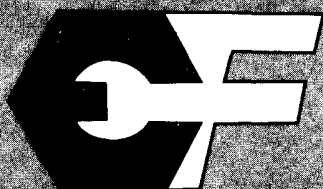




24th

ANNUAL REPORT

2011-2012



**ESCORTS
FINANCE
LIMITED**



COMPANY INFORMATION

Board of Directors

Mr. Inder Mohan Sakhuja
Chairman

Mr. Pritam Narang

Mr. Rochak Puri

Ms. Babita Tiwari

Manager

Mr. P.K. Marwah

Company Secretary

Mr. Vicky Chauhan

Chief Financial Officer

Mr. Donald Fernandez

Auditors

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

Registered Office

SCO – 198-200, Second Floor,
Sector – 34A, Chandigarh – 160022



NOTICE

Notice is hereby given that the **Twenty Fourth Annual General Meeting** of Escorts Finance Limited will be held on **Friday, 28th September, 2012 at 3.00 P.M.** at Hotel K C Residency, SCO - 377-380, Sector – 35 B, Chandigarh - 160022 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, 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. Pritam Narang who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s N.M. Raiji and Company, Chartered Accountants, as Statutory Auditors (Firm Registration No. 108296W) to hold office from the conclusion of this Annual General Meeting till the Conclusion of the next Annual General Meeting of the Company 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 Mr. Rochak Puri 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 an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 read with schedule XIII, 309, 349, 350, 385, 386 and 388 and all other applicable provisions, if any, of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded for appointment of Mr. P.K. Marwah as Manager of the Company for a period of five years w.e.f. 30th November, 2012 at nil remuneration.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take all necessary steps in this regard."

By order of the Board
For **Escorts Finance Limited**

Place: Faridabad
Dated: 13th August, 2012

Sd/-
Vicky Chauhan
(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 22nd September, 2012 to 28th September, 2012 (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 addresses 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 Assignments 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@escorts.co.in.
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**

Place: Faridabad
Dated: 13th August, 2012

Sd/-
Vicky Chauhan
(Company Secretary)

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

Item No. 4

During the period under review, Mr. Rochak Puri was co-opted as Additional Director on 31.08.2011. Pursuant to Section 260 of the Companies Act, 1956, Mr. Puri holds office only upto the date of the ensuing Annual General Meeting. A notice in writing under Section 257 of the said Act, proposing his candidature as a Director of your Company, liable to retire by rotation, has been received.

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

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

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

The Board recommends this resolution for your approval.

Item No. 5

Mr. P.K. Marwah was appointed as Manager for a period of 5 years w.e.f. 30.11.2007. His current tenure as Manager is expiring on 29.11.2012.

The Board of Directors have appointed Mr. P.K. Marwah as Manager of the Company for further period of 5 years with effect from 30.11.2012 under section 269 read with schedule XIII of the Companies Act, 1956, at nil remuneration.



Mr. P.K. Marwah is a Post Graduate in Commerce and has 39 years of rich experience in the financial service sector. He has been associated with the Escorts Group nearly for 30 years. Considering his expertise in the financial service sector, the Board of Directors at their meeting held on 13.08.2012 have appointed Mr. P.K. Marwah as Manager of the Company for a further period of 5 years w.e.f. 30.11.2012 to 29.11.2017 at nil remuneration subject to approval of shareholders.

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

The Board recommends the resolution for approval.

By order of the Board
For **Escorts Finance Limited**

Place: Faridabad
Dated: 13th August, 2012

Sd/-
Vicky Chauhan
(Company Secretary)

DIRECTORS' REPORT



Your Directors are pleased to present the Twenty Fourth Annual Report, together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2012, and the Auditors' Report thereon.

FINANCIAL RESULTS

	(Rs. In Lacs)	
	Financial Year ended March 31, 2012	Financial Year ended March 31, 2011
Gross Income	45.01	384.51
Profit/(Loss) before write off, provisions & tax	(22.20)	120.77
Tax adjustment for earlier years	533.62	-
Profit/(Loss) after Tax	(555.82)	120.77

DIVIDEND

In view of the losses suffered by the Company, no dividend has been considered for the year.

FIXED DEPOSITS

In terms of the Order of Delhi High Court dated 4th March, 2011, the Hardship Committee was dissolved and 24,01,050 equity shares of Escorts Limited (EL) held by the Hardship Committee were transferred to Escorts Benefit Trust ("Trust") for discharging the unclaimed fixed deposits. 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 then EL shall further place its shares to make good such shortfall to the Trust for discharging the liability in the manner stated above. During the year ended 31.03.2012, the said trust has settled unclaimed deposits of Rs. 11.53 crores. The balance unclaimed fixed deposit liability as on date of this report amounts to Rs. 19.37 crores.

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 loss for the year after tax adjustment for earlier years, amounts to Rs. 555.82 Lacs. The total accumulated losses at the end of the year amounted to Rs. 25495.40 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 the Articles of Association of the Company, Mr. Pritam Narang, Director retires by rotation at the ensuing Annual General Meeting of your Company, and being eligible, offers himself for re-appointment.

Mr. Hans Raj Sachdeva has resigned from the directorship of the Company with effect from 31st August, 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. Rochak Puri was appointed as Additional Director of the Company w.e.f. 31st August, 2011 pursuant to Section 260 of the Companies Act, 1956, and accordingly he 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 Mr. Rochak Puri 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 2012-2013, 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. 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, 2012, 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, 2012 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, 2012 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 SECTION 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, Depositors and Trustees of the Escorts Benefit Trust.

