarding pending reconciliation of advance tax/ provision for tax/TDS recoverable.
5. Further to our comments in the Annexure referred to in paragraph 3 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, *except for investment referred to in Para 4 (ii) above*
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books,
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts,
 - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply 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 March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified from being a director in this company. However, the directors of the company are disqualified from being appointed as a director in other companies in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, and
 - (vi) *subject to our observations in paragraph 4 (ii), (v), (vi), (vii) and (viii) above*, 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, 2011,
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date, and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For N.M. Raiji & Co.,
Chartered Accountants
Firm Regn. No. 108296W
S. N. Shivakumar
Partner
M.No. 88113

Place: Faridabad
Date: 4th May, 2011



ANNEXURE TO THE AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF ESCORTS FINANCE LIMITED

1. (a) The Company has maintained its fixed assets register showing full particulars, including quantitative details and the situation of its fixed assets;
- (b) Fixed assets have been physically verified by the management during the year; *Consequent upon such verification, fixed assets aggregating to Rs 41.67 lacs (Gross Value Rs. 841.86Lacs.) have been written off in the books .*
- (c) *The assets disposed off during the year by the Company amounted to Rs.308.96 lacs at WDV are material . However, this does not affect the going concern assumption;*
2. In view of the nature of the operations of the Company, the Company does not hold any inventory other than stock of repossessed assets, which have been verified by the management during the year. Provision has been made in respect of discrepancies/ diminution in the value of such stock as at the year end;
3. (a) During the year, the Company has not granted any loans, secured or unsecured, to Companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956. In view of the above, clause 4(iii) (b), (c) and (d) of the Order are not applicable to the Company;
- (b) During the year, the Company has not taken any loans, secured or unsecured, from companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956. In view of the above, clause 4(iii) (f) and (g) of the Order are not applicable to the Company;
4. In our opinion and according to the information and explanations provided to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for sale of goods/ services. In our opinion, *internal controls need to be strengthened in relation to other areas.*
5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register required to be maintained under Section 301 of Companies Act, 1956. Accordingly clause (v) (a) of the Order is not applicable to the Company;
6. In respect of deposits accepted, in our opinion and according to the information and explanation given to us, the directives issued by Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 the Company had not complied with the said norms in relation to repayment of deposits on their respective maturity dates. However, as stated in Note 7, Schedule 14, Part B, the fixed deposit liability to the extent of Rs. 130.32 crores out of the total liability of Rs. 162.77 crores has already been discharged by Escorts Limited in terms of the Scheme of Compromise and Arrangement filed before the Hon'ble Delhi High Court. For the balance liability of Rs. 32.45 crores, funds/assets of adequate value have been made available by Escorts Limited to a Trust in terms of the direction of the Hon'ble Delhi High Court at the time of permitting the withdrawal of the Scheme /petitions. The Company has transferred the fixed deposit liability in its books of account to the credit of Escorts Limited to the extent of payments made upto 31st March,2011.
7. *The internal audit system of the Company, in our opinion, needs to be strengthened;*
8. In view of nature of business of the Company, the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 has not been prescribed by the Central Government;
9. (a) According to the records, information and explanations provided to us, the Company is generally regular in depositing with appropriate authorities undisputed amount of provident fund, investor education protection fund, employee's state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it and no undisputed amounts payable were outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable;

SCHEDULE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY

(b) The following are the details of disputed Income Tax and Sales Tax that have not been paid to the concerned authorities:

	Nature of Statutory Dues	Forum where Dispute is Pending	Unpaid Amount (in Rs. Lacs)
1	Income Tax	CIT (Appeals)	295.83
2	Sales Tax	AC Appeal, Kolkata DC Appeal, Noida DC Appeals Jaipur	2.26 0.54 1.52

10. Although the Company has made profits during the year, it has accumulated losses as at the end of the financial year and also has incurred losses in the immediately preceding financial year. *The net worth of the Company continues to stand fully eroded as at the end of the financial year;*
11. Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of dues to any financial institution or bank;
12. Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
13. As explained to us, the provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the Company;
14. The Company is not dealing or trading in shares, securities, debentures and other investments;
15. On the basis of the information and explanations given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions;
16. Based on information and explanations given to us by the management, no term loan has been obtained by the company during the year;
17. On the basis of our examination of the books of accounts and as per information and explanations given to us, in our opinion, no funds were raised by the company on short-term basis during the year;
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act;
19. The Company did not have any outstanding debentures during the year;
20. The Company has not raised any money by public issues during the year;
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management.

