

MGF

82nd

**Annual Report
2011-2012**

THE MOTOR & GENERAL FINANCE LIMITED



Shri Ved Prakash Gupta

(15th August, 1915 - 20th August 2005)

A True Karmayogi.

*Your integrity, values and vision will continue to guide
and inspire us for all our activities and future growth.*

THE MOTOR & GENERAL FINANCE LIMITED**MANAGEMENT****BOARD OF DIRECTORS**

SHRI RAJIV GUPTA (CHAIRMAN & MANAGING DIRECTOR & CEO)
 MRS. ARTI GUPTA (JOINT MANAGING DIRECTOR)
 SHRI ARUN MITTER (EXECUTIVE DIRECTOR)
 SHRI BHARAT KUMAR
 SHRI ONKAR NATH AGGARWAL
 SHRI ABHIRAM SETH
 SHRI SHARAD AGGARWAL

CHIEF EXECUTIVE

SHRI S.S. KHERA

VICE PRESIDENT & COMPANY SECRETARY & CFO

SHRI M.K. MADAN

BANKERS

BANK OF INDIA
 KOTAK MAHINDRA BANK LIMITED
 KOTAK MAHINDRA PRIME LIMITED

AUDITORS

M/S S.N.DHAWAN & CO.
 CHARTERED ACCOUNTANTS
 C-37, CONNAUGHT PLACE,
 NEW DELHI - 110 001

**REGISTRAR & SHARE
TRANSFER AGENTS**

M/S ALANKIT ASSIGNMENTS LIMITED
 ALANKIT HOUSE, 2E/21,
 JHANDEWALAN EXTENSION,
 NEW DELHI-110 055.
 PHONE : 011- 42541953 / 63

REGISTERED OFFICE:

MGF HOUSE,
 4/17-B, ASAF ALI ROAD,
 NEW DELHI-110 002.
 PHONE :011- 23272216-18
 011-23278001-02
 FAX NO. 011-23274606
 GRAM : EMGEEF
E-mail : mgfltd@hotmail.com
Website : www.mgfltd.com

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NOTICE

NOTICE is hereby given that Eighty Second (82nd) Annual General Meeting of the Members of The Motor & General Finance Limited will be held at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110030 on Thursday, the 27th September, 2012 at 11.30A.M. to transact the following business:-

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Statement of Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Sh. O.N. Aggarwal, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in the place of Sh. Bharat Kumar, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in the place of Sh. Sharad Aggarwal, who retires by rotation and is eligible for reappointment.
5. To appoint Auditors and to fix their remuneration. M/s S.N. Dhawan & Co, Chartered Accountants, New Delhi, (ICAI Registration No.000050N) retires and are eligible for reappointment. Certificate under Section 224(IB) of the Companies Act, 1956 has been obtained from them.

SPECIAL BUSINESS

TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION:-

AS AN ORDINARY RESOLUTION**6. CREATION OF CHARGES**

Resolved that the consent of the company be and is hereby accorded to the Board of Directors of the company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and subject to such consents and approvals as may be necessary, the Board of Directors of the company be and is hereby authorised to mortgage and/or charge of all the immovable and movable properties of the company wheresoever situated, present and future, and the whole of the undertaking of the company and/or assets of the company in certain events to and in favour of Kotak Mahindra Prime Limited for its working capital loan and/or any other facility to be lent and to be advanced.

“Resolved Further that the mortgage/charge created/to be created and/or all agreements/documents executed/to be executed and all acts done in terms of above resolutions by and with the authority of the Board of Directors be and are hereby confirmed and ratified.”

Resolved Further that Board of Directors be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to the resolution and to settle any questions or disputes that may arise in relation thereto”.

**By Order of the Board
For THE MOTOR & GENERAL FINANCE LTD**

**Place : New Delhi
Date: August 23, 2012**

**(M.K. MADAN)
VICE PRESIDENT & COMPANY SECRETARY & CFO**

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 AND THE NATURE OF THE CONCERN OR INTEREST OF DIRECTORS UNDER SECTION 302 READ WITH SECTION 173 OF THE COMPANIES ACT, 1956.

Item No.6

The company has made arrangements with Kotak Mahindra Prime Limited for financial assistance in the form of Term Loans for the purpose of expansion of company's business.

In terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, members approval is sought authorizing the Board of Directors of the company to mortgage and/or charge all the immovable and movable properties of the company wheresoever situated, present and future, and the whole of the undertaking of the company and/or conferring power to the above specified in the said resolution to enter upon and take possession of the assets of the company in certain events in connection with the working capital loan and/or any other facility not exceeding Rs. 50 Crores and advanced/agreed to be let and advanced by Kotak Mahindra Prime Limited as specified in the Resolution.

The Directors recommend the resolution for your approval.