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

Dated: 13th August, 2012



A detailed report on Corporate Governance practices followed at Escorts Finance Limited for the period April 1, 2011 to March 31, 2012 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, 2012, 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 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	NA	NA	NA
Mr. Rochak Puri^^	Director	Non-Executive & Independent	1	2	2
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. 31.08.2011.
- ^^ Appointed as Additional Director w.e.f. 31.08.2011.

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 4 (Four) times during the year on 04.05.2011, 12.08.2011, 08.11.2011 and 09.02.2012.

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	4	4	NO
Mr. Pritam Narang	4	4	YES
Mr. Hans Raj Sachdeva*	2	2	YES
Ms. Babita Tewari	4	4	NO
Mr. Rochak Puri**	2	2	N.A

* Resigned from the Directorship w.e.f. 31.08.2011.
 ** Appointed as Additional Director w.e.f. 31.08.2011.

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, 2012.

Place: Faridabad
Dated: 13th August, 2012

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.



During the year, the Audit Committee was reconstituted due to resignation of Mr. Hans Raj Sachdeva from the directorship of the Company and in his place Mr. Rochak Puri was inducted as Chairman of the Committee on 07.09.2011.

As on March 31, 2012, the composition of the Audit Committee was as under:

Director	Designation	Category
Mr. Rochak Puri	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 mandatory 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 2011-12

During the financial year 2011-12, Audit Committee met 4 (Four) times on 04.05.2011, 12.08.2011, 08.11.2011 and 09.02.2012.

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*	2	2
Mr. Pritam Narang	4	4
Ms. Babita Tewari	4	4
Mr. Rochak Puri**	2	2

* Resigned from the directorship w.e.f. 31.08.2011.

** Inducted as Chairman of the Committee w.e.f. 07.09.2011.

Mr. Vicky Chauhan, 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 15.07.2011.

IV. REMUNERATION COMMITTEE

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

Remuneration of Directors

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



The details of sitting fees paid to Directors during the period April 01, 2011 to March 31, 2012 are as under:

S.No.	Name	Relationship with other Directors	Sitting Fees (in Rs.)
1.	Mr. Inder Mohan Sakhuja	*	8000.00
2.	Mr. Pritam Narang	*	16000.00
3.	Mr. Hans Raj Sachdeva**	*	8000.00
4.	Mr. Rochak Puri***	*	8000.00
5.	Ms. Babita Tewari	*	16000.00
	Total		56000.00

* None of the directors are related to any other directors.

** Resigned from the Directorship w.e.f. 31.08.2011

*** Appointed as Additional Director w.e.f. 31.08.2011

Shareholding of Non Executive Directors of Company

As on 31st March, 2012, 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.

During the year, the Shareholders' Grievance Committee was reconstituted due to resignation of Mr. Hans Raj Sachdeva from the directorship of the Company and in his place Mr. Rochak Puri was inducted as Chairman of the Committee on 07.09.2011.

As on March 31, 2012, the composition of the Shareholders' Grievance Committee was as under:

Director	Designation	Category
Mr. Rochak Puri	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 2011-12, 4 (Four) meetings of the Shareholders' Grievance Committee were held on 04.05.2011, 12.08.2011, 08.11.2011 and 09.02.2012.

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*	2	2
Mr. Rochak Puri**	2	2
Mr. Pritam Narang	4	4

* Resigned from the Directorship w.e.f. 31.08.2011

** Inducted as Chairman of the Committee w.e.f. 07.09.2011

Compliance Officer

Mr. Vicky Chauhan acts as the Compliance Officer of the Company.



Complaints received / resolved

During the period under review, 1(One) complaint was received from investors, which were replied/ resolved to the satisfaction of the investors. No complaint(s) are pending for redressal for the year 2011-12 as on the date of this report.

Pending Share Transfer

No share transfer requests were pending for approval as on March 31, 2012.

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.

During the year, the Share Transfer Committee was reconstituted due to resignation of Mr. Hans Raj Sachdeva from the directorship of the Company and in his place Mr. Rochak Puri was inducted as Member of the Committee on 07.09.2011.

As on 31.03.2012, the Committee comprised of three Directors namely Mr. Inder Mohan Sakhuja, Mr. Pritam Narang and Mr. Rochak Puri. 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.

During the year, the Committee of Banking and Legal Matters was reconstituted due to resignation of Mr. Hans Raj Sachdeva from the directorship of the Company and in his place Mr. Rochak Puri was inducted as Member of the Committee on 07.09.2011.

As on 31.03.2012, the Committee comprised of three Directors namely Mr. Inder Mohan Sakhuja, Mr. Pritam Narang and Mr. Rochak Puri.

VII. GENERAL BODY MEETINGS

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

Year	Venue	Date	Time	No. of Special Resolution passed at AGM
2010-11	The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110074	Friday, 15 th July, 2011	4.00 P.M.	One
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

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 trade receivables 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.