For N.M. Rajji & Co.
Chartered Accountants
Firm Regn. No. 108296W

S. N. Shivakumar
Partner
M.No. 88113

Place: Faridabad
Date: 4th May, 2011

BALANCE SHEET AS AT 31ST MARCH 2011



				Rs. in Lacs	
		SCHEDULE		As at	As at
				31.03.2011	31.03.2010
SOURCES OF FUNDS					
Shareholder's Funds					
		1	4,967.25	4,967.25	
		2	3,780.50	3,756.30	
			8,747.75		8,723.55
Loan Funds					
		3	-	11,313.65	-
					11,313.65
			8,747.75		20,037.20
APPLICATION OF FUNDS					
Fixed Assets					
		4	94.01	1,995.79	
			91.45	1,633.36	
			2.56		362.43
Investments					
		5	22.02		338.02
Current Assets, Loans & Advances					
			134.84	123.45	
			697.06	405.22	
			<u>831.90</u>	<u>528.67</u>	
LESS:					
Current Liabilities & Provisions					
		7	17,042.59	6,223.50	
			5.72	4.57	
			<u>17,048.31</u>	<u>6,228.07</u>	
			(16,216.41)		(5,699.40)
			24,939.58		25,036.15
			8,747.75		20,037.20
Significant Accounting policies and Notes to the accounts					
		14			

The Schedules referred to above form an integral part of the Balance Sheet

As per our report attached
For N.M. Rajji & Co
Chartered Accountants
Firm Regn. No. 108296W

For and on Behalf of the Board of Directors

Sd/
S.N. Shivakumar
Partner
M.No. 88113

Sd/
P.K. Marwah
Manager

Sd/
Pritam
Narang
Director

Sd/
Inder Mohan
Sakhuja
Chairman

Place: Faridabad
Date: 4th May, 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011



	SCHEDULE	Year ended 31.03.2011	Rs. in Lacs Year ended 31.03.2010
INCOME			
Income from Financing Operations	8	2.73	19.81
Other Income	9	253.78	146.34
Total Income		256.51	166.15
EXPENDITURE			
Personnel	10	22.62	37.86
Operating and Administration	11	70.60	102.68
Interest and Finance Charges	12	0.13	3.77
Loss on Sale Of Repossessed Stock		6.32	7.56
Depreciation		9.57	12.04
Total Expenditure		109.24	163.91
PROFIT/(LOSS) FOR THE YEAR BEFORE PROVISIONS/ WRITE OFF		147.27	2.24
Provisions/Income Reversals (Net)	13	84.29	252.62
Bad Debts Written Off		(112.69)	(298.24)
Provision No Longer Required Written Back		43.57	5.77
Fixed Assets Written Off		(41.67)	
PROFIT / (LOSS) BEFORE TAX		120.77	(37.61)
Tax		-	-
PROFIT/(LOSS) AFTER TAX		120.77	(37.61)
Transfer to Special Reserve		24.20	-
Balance Brought Forward		(25,036.15)	(24,998.54)
BALANCE CARRIED TO BALANCE SHEET		(24,939.58)	(25,036.15)
Earning Per Share		0.30	(0.09)
Significant Accounting policies and Notes to the accounts	14		

The Schedules referred to above form an integral part of the Profit & Loss Account

As per our report attached
For N.M. Rajji & Co
Chartered Accountants
Firm Regn. No. 108296W

For and on Behalf of the Board of Directors

Sd/
S.N. Shivakumar
Partner
M.No. 88113

Sd/
P.K. Marwah
Manager

Sd/
Pritam
Narang
Director

Sd/
Inder Mohan
Sakhuja
Chairman

Place: Faridabad
Date: 4th May, 2011

SCHEDULE TO THE ACCOUNTS



Rs. in Lacs

SCHEDULE 1: SHARE CAPITAL		As at 31.03.2011	As at 31.03.2010
Authorised :			
4,05,00,000 Equity Shares of Rs 10/- each	4,050.00	4,050.00	
95,00,000 10% Redeemable Cumulative Preference Shares of Rs 10/- each	950.00	950.00	
	<u>5,000.00</u>	<u>5,000.00</u>	
Issued, Subscribed & Paid Up:			
4,02,50,000 Equity Shares of Rs 10/- each	4,025.00	4,025.00	
Less : Allotment Money in arrears			
- From Directors :	-	-	
- From Others :	<u>7.75</u>	<u>7.75</u>	<u>7.75</u>
	4,017.25	4,017.25	
95,00,000 10% Redeemable Cumulative Preference Shares of Rs 10/- each*	950.00	950.00	
*Date of Redemption : June 27, 2012			
TOTAL	4,967.25	4,967.25	