None of the Directors of the company is personally interested in the aforesaid resolution.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST FORTY EIGHT HOURS(48 HOURS) BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Explanatory Statement setting out all the material facts concerning the aforesaid special business contained in item no. 6 as required under section 173(2) of the Companies Act, 1956 is enclosed.
3. Brief details of the retiring directors, who are being re-appointed, are annexed hereto as per the requirements of clause 49 of the Listing Agreement.
4. Register of Members and Share Transfer Books will remain closed from Monday, the 24th September, 2012 to Thursday, the 27th September, 2012 (both days inclusive).
5. The Securities and Exchange Board of India(SEBI) has mandated the submission of Permanent Account Number(PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN direct to the company.
6. Corporate members are requested to send in advance duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
7. Members/Proxies are requested:-
 - a. to bring their attendance slip alongwith the copies of Annual Reports to the Meeting.
 - b. To quote their Registered Folio No(s)/DPID/Client ID No. in all correspondence.
 - c. Members who hold shares in dematerialized form are requested to bring their DPID/Client ID numbers for easy identification of attendance at the meeting.
8. For security reasons, no article/baggage will be allowed at the venue of the meeting.
9. To receive faster communication of all shareholders communications, including Annual Reports, the shareholders are requested to kindly register/update their e-mail address with their respective depository participant where shares are held in electronic form. If, however, shares are held in physical form, holders are advised to register their email address with our Registrar & Share Transfer Agents, M/s Alankit Assignments Limited, New Delhi.
Further shareholders, holding shares in physical form, are requested to notify any change in address, if any, to M/s Alankit Assignments Limited, preferably along with their Bank/National Electronic Clearing Service(NECS) details on or before 24th September, 2012
10. Regarding Unclaimed Dividend:
 - i) **In accordance with the provisions of Section 205A(5) of the Companies Act, 1956, the company has already transferred Unclaimed Dividend declared for the financial year ended 31st March, 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General**

Revenue Account of the Central Government)Rules,1978. Those shareholders who have so far not claimed their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, NCT of Delhi and Haryana, CGO Complex, Paryavaran Bhawan, Lodhi Road, New Delhi-110003.

- ii) Further in view of the Section 205C of the Companies Act,1956 read with Investors Education and Protection Fund(Awareness and Protection of the Investors)Rules, 2003, the unpaid/unclaimed dividend declared for the years 1996 to 1998 was transferred to the said fund. Further for the years 2008-09 to 2010-11 the same will be transferred to the above seven years from the date of its lying unclaimed.
11. As per Circular No.18/2011 on Green initiative, the company will send Annual Report alongwith other documents through emails to all members, who have registered their e-mail address with the depository and physical hard copies will be despatched to others. In case any member desire to get hard copy of the Annual Report, they can write to the company at Registered Office address or email at mgfltd@hotmail.com.
12. The entire Annual Report is also available at the company's website www.mgfltd.com.

By Order of the Board
For THE MOTOR & GENERAL FINANCE LTD

Place : New Delhi
Date: August 23, 2012

(M.K. MADAN)
VICE PRESIDENT & COMPANY SECRETARY & CFO

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 AND THE NATURE OF THE CONCERN OR INTEREST OF DIRECTORS UNDER SECTION 302 READ WITH SECTION 173 OF THE COMPANIES ACT,1956.

Item No.6

The company has made arrangements with Kotak Mahindra Prime Limited for financial assistance in the form of working capital loan for the purpose of company's business.

In terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act,1956, members approval is sought authorizing the Board of Directors of the company to mortgage and/or charge all the immovable and movable properties of the company wheresoever situated, present and future, and the whole of the undertaking of the company and/or conferring power to the above specified in the said resolution to enter upon and take possession of the assets of the company in certain events in connection with the working capital loan not exceeding certain amount lent and advanced/agreed to be let and advanced by Kotak Mahindra Prime Limited as specified in the Resolution.

The Directors recommend the resolution for your approval.

None of the Directors of the company is interested in the aforesaid resolutions.

ANNEXURE TO THE NOTICE

BRIEF RESUME OF DIRECTORS SEEKING RE-APPOINTMENT AT THIS ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT AND EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT,1956 AND ANNEXURE TO NOTICE.

a) **Director being re-appointed by rotation(Resolution at item no.2)**

Name	: Sh. O.N. Aggarwal
Age & Date of Birth	: 77 Years(27.10.1935)
Qualification	: DLCT(Hons)England. BE Mechanical Engineering

Experience in Specific Functional areas : He is a qualified engineer and considering the experience, competence, his reappointment is in the interest of the company.

Other Directorship : Oaykay Forgings(P) Ltd, Knit Foulds Pvt Ltd, Makro Lease Pvt Ltd, Jee Vee Leatherite Pvt Ltd and Sondhi Polyamide Pvt Ltd

Shri O.N. Aggarwal holds Nil shares in the company

(b) Director being re-appointed by rotation(Resolution at item no.3)

Name : Sh. Bharat Kumar

Age & Date of Birth : 67 years(03.10.1945)

Qualification : B.Com

Experience in Specific :

Functional Areas : He is a Graduate in Commerce. He holds a rich business experience. His re-appointment will be quite useful to the company.