IX. 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, 28th September, 2012
Time : 3.00 P.M.
Venue : Hotel KC Residency,
SCO - 377-380, Sector - 35B,
Chandigarh - 160022

B. Financial year: April 1, 2011 to March 31, 2012

C. Appointment/ Reappointment of Directors

At the ensuing Annual General Meeting, Mr. Pritam Narang 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
Pritam Narang	B.Com (Hons) from Delhi University, M.Com from Rajasthan University, Intermediate (Group - 1) of ICWA	44 Years of work Experience in Accounts & Finance, Export & Import, Third Country International Trade, Corporate Aviation Management, Corporate Administration, Projects and Travel Trade. He is also governing Board Member of Business Aircraft Operator Association.	1. Escorts Consumer Credit Limited 2. Sumatri Bima Distributors Private Limited	Escorts Finance Limited • Audit Committee - Member • Shareholders' Grievance Committee - Member • Share Transfer Committee - Member • Committee of Banking & Legal Matters - Member



Mr. Rochak Puri, presently Additional Director, is proposed to be appointed as director of the Company, liable to retire by rotation, at the ensuing Annual General Meeting.

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

Name	Qualification	Area of Expertise	Other Directorships	Committee Memberships
Rochak Puri	B.Com (Hons) from Delhi University, Member of ICSI, Intermediate of ICWA	Mr. Puri is a Financial Planner and Consultants, regular speaker in International conferences and active and dynamic participant in Workshops/ seminars on human technology at both domestic and International Platforms.	NIL	Escorts Finance Limited <ul style="list-style-type: none"> • Audit Committee- Chairman • Shareholders Grievances Committee- Chairman • Share Transfer Committee- Member • Committee of Banking and Legal Matters-Member

D. Financial Calendar 2012-13 (tentative)

Board meeting to take on record financial results:

- for the quarter ended 30.06.2012 : By 14th August, 2012
- for the quarter ended 30.09.2012 : By 14th November, 2012
- for the quarter ended 31.12.2012 : By 14th February, 2013
- for the quarter ended 31.03.2013 : By 15th May, 2013

E. Dates of Book Closure

The Company will close its register of members and share transfer books from 22nd September, 2012 to 28th September, 2012 (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 Exchange:

Stock Exchange	Stock Code
BSE Limited	511716
Demat ISIN no. in NSDL & CDSL	INE359A01012

The Securities of the Company had been delisted from Ahmedabad Stock Exchange Limited w.e.f 11th July, 2011.

The Company is up to date on the payment of the Annual Listing Fees.

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, 2011 to March 31, 2012 are given in the table below:-

Month	High		Low	
	BSE Sensex	Share price (in Rs.)	BSE Sensex	Share price (in Rs.)
April 2011	19,811.14	9.79	18,976.19	8.01
May 2011	19,253.87	10.00	17,786.13	7.60
June 2011	18,873.39	9.45	17,314.38	7.00
July 2011	19,131.70	8.45	18,131.86	7.50
August 2011	18,440.07	8.30	15,765.53	5.93
September 2011	17,211.80	7.20	15,801.01	5.80
October 2011	17,908.13	6.78	15,745.43	5.81
November 2011	17,702.26	8.56	15,478.69	5.70
December 2011	17,003.71	6.25	15,135.86	5.07
January 2012	17,258.97	6.60	15,358.02	5.28
February 2012	18,523.78	7.15	17,061.55	5.87
March 2012	18,040.69	6.71	16,920.61	5.02

K. Distribution of share holding as on 31.03.2012: -

a) On the basis of shares held:

No. of shares	No. of shareholders	% to total shareholders	No. of shares held	% to total shares held
Upto 100	21195	82.365	1859736	4.620
101 to 500	3326	12.925	989599	2.459
501 to 1000	670	2.604	574745	1.428
1001 to 5000	436	1.694	1025564	2.548
5001 to 10000	67	0.26	525137	1.305
10001 to 20000	15	0.058	221839	0.551
20001 to 30000	8	0.031	196638	0.489
30001 to 40000	3	0.012	95349	0.237
40001 to 50000	0	0	0	0
50001 to 100000	3	0.012	191560	0.476
100001 to 500000	1	0.004	151322	0.376
500001 and above	9	0.035	34418511	85.511
TOTAL	25733	100	40250000	100

b) On the basis of category

Category	No. of Shareholders	No. of Shares held	%
Promoter & Promoter Group			
a) Indian	8	28003178	69.574
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	181	5979669	14.856
b) Indian Public	25529	5383430	13.375
c) NRIs / OCBs etc.	12	4619	0.011
TOTAL	25733	40250000	100



L. Dematerialisation of Shares

The Equity shares of the Company are compulsorily traded and settled only in demat mode. As on 31.03.2012, approximately 95.43% 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) 2564116
Fax:(0129) 2250060

P. Registrar and Transfer Agents:

Alankit Assignments Limited
Alankit House, 2E/21
Jhandewalan Extension
New Delhi – 110055
Tel.: +91-11-42541953,
23541234, 42541234
Fax: +91-11-42541967
Email-id:- 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.