SCHEDULE 2: RESERVES AND SURPLUS	As at 31.03.2010	Additions	Deductions	As at 31.03.2011
Securities Premium Account	2,643.83 (2,643.83)	-	-	2,643.83 (2,643.83)
Special Reserve	1,081.01 (1,081.01)	24.20	-	1,105.21 (1,081.01)
General Reserve	31.46 (31.46)	-	-	31.46 (31.46)
TOTAL	3,756.30	24.20	-	3,780.50
Previous Year	(3,756.30)	-	-	(3,756.30)

SCHEDULE 3: UNSECURED LOANS	As at 31.03.2011	As at 31.03.2010
Fixed Deposits		
-matured (unpaid/unclaimed)	-	11,313.65
(Refer Note 7 of Schedule 14)		
TOTAL	-	11,313.65

SCHEDULE 4 : FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.10	Additions	Deductions/ Adjustments	As at 31.03.11	As at 01.04.10	For the Year	Adjustments	As at 31.03.11	As at 31.03.11	As at 31.03.10
Building(*)	32.21	-	32.21	-	30.60	-	30.60	-	-	1.61
Plant and Machinery	984.24	-	984.24	-	679.26	-	679.26	-	-	304.98
Furniture and Fixtures	249.68	-	242.78	6.90	230.33	3.48	227.35	6.46	0.44	19.35
Office Equipment	707.22	0.33	627.71	79.84	672.90	5.52	599.70	78.72	1.12	34.32
Motor Vehicle	22.44	-	15.17	7.27	20.27	0.57	14.57	6.27	1.00	2.17
Total	1995.79	0.33	1902.11(**)	94.01	1633.36	9.57	1551.48	91.45	2.56	362.43
Previous Year	1999.54	0	3.75	1995.79	1623.93	12.04	2.61	1633.36	362.43	

(*) Represents lease hold improvements.

(**) Includes an amount of Rs. 841.85 Lacs (PY Rs. Nil) pertaining to assets written off during the year.



Rs. in Lacs

SCHEDULE 5: INVESTMENTS

As at 31.03.2011 As at 31.03.2010

LONG TERM INVESTMENTS
QUOTED (NON TRADE)

	Face Value			
	(Current Year) Rs/Lacs	(Previous Year) Rs/Lacs		
<u>Investments in Govt/Trust Securities</u>				
11.5% Industrial Credit and Investment Corporation of India Limited - 2010	-	5.00	-	4.71
11.5% Govt of India - 2010 Stock Holding Corporation of India (balance)	-	300.00	-	311.25
			-	0.04
<u>Others</u>				
9,600 units - UTI Equity Fund (formerly UTI-Mastergain-92) (Previous year: 9,600 units)			1.25	1.25
16,000 Equity shares of Rs.10/- each Tamilnadu Newsprint & Paper Limited (Previous year: 16,000 Equity shares)			19.60	19.60
			20.85	336.85
Less : Provision for diminution in value of Investments			-	-
			20.85	336.85

CURRENT INVESTMENTSQUOTEDTrade Investment

9700 Equity Shares of Rs. 10/- each of UCO Bank (Previous Year 9700 Equity Shares)			1.16	1.16
			1.16	1.16

UNQUOTEDNon Trade Investments

100 Equity Shares of Rs.10/- each of ESCORTS INVESTMENT TRUST LIMITED (Previous Year 100 Equity Shares)			0.01	0.01
			0.01	0.01

Trade Investments

190,000 Equity Shares of Rs.10/- each of ESCORT CONSUMER CREDIT LIMITED [Previous year: 190,000 Equity Shares (formerly EICHER SPAN FINANCIAL SERVICES LIMITED)]			0.02	0.02
--	--	--	------	------

92,485 Equity Shares of Rs.10/- each of G R SOLVENTS & ALLIED INDUSTRIES LIMITED (Previous year:92,485 Equity Shares)			7.40	7.40
--	--	--	------	------

			7.42	7.42
Less : Provision for diminution in value of Trade Investments			7.42	7.42
			-	-
			1.17	1.17

TOTAL 22.02 338.02

AGGREGATE AMOUNT OF QUOTED INVESTMENTS 22.01 338.01

AGGREGATE AMOUNT OF UNQUOTED INVESTMENTS 0.01 0.01

(Total Market Value of Quoted Investments: Rs. 36.78 lacs; Previous Year: Rs. 340.47 lacs) 22.02 338.02