Other Directorships Vinspar Industries Pvt Ltd
Magique Hospitality Pvt Ltd

Committee Memberships

The Motor & General Finance Limited

Audit Committee: Chairman

Shareholders Grievance & Transfer Committee- Member

Remuneration Committee- Member

Shri. Bharat Kumar holds Nil shares in the company

(c) Director being re-appointed by rotation(Resolution at item no. 4)

Name : Shri Sharad Aggarwal,

Age & Date of Birth : 46 years(24.11.1966)

Qualification : B.Com, ACA, LLB

Experience in Specific : Sh. Sharad Aggarwal is a qualified Chartered Accountant and also holds a Law Degree.

Functional Areas His re-appointment will be quite useful to the company.

Other Directorships

India Lease Development Ltd, Bahubali Services Ltd, Oaykay Forgings(P) Ltd, Sterling Hotels Pvt Ltd, Jay Vee Leatherite Pvt Ltd, Knit Foulds Pvt Ltd, K.F. Beltings Pvt Ltd, Hamilton Land Developers Pvt Ltd, Atlantic Land Developers Pvt Ltd, Jazz Foods Pvt Ltd, Makro Lease Pvt Ltd and Indian Tools Technology Centre.

Committee Membership

The Motor & General Finance Ltd

Audit Committee - Member

Remuneration Committee- Member

Shareholders Grievance & Transfer Committee- Member

India Lease Development Ltd

Audit Committee- Member

Shri Sharad Aggarwal holds 1,33,120 shares i.e.0.69% of the total Paid up Capital

SHAREHOLDERS INFORMATION

Head Office & Registered Office	: MGF HOUSE 4/17-B, Asaf Ali Road, New Delhi-110002
Internet Facility	
E-mail	: mgfltd@hotmail.com
Company Website	: www.mgfltd.com
Telephone No	: 23272216-18, 23278001-02
Fax No	: 23274606
Date of Annual General Meeting	: 27 th September, 2012
Time	: 11.30 A.M.
Day	: Thursday,
Venue	: The Executive Club 439, Village Shahoorpur, P.O. Fatehpur Beri New Delhi-110030
Day and Date of Book Closure	: Monday, the 24 th September, 2012 to Thursday, the 27 th September, 2012 (both days inclusive)
Shares listed at	: Bombay Stock Exchange Ltd Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 : National Stock Exchange of India Ltd Exchange Plaza, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra(E), Mumbai-400051

The Company confirms that it has paid the Annual Listing Fees to the above Stock Exchanges for the year 2012-13.

NOMINATION FACILITY

Shareholders are eligible to file their nomination against shareholdings. Nomination forms are available at the Registered Office i.e. MGF House, 4/17-B, Asaf Ali Road, New Delhi-110002. Those interested in getting the facility of nomination may write to the Company Secretary for a copy of the prescribed Nomination Form.

DIRECTORS' REPORT**To the Members,**

Your Directors have pleasure in presenting their Eighty Second (82nd) Annual Report and Audited Accounts for the year ended 31st March, 2012.

Financial Results	(Rs. In lacs)	
	Year ended 31.3.2012	Year ended 31.3.2011
Gross Profit before depreciation, finance cost and provisioning	1356.04	1273.34
Less: Finance Cost	(59.64)	(3.13)
Add: Provisions against doubtful/irrecoverable assets/loss in value of investments written back	16.73	146.10
Less: Depreciation including impairment and property reserves	(142.59)	(115.90)
Provision of Tax	(215.00)	(232.00)
Excess/(short)provision of tax of earlier years	(2.46)	-
Net Profit/(loss) for the year	953.08	1068.41
Profit /(Loss) brought forward	(2745.84)	(3208.45)
Total Profit/(Loss)	(1792.76)	(2140.04)
Appropriations		
Amount transferred to Reserve Fund u/s 45-IC of the RBI Act, 1934	(190.61)	(213.68)
Proposed Dividend and Corporate Tax thereon	-	(338.70)
Transferred to General Reserves	-	(53.42)
Losses carried forward to Balance Sheet	(1983.37)	(2745.84)

FINANCIAL OPERATIONS

Your company has recorded total income of **Rs.11.70 Crores** (previous year Rs.13 Crores). Basic earnings per share worked out to **Rs.4.92** (previous year Rs.5.52). As earlier informed, the net worth of the company remains positive. Reserves have increased to **Rs.62.30 Crores** (previous year Rs.52.53 Crores)

Every opportunity has been explored to streamline the operations and focussed to reduce the over head cost and improve performance.

As reported last year project at Shalimar Place is nearing completion. Your Directors are confident that the project when completed will yield substantial revenue.

DIVIDEND

Considering the future needs of the company for expansion and growth and plough back the profits of the company for the year ended 31st March, 2012, your Board does not recommend any dividend.

COMPANY'S CATEGORY

The company continues to hold the certificate issued by Reserve Bank of India in Category "B" as Non Accepting Deposits Non Banking Finance Company.

DIRECTOR'S RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956.

The Directors confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the applicable accounting standards;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs for the company at the end of financial year ended 31st March, 2012 and of the Profit of the Company for that period;
- iii) 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;
- iv) The statement of accounts for the year ended 31st March, 2012 have been prepared on a Going Concern Basis.