Place: Faridabad

Dated: 13th August, 2012

On behalf of the Board

**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 2012, 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)
S.N. Shivakumar
Partner
M.No. 88113

Place: Faridabad
Dated: 13th August, 2012

AUDITORS' REPORT



To the members of

ESCORTS FINANCE LIMITED

1. We have audited the attached Balance Sheet of ESCORTS FINANCE LIMITED ("the Company"), as at March 31, 2012 and also the Profit and Loss Statement 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order 2004 (the Order) 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 the following Notes to the Financial Statements:**
 - (i) **Note 22, regarding non-maintenance of investments in Government Securities as liquid assets in terms of Section 45-IB of Reserve Bank of India Act, 1934;**
 - (ii) **Note 23, regarding discharge of Fixed Deposit holders liabilities by Escorts Limited;**
 - (iii) **Note 24, regarding non-verification of investment in securities.**
 - (iv) **Note 26, regarding non-maintenance of Minimum Capital Adequacy Ratio required to be maintained in terms of Non-Banking Financial Companies requirements;**
 - (v) **Note 27, regarding the Company's credit rating;**
 - (vi) **Note 30, regarding trade and related receivables written off during the year against which full provision were held.**
 - (vii) **Note 31, regarding non-provision of preference dividend on cumulative preference shares.**
 - (viii) **Note 32, regarding non-determination of Employees Terminal Benefits on actuarial basis.**
5. Further to our comments in the Annexure referred to in paragraph 3 to 4 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 (iii) 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, except where stated otherwise;
 - (v) on the basis of written representations received from the directors as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified, as on March 31, 2012 from being appointed as a director under clause(g) of sub-section (1) of Section 274 of the Companies Act, 1956 and
 - (vi) **subject to our observations in paragraph 4(ii), (iii), (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, 2012,
 - (b) in the case of the Profit and Loss Statement, of the Loss 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. Rajji & Co.**,
Chartered Accountants
Firm Regn. No. 108296W

Sd/-

S.N. Shivakumar
Partner

M.No.088113

Place: Faridabad
Dated: 14th July, 2012



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

1. (a) The Company has maintained proper records 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. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the Company and the nature of its assets. There was no material discrepancies noticed during such verification;
- (c) The fixed assets disposed off during the year are not significant and therefore do 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.
- (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.
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.
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, the fixed deposit liability to the extent of Rs. 141.85 crores out of the total liability of Rs. 162.77 crores has already been discharged by Escorts Limited. As stated in Note 23 to the Financial Statements, the unpaid matured /unclaimed fixed deposit liability (including interest there on) amounting to Rs. 2,091.64 lacs as on 31st March 2012 (Rs. 3,244.69 lacs as on 31st March 2011) shall be met out of funds/assets of requisite value kept with Escorts Benefit Trust created by Escorts Limited in terms of direction of the Hon'ble Delhi High Court, issued while disposing off the Scheme of Compromise and Arrangement filed by the company along with Escorts Limited before the Hon'ble court vide which Escorts Limited had undertaken to bail out the fixed deposit holders and creditors of the Company.
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, 2012 for a period of more than six months from the date they became payable **except in respect of income tax liability amounting to Rs. 22.25 lacs;**



(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	Period to which the amount relates	Forum where dispute is pending	Unpaid Amount (in Rs. Lacs)
1	Income Tax	AY 2004-05 AY 2005-06	ITAT, New Delhi ITAT, New Delhi	34.94 131.35
2	Sales Tax	AY 2001-02 AY 1994-95 AY 1999-01	AC Appeal, Kolkata DC Appeal, Noida AC Appeal Jaipur	2.26 0.54 1.52

10. The Company has accumulated losses at the end of the financial year and also has incurred losses during the 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. However, investment in share of Escorts Assets Management Limited has been reinstated during the year in the books of account (Refer Note 25 to the Financial Statements);
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. Raiji & Co.**
Chartered Accountants
Firm Regn. No. 108296W

Sd/-
S.N. Shivakumar
Partner
M.No. 088113

Place: Faridabad
Date: 14th July, 2012

BALANCE SHEET AS AT 31ST MARCH 2012



Rs. in Lacs

	Note No.	31st March 2012	31st March 2011
I EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2	4,967.25	4,967.25
Reserves and Surplus	3	(21,714.90)	(21,159.08)
		<u>(16,747.65)</u>	<u>(16,191.83)</u>
NON-CURRENT LIABILITIES			
Long-Term Provisions	4	3.60	4.45
CURRENT LIABILITIES			
Other Current Liabilities	5	17,386.13	17,357.63
Short-Term Provisions	6	189.54	1,113.54
		<u>17,575.67</u>	<u>18,471.17</u>
TOTAL		<u>831.62</u>	<u>2,283.79</u>
II ASSETS			
NON-CURRENT ASSETS			
Fixed Assets	7		
Tangible Assets		0.90	2.56
Intangible Assets		0.37	-
		<u>1.27</u>	<u>2.56</u>
Non-Current Investments	8	491.18	20.85
Long Term Loans and Advances	9	-	-
		<u>492.45</u>	<u>23.41</u>
CURRENT ASSETS			
Current Investments	8	0.01	1.17
Inventories	10	0.96	1.56
Trade Receivables	11	-	-
Cash, Cash Equivalents and Bank Balances	12	15.55	133.21
Short-Term Loans and Advances	13	322.55	2,124.37
Other Current Assets	14	0.10	0.07
		<u>339.17</u>	<u>2,260.38</u>
TOTAL		<u>831.62</u>	<u>2,283.79</u>
Significant Accounting Policies	1		

Note numbers 20-42 form an integral part of the Financial Statements.