Rs. In Lacs

SCHEDULE 6: CURRENT ASSETS, LOANS AND ADVANCES

	As at 31.03.2011	As at 31.03.2010
Current Assets		
Stock of Repossessed Assets (Taken at book value or net realisable value whichever is lower)	1.56	4.15
Sundry Debtors (Unsecured)		
A) Debts outstanding for a period exceeding six months		
Considered good	-	1.37
Considered doubtful	<u>20,457.13</u>	<u>20,539.46</u>
	<u>20,457.13</u>	<u>20,540.83</u>
Less : Provision for Doubtful Debts	<u>20,457.13</u>	<u>20,539.46</u>
	-	1.37
B) Other Debts	<u>-</u>	<u>0.28</u>
	-	1.65
Cash & Bank Balances :		
a) Cash in Hand	0.52	2.50
b) Balances with Scheduled Banks		
- in current accounts	132.02	24.90
- in Fixed Deposit accounts	0.67	17.67
- in Fixed Deposit (for SLR Purposes)	-	60.93
Interest Accrued on Investments and Deposits	0.07	11.65
	(A)	134.84
		123.45
Loans & Advances		
(Unsecured considered good unless otherwise specified)		
Advance Tax (Net of Provisions)	405.16	404.53
Advances Recoverable in cash or in kind or for value to be received		
Unsecured - Considered Good	291.90	0.69
- Considered Doubtful	<u>1,842.64</u>	<u>1,858.93</u>
	<u>2,134.54</u>	<u>1,859.62</u>
Less : Provision for Doubtful Advances	<u>1,842.64</u>	<u>1,858.93</u>
	(B)	697.06
		405.22
TOTAL (A+B)	831.90	528.67

SCHEDULE 7: CURRENT LIABILITIES AND PROVISIONS**Current Liabilities**

Other Liabilities	765.98	4,036.89
Interest Accrued on Deposits	-	2,184.07
Escorts Limited - FD Redemption (Refer Note-7 of Schedule 14)	13,031.92	-
Unclaimed Matured Fixed Deposits	3,244.69	-
Security Deposits	-	<u>2.54</u>
	(A)	(A)
	<u>17,042.59</u>	<u>6,223.50</u>
Provisions		
Gratuity	4.45	3.38
Leave encashment	<u>1.27</u>	<u>1.19</u>
	(B)	(B)
	<u>5.72</u>	<u>4.57</u>
TOTAL (A+B)	17,048.31	6,228.07



	Rs. In Lacs	
	Year ended 31.03.2011	Year ended 31.03.2010
<u>SCHEDULE 8 : INCOME FROM FINANCING OPERATIONS</u>		
Finance Charges	2.73	19.81
TOTAL	2.73	19.81
<u>SCHEDULE 9 OTHER INCOME</u>		
Bad Debts Recovered	74.65	82.06
Miscellaneous Income	0.69	1.44
Profit on sale of Fixed Assets	5.80	-
Interest on Long Term Investment (Other than Trade)	25.81	38.80
Tax deducted at source Rs.0.63 lacs (PY Rs.0.43 lacs)		
Liability no Longer Required Written Back (Refer Note-17 of Schedule 14)	136.70	-
Other Interest	10.13	24.04
TOTAL	253.78	146.34
<u>SCHEDULE 10 PERSONNEL</u>		
Salaries, Allowances and Leave Encashment etc.	20.22	32.83
Contribution to Provident Fund and Other Funds	1.50	2.34
Staff Welfare Expenses	0.90	2.69
TOTAL	22.62	37.86
<u>SCHEDULE 11 : OPERATING & ADMINISTRATION EXPENSES</u>		
Rent , Rates & Taxes	1.74	15.16
Electricity and Water Charges	0.21	0.42
Legal and Professional Charges	15.01	33.97
Repairs and Maintenance	0.64	1.19
Printing and Stationery	1.86	1.88
Travelling and Conveyance	6.23	8.76
Insurance Charges	0.15	0.35
Advertisement and Publicity	0.90	0.84
Postage , Telex and Telephones	7.03	3.34
Payment to Auditors		
a) Audit Fees	1.51	1.00
b) Certification Fees	-	-
Director's Sitting Fees	0.58	0.84
Rebate	0.23	1.06
Provision for Doubtful Advances	7.98	21.98
Loss on Sale of Fixed Assets	1.68	-
Loss on Sale of Investments	11.25	-
Other Expenses	13.60	11.89
TOTAL	70.60	102.68
<u>SCHEDULE 12 : INTEREST AND FINANCE CHARGES</u>		
Interest		
On Loans	-	3.60
Finance Charges	0.13	0.17
TOTAL	0.13	3.77
<u>SCHEDULE 13 : PROVISION / INCOME REVERSALS</u>		
Provision for Doubtful Debts as per RBI Norms	(65.27)	(199.64)
Provision for Diminution in Value of Repossessed Stock	(4.12)	0.73
Income Reversals of Previous Year(s) as per RBI Norms	(14.90)	(53.71)
TOTAL	(84.29)	(252.62)



SCHEDULE 14 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1. The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and in conformity with the accounting standards issued by the Institute of Chartered Accountants of India (ICAI) & the applicable provisions of the Companies Act, 1956, and Regulatory Authorities. The Company adopts accrual system of accounting unless otherwise stated.
2. Fixed Assets
Fixed Assets are stated at cost less accumulated depreciation.
3. Inventories
Repossessed assets are valued at the year-end at lower of book value or net realizable value.
4. Depreciation
The Company has provided depreciation on Written Down Value Method as per the rates prescribed under Schedule XIV to the Companies Act, 1956. Assets of the value of Rs.5000/- or below, where identifiable, are fully charged off in the year of purchase.
5. Investments
Investments are classified between long term and current categories in accordance with the guidelines stipulated by the Reserve Bank of India and as per the Accounting Standard issued by the Institute of Chartered Accountants of India.