AUDITOR'S REPORT**INFORMATION AND EXPLANATIONS/OBSERVATIONS IN THE AUDITORS' REPORT.****A. ATTENTION/OBSERVATIONS IN THE MAIN AUDITORS' REPORT**

- a) Para 2

Intercorporate deposits

The attention of the auditors in their report are self explanatory and/or explained suitably in note no. 29 in the notes forming part of the financial statement.

- b) Para 3(i)

Shortfall in value of Long Term Investments

In regard to shortfall, management is of the view that these investments are in associate companies which are running satisfactorily on Going Concern basis, the diminution in value is not of permanent nature and as such no provision for the shortfall has been considered necessary.

- c) Para 3(ii)

Non Compliance of RBI's Prudential Norms in respect of lending to one company

Appropriate steps in this direction are being initiated.

Observations in Annexure referred in paragraph 1 of the Auditor's Report(CARO)

- d) Para(i)(a) & (b)

Quantitative details of assets on lease

The management carried out physical verification of assets on lease and few confirmations from lessees have since been received.

In terms of RBI Directions, the Auditors have submitted a separate report to the Board of Directors.

UNPAID/UNCLAIMED DIVIDEND

In pursuance to compliance of Section 205C of the Companies Act, 1956 read with Investors Education and Protection Fund(Awareness and Protection of the Investors)Rules, 2003, the dividend which remains unclaimed and unpaid, if any, for a period of seven years from the date they became due for payment will be transferred to the above Fund.

CORPORATE GOVERNANCE

As per the Listing Agreement with the Stock Exchanges, Auditor's Certificate regarding the compliance of conditions of Corporate Governance(Annexure "A") and Management Discussion and Analysis Report(Annexure 'B') forms part of this report.

DEMATERIALIZATION

Members who have not yet got their shares dematerialized, are requested to opt for the same in their own interest and send their certificate through Depository Participants(s) with whom, they have dematerialized account, to the Company's Registrar and Transfer Agents, M/s Alankit Assignments Limited, 2E/21, Alankit House, Jhandewalan Extension, New Delhi-110055.

Further The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN details to the company.

SECRETARIAL AUDIT REPORT

Secretarial audit for the year 2011-12 was carried out by Ms. Anjali Yadav, Practicing Company Secretary. The said secretarial unqualified audit report forms part of this Annual Report.

The secretarial audit report confirms that the company has complied with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreements with the Stock Exchanges, Securities Contracts (Regulation) Act, 1956 and all the regulations of SEBI as applicable to the company, including the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

COMPLIANCE BY THE COMPANY

The Company has complied with the requirements of the Stock Exchanges, SEBI and Other statutory authorities on all matters relating to the Capital markets during the last three years. No penalties or strictures have been imposed on the company by the Stock Exchanges or SEBI or any other statutory authorities relating to the above.

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors of the Company has adopted a Code of Conduct for Directors and Senior Management and the same is available on the website of the Company i.e. [http:// www.mgf ltd.com](http://www.mgf ltd.com).

E-mail ID FOR INVESTOR'S GRIEVANCES

In compliance of sub clause (f) to the Clause 47 of the Listing Agreement, the company has designated an e-mail address i.e. mgfcomplaints@yahoo.co.in for the purpose of registering complaints by investors for redressal of their grievances.

NOMINATION FACILITY

In case, any of the members wish to avail facility of Nomination Form (Form 2B) alongwith instructions, they are requested to send the duly completed form to the Registrars of the Company and/or at the Registered Office of the Company.

CONSOLIDATION OF FOLIOS AND AVOIDANCE OF MULTIPLE MAILING

Members who may have more than one folio in their individual name or jointly with other persons mentioned in the same order, are requested to write to the Registrars and Share Transfer Agents indicating the folio numbers for consolidation of similar holdings under one folio.

MCA'S GREEN INITIATIVE

In light of the above, those members, who desires to receive notice/documents including Annual Reports through e-mail, are requested to communicate their e-mail ID and changes thereto to the company at their Registered Office or log on to mgf ltd@hotmail.com to register yourself. You can also download the registration form from company's website <http://www.mgf ltd.com>

DIRECTORS

In accordance with the provisions of Section 255 of the Companies Act, 1956 and Article 49 of the Company's Articles of

Association, Shri. O.N. Aggarwal, Sh. Bharat Kumar and Shri Sharad Aggarwal, Directors of the Company retire by rotation and being eligible offer themselves for reappointment.

Directors seeking reappointment, their brief resume, nature of their expertise in specific functional areas, name of the companies in which they hold directorship and the memberships of the Committees of the Board and shares held in the company, etc are given in the Explanatory Statement in the Notice and in a section on Corporate Governance elsewhere in the Annual Report.

CEO/CFO CERTIFICATION

The CEO and the CFO of the Company have certified to the Board with regard to the compliance made by them in terms of Clause 49(V) of the Listing Agreement.