As per our report of even date 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

Membership No. 088113

Sd/-

P.K.Marwah

Manager

Sd/-

Pritam Narang

Director

Sd/-

Inder Mohan Sakhuja

Chairman

Place : Faridabad

Date : 14th July, 2012

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012



Rs. in Lacs

	Note No.	31st March 2012	31st March 2011
REVENUE			
Revenue from Operations	15	1.00	2.73
Other Income	16	44.01	381.78
Total Revenue		45.01	384.51
EXPENSES			
Employee Benefits Expense	17	17.04	22.62
Finance Costs	18	0.03	0.18
Depreciation Expense	7	0.52	9.57
Other Expenses	19	49.62	231.37
Total Expenses		67.21	263.74
Profit/(loss) before tax		(22.20)	120.77
Tax Expense :			
Current/Deferred Tax	35	-	-
Tax adjustment for earlier years	36	533.62	-
Total Tax Expense		533.62	-
Net Profit/(Loss) for the year		(555.82)	120.77
Earnings per Equity Share - Basic/Diluted (in Rs.)	39	(1.38)	0.30

Significant Accounting Policies 1

Note numbers 20-42 form an integral part of the Financial Statements.

As per our report of even date 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
Membership No. 088113

Sd/-
P.K.Marwah
Manager

Sd/-
Pritam Narang
Director

Sd/-
Inder Mohan Sakhuja
Chairman

Place : Faridabad
Date : 14th July, 2012

**1. SIGNIFICANT ACCOUNTING POLICIES:****(a) Basis of Preparation**

The financial statements have been prepared to comply in all material aspects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

(b) Method of Accounting

Accounts are maintained on an accrual basis and at historical cost.

(c) Use of Estimates

The preparation of financial statements in conformity with Indian Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Differences between the actual result and estimates are recognized in periods in which the results are known/materialised.

(d) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation.

(e) Inventories

Repossessed assets are valued at the year-end at lower of book value or net realizable value.

(f) 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.

(g) Investments

Investments are classified as non-current investments if these are intended to be held for more than one year. Other investments are classified as current investments.

Non-current 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.

(h) Revenue Recognition

- 1) 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.
- 2) 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.
- 3) Interest on overdue installments is accounted for on receipt basis.

(i) Employees Benefits

- 1) 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.
- 2) 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.



3) Other Long Term Benefits

Long term compensated absences are provided for on the basis of actual, as at the date of the Balance Sheet.

(j) 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.

	Rs. in Lacs			
	31st March 2012	31st March 2011		
2 SHARE CAPITAL				
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		
	5,000.00	5,000.00		
Issued, Subscribed and Paid-up :				
4,02,50,000 Equity Shares of Rs.10/- each	4,025.00	4,025.00		
Less: Allotment Money in arrears from others	7.75	7.75		
	4,017.25	4,017.25		
95,00,000 10% Redeemable Cumulative Preference Shares of Rs 10/- each	950.00	950.00		
	4,967.25	4,967.25		
Out of the above:				
(a) 10% Redeemable Cumulative Preference Share redeemable on 27th June, 2017.				
(b) The details of Shareholder holding more than 5% shares:				
Name of the Share holders	As at 31st March 2012		As at 31st March 2011	
	Number of Shares held	% of Shares held	Number of Shares held	% of Shares held
Escotrac Finance And Investment Private Limited	12750000	31.68%	12750000	31.68%
Escorts Finance Investments And Leasing Private Limited	10747478	26.70%	10747478	26.70%
Escorts Limited	3819700	9.49%	3819525	9.49%
				Rs. in Lacs
			31st March 2012	31st March 2011
3 RESERVES AND SURPLUS				
Securities Premium Account			2,643.83	2,643.83
Special Reserve			1,105.21	1,105.21
General Reserve			31.46	31.46
Profit & Loss Account				
Balance at beginning of the year			(24,939.58)	(25,036.15)
Add: Profit/(Loss) for the year			(555.82)	120.77
Less: Transfer to Special Reserve			-	24.20
Balance at the end of the year			(25,495.40)	(24,939.58)
			(21,714.90)	(21,159.08)



Rs. in Lacs

	31st March 2012	31st March 2011
4 LONG TERM PROVISION		
Provision for Employee Benefits	3.60	4.45
	3.60	4.45
5 OTHER CURRENT LIABILITIES		
Matured/Unclaimed Fixed Deposits and Interest Accrued thereon (Also refer Note-23)	2,091.64	3,244.69
Escorts Limited - FD Redemption	13,763.99	13,031.92
Other Payables	1,530.50	1,081.02
	17,386.13	17,357.63
6 SHORT TERM PROVISIONS		
Provision for Employee Benefits	1.00	1.27
Provision for Tax	188.54	1,112.27
	189.54	1,113.54

7 FIXED ASSETS

	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01.04.11	Additions	Deductions	As at 31.03.12	As at 01.04.11	For the year	Adjustment	As at 31.03.12	As at 31.03.12	As at 31.03.11
TANGIBLE ASSETS										
Furniture and Fixtures	6.90	-	-	6.90	6.46	0.08	-	6.54	0.36	0.44
Office Equipment	79.84	-	45.56	34.28	78.72	0.26	45.18	33.80	0.48	1.12
Motor Vehicle	7.27	-	6.69	0.58	6.27	0.02	5.77	0.52	0.06	1.00
Total	94.01	-	52.25	41.76	91.45	0.36	50.95	40.86	0.90	2.56
INTANGIBLE ASSETS										
Website Development	-	0.53	-	0.53	-	0.16	-	0.16	0.37	-
Total	-	0.53	-	0.53	-	0.16	-	0.16	0.37	-
Total	94.01	0.53	52.25	42.29	91.45	0.52	50.95	41.02	1.27	2.56
Previous Year	(1,995.79)	(0.33)	(1,902.11)	(94.01)	(1,633.36)	(9.57)	(1,551.48)	(91.45)	(2.56)	