Long Term investments are stated at cost. Provision for diminution in the value of investment, if any, is made if the decline in value is of permanent nature.

Current Investments, other than unquoted, are valued at lower of cost or market value. Unquoted current investments are valued at cost or at break up values determined from the last available Balance Sheets of the investee companies or at one rupee only, where the balance sheet is not available for previous two years.

6. Revenue Recognition
 - (a) Income is recognized on accrual basis except income related to non-performing assets, which is accounted on cash basis in accordance with prudential norms of Reserve Bank of India.
 - (b) The Company has adopted Implicit Rate of Return (IRR) method of accounting in respect of finance charges income for hire purchase/loan transactions. As per this method, the IRR involved in each hire purchase/loan transaction is recognized and finance charges calculated by applying the same on outstanding principal financed thereby establishing equitable distribution of income over the period of the agreement.
 - (c) Interest on overdue installments is accounted for on receipt basis.
7. Employees Benefits
 - (a) Defined Contribution Plan
Employees benefits in the form of Provident Fund are considered as defined contribution plan and the contributions are charged to the Profit and Loss Account of the Year when the contribution to the respective funds are due.
 - (b) Defined Benefits Plan
Retirement benefits in the form of Gratuity is considered as defined obligations and are provided for on the basis of actual, as at the date of the Balance Sheet.
 - (c) Other Long Term Benefits
Long term compensated absences are provided for on the basis of actual, as at the date of the Balance Sheet.



8. Taxes on Income

Tax expenses comprise of current tax expense and deferred taxes. Current tax is measured at the amount expected to be paid to the taxation authorities using the applicable tax rates and tax laws. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantially enacted till the balance sheet date. Tax effect of the timing difference of the current period is included in the profit & loss account as a part of the tax expense and as deferred tax liability in the Balance Sheet.

B. NOTES FORMING PART OF THE ACCOUNTS

1. Estimated amounts of contracts remaining to be executed on capital account – (Net of advances) – Rs. Nil (Previous period Rs. Nil)

2. Contingent Liabilities:

	Particulars	As at 31.03.11 (Rs. lacs)	As at 31.03.10 (Rs. lacs)
a)	Income tax/ surtax demands against the Company not acknowledged as debts and not provided for in respect of which the Company is in appeal before the Tribunal/ Commissioner (Appeals), excluding for those matters where a favorable order is available for earlier years.	295.83	295.83
b)	Sales tax demands against the Company not acknowledged as debt and not provided for in respect of which the Company is in appeal.	2.93	2.93

3. Due to continued financial constraints the Company was not able to maintain requisite investments in Government Securities as liquid assets in terms of Section 45-B(1) of Reserve Bank of India Act, 1934. However, during the year the Fixed Deposit liability to the extent of Rs 13,031.92 Lacs out of total liability of Rs. 16,276.61 lacs has been liquidated in the course of implementation of the Scheme of Arrangement and Compromise (Refer Note No. 7 below) under the direction of Hon'ble Delhi High Court. For the remaining sum, the funds/assets of requisite value have been kept in Benefit Trust created by Escorts Limited in terms of the direction of Hon'ble Delhi High Court. Therefore, as per the Management, the Company is not required to maintain any investment in liquid assets in terms of requirements of Reserve Bank Of India.

4. Investment in Securities amounting to Rs.1.25 Lacs (P.Y. Rs.20.85 Lacs) are currently in the process of being transferred in the name of the Company as the same has not been traceable in the records.

5. Due to paucity of funds and the fresh business not having been conducted by Company, the minimum Capital Adequacy Ratio could not be maintained in terms of the Non-Banking Financial Companies Requirement.

6. The credit rating for the Fixed Deposits programme of the Company was revised in November, 2005 by CARE Limited to CARE (B) i.e. Susceptible to default. In view of the Scheme of Arrangement filed before the Hon'ble Delhi High Court, no rating has been sought thereafter.