PARTICULARS OF EMPLOYEES

There are no employees in receipt of remuneration which, inter-alia, requires the company to furnish the particulars of Employees as required by Section 217(2A) of the Companies Act, 1956, read with the Companies(Particulars of Employees), Rules, 1975

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

In terms of the requirements of Clause (e) of sub section(1) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars are given as under:-

a) Technology	-	Being a finance company, the same is not applicable
b) Conservation of Energy	-do-	
c) Transactions in Foreign Currency:	This Year	Previous Year
a) Expenditure in Foreign Currency	-	-
i) Repayment of Foreign Currency Loan	-	-
ii) Interest on Foreign Currency Loan	-	-
iii) Travelling Expenses	-	Rs.17.13 lacs
b) Shares held by Non Resident Shareholders	193227	190674
No. of Shareholders	30	30

The Company had no earnings in foreign exchange.

AUDITORS

M/s S.N. Dhawan & Co, Chartered Accountants, Statutory Auditors, retire and are eligible for reappointment. A certificate under Section 224(1B) of the Companies Act, 1956, has been obtained from them.

ACKNOWLEDGEMENTS

Directors place on record their thanks for the assistance and cooperation received from Banks and all other customers for their continued support and patronage.

Yours Directors also wish to place on record the dedicated and devoted services rendered by all personnel of the Company.

For and on behalf of the Board
FOR THE MOTOR & GENERAL FINANCE LIMITED

Place: New Delhi
Dated: August 23, 2012

(RAJIV GUPTA)
CHAIRMAN & MANAGING DIRECTOR
& CHIEF EXECUTIVE OFFICER

(ARTI GUPTA)
JOINT MANAGING DIRECTOR

Annexure 'A' to the Directors Report

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Code of Corporate Governance

Corporate Governance represents the value, ethical and moral framework under which business decisions are taken. The investors want to be sure that not only is their capital handled effectively and adds to the creation of wealth, but the business decisions are also taken in a manner which is not illegal or involving moral hazard.

Your company perceives good corporate governance practices as a key driver of sustainable corporate growth and long term shareholder value creation. The primary objective is to develop and adhere to a corporate culture of harmonious and transparent functioning, increasing employee and customer satisfaction and enhancing shareholders' wealth by developing capabilities and identifying opportunities that best serve the goal of value creation. All actions and strategic plans are directed towards delivering value to all stakeholders, as well as conform to the highest standards of corporate behaviour.

2. Board of Directors("Board")

2.1 The Board, as on date of signing of the Director's Report, comprises of seven Directors. The Chairman of the Board is an Executive Director. The Directors are eminently qualified and experienced professionals in business, finance and corporate management.

2.2 Constitution of the Board:

SI No.	Name of Director	Status
1.	Sh. Rajiv Gupta	Chairman & Managing Director- CEO
2.	Mrs. Arti Gupta	Joint Managing Director
3.	Sh. Arun Mitter	Wholetime Director-Executive Director
4.	Sh. Bharat Kumar	Non Executive- Independent Director
5.	Sh. O.N. Aggarwal	Non Executive -Independent Director
6.	Sh. Sharad Aggarwal	Non Executive -Independent Director
7.	Sh. Abhiram Seth	Non Executive -Independent Director

Pecuniary Relationship

Independent Directors do not have any pecuniary relationships or transactions with the company except for the sitting fees drawn for attending the meetings of the Board. No meeting fee is paid for attending the Committee Meetings.

2.3 Board Meetings

The meetings of the Board of Directors are informed well in advance and are held at the Registered Office i.e. MGF House, 4/17-B, Asaf Ali Road, New Delhi. The notice confirming the minutes of the previous meeting and the detailed agenda for the ensuing meeting is sent invariably at least seven days in advance to all the Directors. In terms of the company's Corporate Governance policy, all significant and material information are placed before the Board to enable it to discharge its responsibilities. As per the directions of the Chairman, the Company Secretary who is the Compliance Officer also, convene the meetings. Departmental Heads of the company, in case they are required, are invited to attend the Board Meetings, to make presentations and provide clarifications. The Board meets, at least, once a quarter to review the quarterly performance and financial results of the company.

2.3(a) Number of Board Meetings:

During the year from 1st April, 2011 to 31st March, 2012, the Board of Directors met six times on the following dates:

S.No.	Date of Meeting	Board Strength	No. of Directors present
1.	13 th May, 2011	7	6
2.	12 th August, 2011	7	5
3.	25 th August, 2011	7	4
4.	14 th November, 2011	7	7
5.	14 th February, 2012	7	6
6.	28 th February, 2012	7	4

2.3(b) Attendance of Directors:

Sl. No.	Name of the Director	No. of Board Meetings held	No. of Board Meetings Attended	Attendance at the last Annual General Meeting	No. of Directorships*** in other Boards as on 31 st March, 2012	No. of Memberships in all Committees of the Board as on 31 st March, 2012
1.	Sh. Rajiv Gupta	6	5	N.A.*	12	11
2.	Mrs. Arti Gupta	6	5	N.A.*	4	2
3.	Sh. Arun Mitter	6	6	Present	25	10
4.	Sh. Bharat Kumar	6	6	Present	2	3
5.	Sh. Sharad Aggarwal	6	4	Present	12	5
6.	Sh. O.N. Aggarwal	6	4	N.A.*	5	-
7.	Sh. Abhiram Seth	6	2	N.A.*	7	3

N.A* - Not Attended.

* includes Directorship in Private and Public Limited Companies.