Rs. in Lacs

	31st March 2012	31st March 2011
8 INVESTMENTS		
Non Current Investments		
Quoted (Trade Investments)		
a) 9,600 Units - UTI EQUITY FUND (formerly UTI MASTERGAIN-92) (Previous Year: 9,600 Units) (Also refer Note-24)	1.25	1.25
b) NIL Equity Shares of Rs.10/- each TAMILNADU NEWSPRINT & PAPER LIMITED (Previous Year: 16,000 Equity shares)	-	19.60
Unquoted (Non -Trade Investments)		
a) 48,99,300 Equity Shares of ESCORTS ASSETS MANAGEMENT LIMITED (Previous Year: NIL) (Also refer Note-25)	489.93	-
	491.18	20.85
Current Investments		
Quoted (Trade Investments)		
a) NIL Equity Shares of Rs. 10/- each of UCO Bank (Previous Year: 9,700 Equity Shares)	-	1.16

NOTES TO ACCOUNTS CONTD...



	Rs. in Lacs	
	31st March 2012	31st March 2011
Unquoted (Non -Trade Investments)		
a) 100 Equity Shares of Rs.10/- each of ESCORTS INVESTMENT TRUST LIMITED (Previous Year: 100 Equity Shares)	0.01	0.01
Unquoted (Trade Investments)		
a) 190,000 Equity Shares of Rs.10/- each of ESCORT CONSUMER CREDIT LIMITED (Previous Year: 190,000 Equity Shares)	0.02	0.02
b) 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
	-	-
	0.01	1.17
	491.19	22.02
(Total Market Value of Quoted Investments:Rs. 5.24 lacs; Previous Year: Rs.36.78 lacs)		
9 LONG TERM LOANS AND ADVANCES		
Unsecured - Considered Doubtful	1,363.78	1,842.64
Less: Provision for bad & doubtful loans & advances	1,363.78	1,842.64
	-	-
10 INVENTORIES		
Stock of Repossessed Assets (Taken at net realisable value)	0.96	1.56
	0.96	1.56
11 TRADE RECEIVABLES		
Unsecured and outstanding for a period exceeding six months (Also refer Note-30)	919.09	20,457.13
Less: Provision for bad and doubtful trade receivables	919.09	20,457.13
	-	-
12 CASH, CASH EQUIVALENTS AND BANK BALANCES		
Cash in hand	0.61	0.52
Balances with Scheduled Banks :		
In Current Account	14.27	132.02
In Deposit Account	0.67	0.67
	15.55	133.21
13 SHORT TERM LOANS AND ADVANCES		
Security Deposits	3.35	4.16
Advance with public bodies	0.14	0.14
Advance payment of Income Tax	60.11	1,517.44
Other Loans and Advances		
Unsecured - Considered Good	258.95	602.63
	322.55	2,124.37



Rs. in Lacs

	31st March 2012	31st March 2011
14 OTHER CURRENT ASSETS		
Interest accrued on Deposits	0.10	0.07
	0.10	0.07
15 REVENUE FROM OPERATIONS		
Finance Charges Earned	1.00	2.73
	1.00	2.73
16 OTHER INCOME		
Bad Debts Recovered	21.14	74.65
Overdue Interest	8.26	10.13
Dividend Income	0.29	0.15
Profit on sale of investments	5.39	0.30
Profit on sale of fixed assets	0.15	5.80
Credit Balances / Provisions no longer required written back	7.00	180.27
Interest Income	0.21	25.67
Reversal of Diminution in Value of repossessed stock	0.92	4.12
Income Reversals of Previous Years	-	14.90
Provision for Doubtful Debts as Per RBI Norms	-	65.27
Miscellaneous Income	0.65	0.52
	44.01	381.78
17 EMPLOYEE BENEFITS EXPENSE		
Salaries, Allowances and Leave Encashment etc.	15.09	20.22
Contribution to Provident and Other funds	1.18	1.50
Staff Welfare Expenses	0.77	0.90
	17.04	22.62
18 FINANCE COSTS		
Bank Charges	0.03	0.18
	0.03	0.18
19 OTHER EXPENSES		
Rates and Taxes	0.29	1.74
Legal and Professional Charges	14.68	15.01
Repairs and Maintenance	0.51	0.64
Printing and Stationery	0.62	1.86
Travelling and Conveyance	3.88	6.23
Advertisement and Publicity	1.80	0.90
Postage, Telex and Telephones	1.23	7.03
Payment to Auditors		
Audit Fee	1.37	1.51
Director's Sitting Fees	0.56	0.58
Rebate on Settlements	2.67	0.23
AGM Expenses	2.97	2.93



Rs. in Lacs

	31st March 2012	31st March 2011
Provision for Doubtful Advances	0.79	7.98
Bad Debts Written Off	5.71	112.69
Doubtful Trade Receivables & Advances written off (Also refer Note-30)	20,010.59	
Less: Provisions already held	(20,010.59)	-
Loss on sale of Fixed Assets	0.82	1.68
Loss on Sale of Investment	2.93	11.25
Subscription & Fees	2.72	1.77
Fixed Assets Written Off	-	41.67
Loss on Sale Of Repossessed Stock	-	6.20
Miscellaneous Expense	6.07	9.47
	49.62	231.37

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

21. Contingent Liabilities:

Particulars	31 st March 2012	31 st March 2011
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

22. Due to continued financial constraints the Company was not able to maintain investment in Government Securities as liquid assets in terms of Section 45-IB of Reserve Bank Of India Act, 1934.