7. The Scheme of Arrangement and Compromise filed by the Company alongwith Escorts Ltd. before Hon'ble Delhi High Court, vide which Escorts Ltd. had undertaken to bail out the fixed deposit holders and creditors of the company, stands disposed off. During the pendency of the scheme, on the interim directions of the Hon'ble Court from time to time, a total payment of Rs.13,031.92 lacs have been made to those fixed deposit holders who came forward to claim the maturity value of fixed deposit in full and final settlement. The payments have been made under the overall control and supervision of the Hardship Committee constituted by the Hon'ble Court, to whom equity shares of Escorts Ltd. of required value were allotted to enable it to dispose off the same in open market and disburse the proceeds to the claimants. On the principal objectives of the scheme having been achieved, the Company and Escorts Ltd. filed applications before the Hon'ble Court to permit withdrawal of the Scheme/Petitions, which have been allowed by the



Hon'ble Court on compliance of certain conditions. Accordingly, the unsold 24,01,050 Equity Shares of Escorts Limited lying with the Hardship Committee have been transferred to Escorts Benefit Trust for the purpose of discharge of unclaimed Fixed Deposits in terms of the direction of the Hon'ble Court. The unclaimed amount as on 31st March 2011 is Rs.3,244.69 lacs. The necessary adjustments have been made in the books of account by substituting Escorts Ltd. as creditor of the company in place of the fixed deposit holders to the extent of the payments made upto 31st March, 2011.

8. The accounts of the Company have been prepared on going concern basis inspite of the continued full erosion of net worth. The management is exploring possibilities to expand the business activities in to non-funded and other financial services business now since the objective of Scheme of Arrangement and Compromise have been fulfilled.
9. During the year, the Company had conducted Physical Verification of its Fixed Assets in order to ensure their locations and existence and assess their working conditions. Accordingly, WDV of Fixed Assets amounting to Rs. 41.67 Lacs have been written off during the year based on such verification.
10. Due to the continued financial constraints faced by the Company, there is considerable delay/ difficulty in collection of installments due and recovery of advances. Adequate provision has been made in all such cases.
11. The Company has not obtained Actuarial Valuation with regard to Employees' terminal benefits i.e., Gratuity and Leave Encashment as mandated by Accounting Standard 15 issued by the Institute of Chartered Accountants of India. In view of limited number of employees left on rolls, the Company has made adequate provision for these benefits as on the Balance Sheet Date.
12. Computation of Net Profits as per Section 349 read with Section 309(5) and Section 198 of the Companies Act, 1956 is not furnished for the current period, as no commission is payable to the Directors.
13. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per the Accounting Standard – 17 'Segmental Reporting'.
14. Related Party Disclosure as identified and certified by the management:
 Related party disclosures as required under Accounting Standard 18 on "Related Party Disclosure" issued by the Institute of Chartered Accountants of India are given below:
 - a. Joint Ventures and Associates: - Escorts Finance Investments and Leasing Pvt. Ltd.
 - Escotrac Finance and Investment Pvt. Ltd.
 - b. Key Management Personnel - Mr. P.K. Marwah - Manager
 - c. Related Party Transactions - NIL.
15. In view of uncertainty of future taxable profits, the Company has not recognized deferred tax Asset (net of deferred tax liabilities) at the year-end.
16. The reconciliation of advance tax/ TDS recoverable with the related provision for taxation pertaining to earlier years is in progress. The impact, if any, arising out of such reconciliation is presently not ascertainable.
17. Liability No Longer Required Written Back:
 - a. During the year, the Company wrote back excess liabilities amounting to Rs. 136.70 lacs which were made in earlier years and in the opinion of the management, are no longer required to be carried in the books of account as at March 31, 2011.
 - b. Provision No Longer Required Written Back amounting to Rs. 43.57 lacs represents certain Provision for Doubtful Advances and Doubtful Debts written back during the year.



18. Earning Per Share

I) Basic

S. No.		As at 31.03.11	As at 31.03.10
1	Opening No. of shares	40172500	40172500
2	Total Shares outstanding	40172500	40172500
3	Profit/ (Loss) after tax (Rs. Lacs)	120.77	(37.61)
4	Earning per Share (Rupees)	0.30	(0.09)

II) Diluted: None of the potential equity shares are dilutive.

19. The figures in the Balance Sheet and Profit & Loss Account have been presented in Rupees Lacs and to the nearest thousand in terms of decimals. The approval of the Government of India for the same has been obtained under section 211(1) of the Companies Act, 1956.
20. As per the information available, there are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. (Previous Year: Rs. Nil)
21. In opinion of the Board, the current assets, loans and advances have a value, which if realized in the ordinary course of business, will not be less than the value stated in the Balance Sheet.
22. Balances appearing under loans, sundry debtors and sundry creditors are subject to confirmation in certain cases.
23. Previous period's figures have been regrouped/ reclassified wherever necessary.