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, Membership/Chairmanship of only the Audit Committee/Shareholders Grievance Committee and the Remuneration Committee of all the companies has been considered.

2.3(c) Remuneration to Directors:

Sitting Fee was paid to Non-Executive Directors only for attending Board Meetings.

3. Committees of the Board:

Non-Executive Directors, including the Chairman, provide guidance to the management on policy matters as well as in monitoring actions of operating management.

To comply with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, the composition of these Committees is as under:

Sl. No.	Name of Members	Audit Committee	Shareholders Grievance & Transfer Committee	Remuneration Committee
1	Sh. Rajiv Gupta, Chairman & Managing Director- CEO	Yes	Yes	Yes
2.	Mrs. Arti Gupta, Joint Managing Director	No	Yes	Yes
3.	Sh. Arun Mitter, Executive Director	Yes	Yes	Yes
4.	Sh. Bharat Kumar, Non Executive, Independent Director	Yes	Yes	Yes
5.	Sh. Sharad Aggarwal Non Executive, Independent Director	Yes	Yes	Yes
6.	Sh. O.N.Aggarwal, Non Executive Independent Director	No.	No.	No.
7.	Sh. Abhiram Seth Non Executive Independent Director	Yes	Yes	Yes

3.1 (Audit Committee)

3.1(a) Chairman: Shri Bharat Kumar, Non Executive-Independent Director, is the Chairman of the Audit Committee.

3.1(b) Broad Terms of Reference of the Audit Committee

The Audit Committee is in conformity with Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement. The Audit Committee acts as a link between the statutory auditors and the Board of Directors. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements/other management information, adequacy of provisions for liabilities, and whether the audit tests are appropriate and scientifically carried out and that they are aligned with the realities of the business, adequacy of disclosures, compliance with all relevant statutes and other facts of company's operation that are of vital concern to the company. In particular, the role of Audit Committee includes the following:-

- i) Oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement are sufficient and credible;
- ii) Recommending the appointment of statutory auditors, fixation of audit fee and approval for payment for any other services;
- iii) Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to.
- iv) Ensuring compliance with regulatory guidelines.
- v) Reviewing with the management the adequacy of Internal Control Systems

3.1(c) During the year, the Committee met five times on 13th May, 2011, 12th August, 2011, 25th August, 2011, 14th November, 2011 and 14th February, 2012.

Mr.M.K. Madan, Compliance Officer is the convener of the Audit Committee

3.1(d) Attendance of the Directors in the Audit Committee Meeting:

SNo.	Name of Director	No. of Audit Committee Meetings held	No. of Meetings attended
1.	Sh. Bharat Kumar	5	5
2.	Sh. Rajiv Gupta	5	4
3.	Sh. Arun Mitter	5	5
4.	Sh. Sharad Aggarwal	5	4
5.	Sh. Abhiram Seth	5	2

3.2 Shareholders Grievances Committee:

This committee is comprising of Shri Rajiv Gupta, Mrs. Arti Gupta, Shri Arun Mitter, Shri Bharat Kumar, Shri Sharad Aggarwal and Shri Abhiram Seth. The Committee look into the grievances and complaints of the shareholders like transfer, splitting, consolidation of shares, non-receipt of Balance Sheet, etc. and redress the same.

Mr. M.K. Madan, Compliance Officer is the convener of the Shareholders Grievance Committee.

3.2(a) Attendance of Directors in the Shareholders Grievance Committee Meetings:

The Shareholders' Grievances Committee met four times during the year on 22nd July, 2011, 24th October, 2011, 10th January, 2012 and 30th March, 2012. The attendance for the meetings is as under :-

SNo.	Name of Director	No. of meetings held	No. of meetings attended
1.	Sh. Rajiv Gupta	4	4
2.	Mrs. Arti Gupta	4	4
3.	Sh. Arun Mitter	4	4
4.	Sh. Bharat Kumar	4	4
5.	Sh. Sharad Aggarwal	4	4
6.	Sh. Abhiram Seth	4	3

3.2(b) Details of investors complaints received during the year

S.No	Nature of complaints	Received	Resolved	Pending
1.	Non receipt of dividend warrant(s)	9	9	-
2.	Non receipt of share certificates after transfer/exchange/sub-division/consolidation/merger etc	16	16	-
3.	Non receipt of Balance Sheet	5	5	-
	Total	30	30	-

3.2(c) Number of complaints pending with the Company

All the shareholders requests/complaints received during the financial year ended 31st March, 2012 by the company and/or their registrar i.e. M/s Alankit Assignments Limited were replied / resolved to their satisfaction.

3.2(d) Number of shares pending for transfer:

No shares were pending for transfer as on 31st March, 2012.

3.3 Remuneration Committee:**3.3(a) Membership:**

Remuneration Committee comprise of Shri Rajiv Gupta, Mrs.Arti Gupta, Shri Arun Mitter, Shri Bharat Kumar, Shri Sharad Aggarwal and Shri Abhiram Seth

3.3(b) Broad Terms of reference of the Remuneration Committee:

- i) to deal with matters related to remuneration by way of salary, perquisites, benefits, etc to the Managing Director/Joint Managing Director/ Whole Time Director of the Company.
- ii) to set guidelines for the salary and perks payable to senior employees of the company.