23. The unpaid matured /unclaimed fixed deposit liability (including interest there on) amounting to Rs. 2,091.64 lacs as on 31st March 2012 (Rs. 3,244.69 lacs as on 31st March 2011) shall be met out of funds/assets of requisite value kept with Escorts Benefit Trust created by Escorts Limited in terms of direction of the Hon'ble Delhi High Court, issued while disposing off the Scheme of Compromise and Arrangement filed by the company along with Escorts Limited before the Hon'ble court vide which Escorts Limited had undertaken to bail out the fixed deposit holders and creditors of the Company.

24. Investments 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.

25. The Company had sold 48,99,300 Equity Shares of Rs. 10/- each of Escorts Assets Management Limited during the financial year 2002-03. These shares were not transferred in the name of buyer due to non-receipt of regulatory approvals. During the year, the transaction of sale has been annulled with mutual consent and consequently the investment in these shares has been restored in the books of accounts.

26. Due to paucity of funds and no fresh business having been conducted by Company, the minimum Capital Adequacy Ratio could not be maintained as required for Non-Banking Financial Companies.

27. 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. After submission of the Scheme of Compromise and Arrangement filed before the Hon'ble Delhi High Court, no rating has been sought thereafter.

28. 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.

29. The company has not carried out any fresh business as a Non- Banking Financial Institution (NBFI) during the year in view of the restrictions placed by Reserve Bank of India due to defaults in repayment of matured fixed deposits which happened due to large scale delinquencies in the hire purchase financing business. However the company continues to focus on recovery of such delinquent assets through settlement/compromise/legal action etc. The management is also exploring possibilities of establishing the company in the businesses other than NBFI and accordingly the accounts of the company have been prepared on going concern basis.
30. Consequent to large scale delinquencies in Hire Purchase financing business of the Company in the past, the company had, in earlier years, made full provision for doubtful debts in respect of trade receivables amounting to Rs. 20457.13 lacs. These receivables are outstanding since considerable period of time. During the year, the Company has, on a prudent basis, written-off amounts aggregating to Rs. 19531.39 lacs out of the above trade receivables as not recoverable. Further, certain related receivables amounting to Rs. 479.20 lacs shown as advance recoverable have also been written-off during the year against which full provisions were held. Consequently provision held against such receivables and advances have been written back in the books of account during the year.
- Trade receivables amounting to Rs. 919.09 lacs vide Note No.-11 represent certain receivables against which legal actions/ settlements/compromises are in process. However, full provision is still held against such receivables.
31. Due to accumulated losses and loss for the year, the company has not made any provision for preference dividend on cumulative preference shares.
32. The Company has not obtained Actuarial Valuation with regards to Employee's 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 employee's left on rolls, the Company has made adequate provision for these benefits as on the Balance Sheet Date.
33. 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'.
34. 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 & Leasing Private Limited.
 - Escotracs Finance and Investment Private Limited.
 - Escorts Assets Management Limited.
- (b) Key Management Personnel:
- Mr. P. K. Marwah - Manager
- (c) Related Party Transactions:
- Nil, However Investment of Rs. 489.93 Lacs (Previous Year: Rs. Nil) in shares of Escorts Assets Management Limited reinstated during the year at cost. **(Refer Note-25)**
35. 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.
36. The reconciliation of advance tax/ TDS recoverable with the related tax liability for the earlier years has been carried out during the year. The consequent impact of the same at Rs.533.62 lacs has been taken to profit and loss account under the head Tax Expense.
37. In opinion of the Board, the loans & advances and other current assets have a value, which if realized in the ordinary course of business, will not be less than the value stated in the Balance Sheet.



38. Balances appearing under loans & advances, trade receivables and current liabilities are subject to confirmation in certain cases.

39. Earning Per Share

I) Basic

S. No.	Particulars	31 st March 2012	31 st March 2011
1	Opening No. of shares	40172500	40172500
2	Total Shares outstanding	40172500	40172500
3	Profit/ (Loss) after tax (Rs. Lacs)	(555.82)	120.77
4	Earning per Share (Rupees)	(1.38)	0.30

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

40. 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.

41. 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, 2012. 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).

42. The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for the previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

As per our report of even date 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
Membership No. 088113

Sd/-
P.K.Marwah
Manager

Sd/-
Pritam Narang
Director

Sd/-
Inder Mohan Sakhuja
Chairman

Place : Faridabad
Date : 14th July, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012 IS AS UNDER