Signature to Schedule 1 to 14

As per our report attached
For N. M. Rajji & Co.
Chartered Accountants
Firm Regn No - 108296W

For and on behalf of the Board of Directors

Sd/
S.N. Shivakumar
Partner
M.No. 88113

Sd/
P.K. Marwah
Manager

Sd/
Pritam
Narang
Director

Sd/
Inder Mohan
Sakhuja
Chairman

Place: Faridabad
Date: 4th May, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011 IS AS UNDER



	Rs. In Lacs	
	Year ended 31.03.2011	Year ended 31.03.2010
A Cash Flow from Operating Activities		
Net Profit/(Loss) before tax & Appropriations	120.77	(37.61)
Financial Expenses	0.13	3.77
Depreciation as per profit & loss A/c	9.57	12.04
Provision for bad debts & other NPA's	112.68	44.89
Provision for Diminution in value of repossessed stock	(4.12)	0.73
Provision for Gratuity & Leave Encashment	1.50	1.29
(Profit)/Loss on Sale of Assets (Net)	37.55	0.14
(Profit)/Loss on investments (Net)	10.95	-
Interest/Dividend received from investment activities	(25.81)	(62.84)
Excess Provision written back	(17.21)	(5.77)
Operating Profit before working Capital Changes	246.01	(43.36)
Adjustment for:		
(increase)/Decrease in Net Stock on Hire	-	43.05
(increase)/Decrease in Repossessed Stock	6.71	0.73
(increase)/Decrease in Trade Receivables	(84.67)	(8.62)
(increase)/Decrease in Other Current Assets	(306.62)	38.49
(Increase)/Decrease in Current Liabilities & Provisions	10,838.49	1,488.20
Cash Generated From Operation	10,699.92	1,518.49
Financial Expenses	0.13	3.77
Cash Generated From Operation (A)	10,699.79	1,514.72
B Cash Flow from Investing activity		
Purchase of Fixed Assets	(0.33)	-
Sale of Fixed Assets	313.08	1.00
(Increase)/Decrease in Investments	305.05	-
Interest/Dividend Received	25.81	62.84
Net Cash Flow in Investing Activities (B)	643.61	63.84
Cash Flow from financing Operations		
Increase/(Decrease) in Bank Borrowings & Term Loans	-	-
Increase/(Decrease) in Fixed Deposits	(11,313.65)	(1,498.75)
Increase/(Decrease) in Security Deposits (Net)	(2.54)	(4.53)
Increase/(Decrease) in Other Loans (Net)	-	(52.66)
C Net cash used from Financing Activities (C)	(11,316.19)	(1,555.94)
Net Increase in Cash and Cash Equivalents (A+B+C)	27.21	22.62
Cash and Cash Equivalents at the beginning of the year	106.00	83.38
Cash and Cash Equivalents at the end of the year	133.21	106.00

Notes: Figures in brackets represent cash outflows

As per our report attached
For N.M. Raiji & Co
Chartered Accountants
Firm Regn. No. 108296W

For and on Behalf of the Board of Directors

Sd/
S.N. Shivakumar
Partner
M.No. 88113

Sd/
P.K. Marwah
Manager

Sd/
Pritam
Narang
Director

Sd/
Inder Mohan
Sakhuja
Chairman

Place: Faridabad
Date: 4th May, 2011

SCHEDULE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY



As required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998

Particulars		(Rs.In lacs)	
LIABILITIES SIDE:			
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued there on 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 borrowings	Nil	Nil
(e)	Commercial Paper	Nil	Nil
(f)	Public Deposit* (Refer Note-7 of Schedule 14)	3,244.69	3,244.69
(g)	Other Loans WCDL, CC, LOC, etc	Nil	Nil
	Security Deposit from Borrowers	Nil	Nil
* Please see Note 1 below			
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued there on but not paid):		
(a)	In the form of Unsecured debentures		Nil
(b)	In the form of partly secured debentures I.e. debentures where there is a shortfall in the value of security		Nil
(c)	Other public deposits		3,244.69
ASSETS SIDE :			
(3)	Break-up of Loans and Advances including bills receivables other than those included in (4) below:	Amount Outstanding	
(a)	Secured		Nil
(b)	Unsecured		697.06#
	# Net of Bills Rediscounted of Rs.Nil lacs		
(4)	Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities:		
(i)	Lease assets including lease rentals under sundry debtors:		
(a)	Financial Lease		Nil
(b)	Operating Lease		Nil
(ii)	Stock on hire including hire charges under sundry debtors:		
(a)	Asset on hire		Nil
(b)	Repossessed Assets		1.56
(iii)	Hypothecation loans counting towards EL/HP activities:		
(a)	Loans where assets have been repossessed		Nil
(b)	Loans other than (a) above		Nil
	# Includes Loan cum Hypothecation Agreements. @ Net of provisions for Doubtful Debt.		
(5)	Break-up of Investments :		
	Current Investments :		
1	Quoted :		
(i)	Shares: (a) Equity	1.16	
	(b) Preference		Nil
(ii)	Debentures and Bonds		Nil
(iii)	Unit of mutual funds		Nil
(iv)	Government Securities		Nil
(v)	Other (Please specify)		Nil
2	Unquoted :		
(i)	Shares: (a) Equity	0.01#	
	(b) Preference		Nil
(ii)	Debentures and Bonds		Nil
(iii)	Unit of mutual funds		Nil