3.3(c) Remuneration Policy:

The company follows a market linked remuneration policy, which is aimed at enabling the company to attract and retain the best talent. Compensation is also linked to individual and team performance as they support the achievement of corporate goals. The company does not have an Employee Stock Option Policy.

3.3(d) Attendance of the Directors in the Remuneration Committee Meeting

S.No.	Name of Director	No. of Meetings held	No. of Meetings attended
1	Sh. Rajiv Gupta	2	2
2.	Mrs. Arti Gupta	2	2
3.	Sh. Arun Mitter	2	2
4.	Sh. Bharat Kumar	2	2
5.	Sh. Sharad Aggarwal	2	2
6.	Sh. Abhiram Seth	2	2

3.3(e) Mr. M.K. Madan, Compliance Officer is the convener of the Remuneration Committee

3.3(f) During the year ended 31st March, 2012, the Remuneration Committee met twice on 12th January, 2012 and 15th March, 2012.

3.3(g) Remuneration Paid During the year

During the year ended 31st March 2012, Shri Rajiv Gupta, Chairman & Managing Director, Smt. Arti Gupta, Joint Managing Director and Shri Arun Mitter, Executive Director in accordance with the terms and conditions of their appointments were paid remuneration of Rs. 1,356,826, Rs. 1,108,684 and Rs. 1,406,730 respectively.

Total Sitting Fee paid to the Directors for attending Board Meetings was Rs.80,000/-. No sitting fee for attending any Committee Meeting was paid.

4. Management:**4.1 Management Discussion and Analysis Report:**

The Company has provided a detailed Management Discussion and Analysis Report in Annexure 'B' forming part of the Director's Report.

4.2 Disclosure relating to all material financial and commercial transaction of the management, where they have a personal interest that may have a potential conflict with the interest of the company at large has also been provided.

During the year ended 31st March, 2012 the company had entered into transactions in the normal course of business with some of the companies in which some of the directors are interested and which have been disclosed adequately in the notes

forming part of the accounts. There was no potential conflict of interest with that of the company.

4.3 Recording Minutes of proceedings at Board and Committee meetings

The Company Secretary records the minutes of the proceedings of each Board and Committee meetings. Draft minutes are circulated to all the members of the Board/Committee for their comments. The minutes are entered in the Minute Book within 30 days from the conclusion of the meeting.

5. Particulars of Past three AGMs:

Last three Annual General Meetings were held at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110030 on the following dates and times:-

AGM. No.	Year	Date	Time	Special Resolutions passed required for
79 th	2009	17 th September, 2009	11.30 A.M.	Re-appointment of Directors related to each other and amendment in Meeting Fee to Non Executive Directors
80 th	2010	29 th September, 2010	12.30 P.M.	Re-appointment of Directors and increase/variation in the remuneration of Smt. Arti Gupta, Joint Managing Director
81 st	2011	29 th September, 2011	11.30 A.M.	Re-appointment of Directors, alteration of Articles of Association, Resolution under 293(1)(e) and Resolution under Section 293(1)(d) of the Companies Act, 1956.

6. Shareholder Information :

- 6.1 Annual General Meeting** : 82nd Annual General Meeting
Day & Date : Thursday, the 27th September, 2012
Time : 11.30 A.M.
Venue : The Executive Club,
 439, Village Shahoorpur, P.O.
 Fatehpur Beri, New Delhi-110030

6.2 Financial Calendar :

(Tentative schedule)

Financial reporting for the quarter ended 30 th June, 2012	Second week of August, 2012
Financial reporting for the quarter ended 30 th September, 2012	Second week of November, 2012
Financial reporting for the quarter ended 31 st December, 2012	Second week of February, 2013
Financial reporting for the quarter ended 31 st March, 2013	Second Week of May, 2013

6.3 Means of Communication:

- ☞ Quarterly/Half Yearly Financial Results of the company are forwarded to Bombay Stock Exchange and National Stock Exchange of India and published in Financial Express and Mahalaxmi newspapers. Half-yearly report is not sent to each household of shareholders as the results of the company is published in the newspapers. In addition to the above, the results are also available on the company's website: <http://www.mgf ltd.com> for the information of all the shareholders.
- ☞ Company has not made any presentation to any Institutional Investors / Analyst during the year.
- ☞ Company has its own website and all the vital information relating to the company is displayed on the web site. Address of the website is <http://www.mgf ltd.com>

6.4 Shareholders' Information

- i) **Annual General Meeting** : **Thursday, the 27th September, 2012 at 11.30 A.M.**
 ii) **Date of Book Closure** : **Monday, the 24th September, 2012 to
 Thursday, the 27th September, 2012
 (Both days inclusive)**

Registrar and Share Transfer Agents :

In compliance with SEBI directive M/s Alankit Assignments Ltd, 2E/21, Alankit House, Jhandewalan Extension, New Delhi-110055. Tel No.011-42541953/63 are carrying on assignment of both physical and demat mode.