Rs. in Lacs

	31st March 2012	31st March 2011
A Cash Flow from Operating Activities		
Net Profit/(Loss) Before tax & appropriations	(22.20)	120.77
Financial Expenses	0.03	0.13
Depreciation as per profit & loss A/c	0.52	9.57
Provision for bad debts & other NPA's	-	112.68
Provision for Diminution in value of repossessed stock	(0.92)	(4.12)
Provision for Gratuity & Leave Encashment	0.28	1.50
(Profit)/Loss on sale of Assets (Net)	0.67	37.55
(Profit)/Loss on sale of Investments (Net)	(2.46)	10.95
Interest/Dividend received from investment activities	(0.50)	(25.81)
Excess Provision written back	(6.65)	(17.21)
Operating Profit before working Capital Changes	(31.23)	246.01
Adjustment for:		
(Increase)/Decrease in Repossed Stock	1.52	6.71
(Increase)/Decrease in Trade Receivables	19,538.04	(84.67)
(Increase)/Decrease in Other Current Assets	823.32	(306.62)
(Increase)/Decrease in Current Liabilities & Provisions	(18,830.12)	10,838.49
Cash Generated From Operations	1,501.53	10,699.92
Financial Expenses	(0.03)	(0.13)
Cash Generated From Operations (A)	1,501.50	10,699.79
B Cash Flow from Investing activity		
Purchase of Fixed Assets	(0.53)	(0.33)
Sale of Fixed Assets	0.63	313.08
(Increase)/Decrease in Investments	(466.71)	305.05
Interest/Dividend Received	0.50	25.81
Net Cash Flow from Investing activity (B)	(466.11)	643.61
C Cash Flow from financing Operations		
(Increase)/Decrease in Fixed Deposits	(1,153.05)	(11,313.65)
(Increase)/Decrease in Security Deposits (Net)	-	(2.54)
Net cash used from Financing Activities (C)	(1,153.05)	(11,316.19)
Cash and Cash Equivalents at the beginning of the year	133.21	106.00
Net Increase in Cash and Cash Equivalents (A+B+C)	(117.66)	27.21
Cash and Cash Equivalents at the end of the year	15.55	133.21

As per our report of even date 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

Membership No. 088113

Sd/-

P.K.Marwah

Manager

Sd/-

Pritam Narang

Director

Sd/-

Inder Mohan Sakhuja

Chairman

Place : Faridabad

Date : 14th July, 2012

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



As required in terms of paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(Rs. In lacs)

Particulars		
LIABILITIES SIDE:		
	Amount Outstanding	Amount Overdue
(1) Loans and advances availed by the NBFCs inclusive of interest accrued there on but not paid:		
(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*	2091.64	Nil
(Refer Note No 27)		
(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	Nil
(b) In the form of partly secured debentures I.e. debentures where there is a shortfall in the value of security	Nil	Nil
(c) Other public deposits	2091.64	Nil
ASSETS SIDE :		
(3) Break-up of Loans and Advances including bills receivables other than those included in (4) below:		
(a) Secured		-
(b) Unsecured		322.55#
# 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		0.96
(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 :		
1		
(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
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			Nil
(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			489.93
(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	0.96	322.55	323.51
Total	0.96	322.55	323.51

** 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):

Please see Note 3 below

Category	Market Value/ Break-up or fair value or NAV		Book Value (net of Provisions)
	fair value or NAV	NAV	
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	491.19		491.19
Total	491.19		491.19

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

(8) Other Informations

Particulars

(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	188.47

Notes :

- 1 As defined in Paragraph 2(1)(xii) of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- 2 Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- 3 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.

ATTENDANCE SLIP

(Please complete this attendance slip and hand it over at the entrance)



ESCORTS FINANCE LIMITED

**Registered Office
SCO - 198-200, Second Floor,
Sector - 34A,
Chandigarh - 160022.**

I/We hereby record my/our presence at the **24th Annual General Meeting** of the Company being held at 3.00 P.M. on Friday, **28th September, 2012** at Hotel K C Residency, SCO - 377-380, Sector - 35B, Chandigarh - 160022.

DPID

Folio No.

Client ID

No. of Shares

(in demat form)

(in physical form)

Name: _____

Father's/Husband's Name: _____

Jointly with 1. _____
2. _____

Address _____

Signature of the member(s)/Proxy holder(s)

- Notes: 1. Members/Proxy holders are requested to bring the original attendance slip duly filled & signed in, with them when they come to the meeting venue and hand it over at the entrance. Members are requested to bring their own copy of notice with them.
- 2. For the convenience of members, persons other than members/proxies will not be admitted.
- 3. Incomplete attendance slips shall not be accepted for the entry in the meeting hall.
- 4. Joint holders may obtain additional attendance slip at the venue of the meeting.
- 5. **No Snack Boxes shall be distributed at the venue of the meeting.**

Tear Here

PROXY FORM

ESCORTS FINANCE LIMITED

**Registered Office
SCO - 198-200, Second Floor,
Sector - 34A,
Chandigarh - 160022.**

DPID

Folio No.

Client ID

No. of Shares

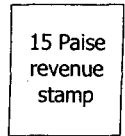
(in demat form)

(in physical form)

I/We _____ of _____
_____ being a member(s) of Escorts Finance Limited hereby appoint
_____ of _____ (or failing him/her)
_____ of _____ (or failing him/her)
_____ as my/our proxy to attend and vote for me/us

on my/our behalf at the **24th Annual General Meeting** of the Company to be held at 3.00 P.M. on Friday, **28th September, 2012** at Hotel K C Residency, SCO - 377-380, Sector - 35B, Chandigarh - 160022.

Signed this ____ day of ____ 2012 Signature of member



Signature of the Joint Holder(s) 1. _____ 2. _____

Name _____

Jointly with 1. _____ 2. _____

Address _____

Note: The proxy form in order to be valid must be deposited at the registered office of the Company atleast 48 hours before the scheduled time for the commencement of the meeting.

If undelivered, please return to:

The Company Secretary
ESCORTS FINANCE LIMITED
15/5, Mathura Road
Faridabad - 121 003
Haryana