(iv) Government Securities Nil
(v) Other (Please specify) Nil

Net of provisions

Long Term Investments

1	Quoted :			
(i)	Shares: (a) Equity		19.60	
	(b) Preference		Nil	
(ii)	Debentures and Bonds		Nil	
(iii)	Unit of mutual funds		1.25	
(iv)	Government Securities		Nil	
(v)	Other (Please specify)		Nil	
2	Unquoted :			
(i)	Shares: (a) Equity		Nil	
	(b) Preference		Nil	
(ii)	Debentures and Bonds		Nil	
(iii)	Unit of mutual funds		Nil	
(iv)	Government Securities		Nil	
(v)	Other (Please specify)		Nil	

(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		
	Secured	Unsecured	Total
1 Related Parties**			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2 Other than related parties	1.56	697.06	698.62
Total	1.56	697.06	698.62

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

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

Category	Market Value/ Break-up or fair value or NAV		Book Value (net of Provisions)
1 Related Parties**			
(a) Subsidiaries		Nil	Nil
(b) Companies in the same group		Nil	Nil
(c) Other related parties		Nil	Nil
2 Other than related parties	44.21	22.02	22.02
Total	44.21	22.02	22.02

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

(8) Other Informations

(i)	Gross Non-Performing Assets	
(a)	Related Parties	Nil
(b)	Other than related parties	Nil
(ii)	Net Non-Performing Assets	
(a)	Related Parties	Nil
(b)	Other than related parties	Nil
(iii)	Assets acquired in satisfaction of debt	189.99

Notes :

- As defined in Paragraph 2(1)(xii) of 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 debts. 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.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(As per Schedule VI, Part IV of the Companies Act, 1956)



I. Registration Details

Registration No.

2	6	9	4	2
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 State Code

5	5
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Balance Sheet Date

3	1	0	3	1	1
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Date Month Year

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

Public Issue		
N	I	L

Right Issue		
N	I	L

Bonus Issue		
N	I	L

Private Placement		
N	I	L

III. Position of mobilisation and Deployment of Funds (Amount in Rs. Thousands)

	Total Liabilities							Total Assets							
	2	5	7	9	6	0	6		2	5	7	9	6	0	6
Sources of Funds	Paid up Capital							Reserves and Surplus							
		4	9	6	7	2	5			3	7	8	0	5	0
	Secured Loans							Unsecured Loans							
	Deferred Tax														
Application of Funds	Net Fixed Assets							Capital work-in-progress							
					2	5	6								
	Investments							Net Current Assets							
				2	2	0	2	(-)	1	6	2	1	6	4	1
	Misc. Expenditure							Accumulated Losses							
								(-)	2	4	9	3	9	5	8

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

	Turnover							Total Expenditure						
			3	8	4	3	7			2	6	3	6	0
	Profit/Loss (-) before Tax							Profit/Loss (-) after Tax						
(-)			1	2	0	7	7	(-)		1	2	0	7	7
	Earning per Share (Rs.)							Dividend Rate (%)						
(-)				0	.	3	0			N	I	L		

V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code)

N	A
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Product Description

H	I	R	E	-	P	U	R	C	H	A	S	E	L	E	A	S	I	N	G
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Item Code No. (ITC Code)

N	A
---	---

Product Description

F	I	X	E	D	D	E	P	O	S	I	T
---	---	---	---	---	---	---	---	---	---	---	---

Item Code No. (ITC Code)

N	A
---	---

Product Description

B	I	L	L	-	D	I	S	C	O	U	N	T	I	N	G
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As per our report attached
For N.M. Raiji & Co
Chartered Accountants
Firm Regn. No. 108296W
Sd/
S.N. Shivakumar
Partner
M.No. 88113
Place: Faridabad
Date: 4th May, 2011

For and on Behalf of the Board of Directors

Sd/ P.K. Marwah Manager	Sd/ Pritam Narang Director	Sd/ Inder Mohan Sakhuja Chairman
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