However, keeping in view the convenience of shareholders, documents relating to the shares are continued to be received by the company at its Registered Office, at 4/17-B, Asaf Ali Road, New Delhi-110002, Telephone Nos. 23272216-18, 23278001-02.

6.5 (i) Nomination Facility:

Shareholders are eligible to file their nominations against shareholdings. Nomination Forms are available at the Registered Office i.e. 4/17-B, Asaf Ali Road, New Delhi-110002. Those interested in getting the facility of nominations may write to the Company Secretary for a copy of the prescribed Nomination Form.

6.5 (a) Share Transfer System:

If the documents are clear in all respects, completion of transfer of shares in physical mode generally taken is less than 15 days. The Share Transfer Committee has delegated the responsibility of share transfers to an officer of the company to expedite share transfers. Shares under demat and physical mode are transferred by the Registrar and Share Transfer Agent normally within 15 days.

6.5 (b) Under Demat and Physical Mode:

Alankit Assignments Limited,
 2E/21, Alankit House,
 Jhandewalan Extension,
 New Delhi – 110 055.
 Phones: .011-42541953/63

6.6 The undernoted officials of the company have been designated for speedy redressal of shareholder's/ investor's requests/queries.

6.6 (a) Compliance Officer:

Mr. M. K. Madan
 Vice President & Company Secretary
 Phone No.23276872

6.6 (b) Company Secretary:

Mr.M.K.Madan
 Vice President & Company Secretary

6.6 (c) Address for Correspondence:

Registered Office:
 The Motor & General Finance Limited
 MGF House,4/17B,
 Asaf Ali Road,
 New Delhi – 110 002.
 Ph: 23272216-18, 23278001-02 Fax: 23274606
 E-mail: mgfltd@hotmail.com
 Website : www.mgfltd.com.

6.7 Listing on Stock Exchanges:

- 6.7 (a)** Bombay Stock Exchange Ltd
Phiroz Jee Jee Bhoy Towers,
Dalal Street, Mumbai – 400 001
Ph : 022-22721234/33
Fax : 91-22-22721278/1557/3354/3577



- 6.7 (b)** National Stock Exchange of India Limited
Exchange Plaza,
Plot No.C/1 G Block 5th Floor,
Bandra Kurla Complex,
Bandra, Mumbai-400051.
Ph : 022-26598235/36
Fax : 022-66418124,66418125,66418126

**6.8 Stock Code of the Company:**

- 6.8 (a)** Bombay Stock Exchange(BSE) , Mumbai

Electronic Mode : **INE 861B01015**
Scrip Name : **The Motor & General Finance Ltd**
Scrip Code : **501343**

- 6.8 (b)** National Stock Exchange of India(NSE)

Electronic Mode : **INE 861B01015**
Scrip Name : **The Motor & General Finance Ltd**
Scrip Code : **Motogenfin**

Equity shares in Demat Form : INE 861B01015

- 6.9 Depository Connectivity : NSDL and CDSL**

6.10 Market Price Data: (As obtained from BSE & NSE)

Month & Year	(BSE)		(NSE)	
	High	Low	High	Low
April, 2011	62.25	40.45	62.90	40.35
May, 2011	48.85	42.30	50.00	43.20
June, 2011	48.45	42.85	48.20	42.70
July, 2011	48.70	44.05	50.00	44.55
Aug, 2011	48.45	37.00	49.65	36.25
Sep, 2011	47.00	38.20	48.00	38.45
Oct, 2011	46.00	36.65	45.00	36.00
Nov, 2011	43.95	36.00	44.80	35.55
Dec, 2011	42.00	34.65	39.50	31.60
Jan, 2012	40.00	31.60	40.00	30.55
Feb, 2012	38.80	33.15	39.75	32.10
Mar, 2012	38.45	31.10	41.95	31.35

6.11 Categories of Shareholding as on 31st March, 2012

S.No	Category	No.of Shares held	% of Shareholding
A	Promoters *	11668164	60.258%
B	Non Promoter Holding		
	Mutual Funds and UTI	-	-
	Banks, Financial Institutions, Insurance Companies(Central/State Government Institutions/Non Government Institutions)	94547	0.488%
C	Others		
	Private Corporate Bodies	566802	2.928%
	Indian Public	5748124	29.685%
	NRIs/OCBs/FIIs/Trust/Custodian	1285958	6.641%
	Total	19363595	100.00%

* includes persons acting in concert.

6.12 Distribution of Company's Shareholding as on 31st March 2012:

Category	Shareholders			No. of Shares(Rs. 10/- per share)			Percentage(%)		
	Physical	Demat	Total	Physical	Demat	Total	Physical	Demat	Total
Upto 5000	5609	4757	10366	599158	595900	1195058	3.094%	3.077%	6.172%
5001 – 10000	249	414	663	182624	339326	521950	0.943%	1.752%	2.695%
10001 – 20000	104	271	375	146384	411843	558227	0.755%	2.127%	2.883%
20001 – 30000	51	88	139	127401	229794	357195	0.658%	1.187%	1.845%
30001 – 40000	23	50	73	82600	180667	263267	0.427%	0.933%	1.360%
40001 – 50000	14	44	58	63818	205406	269224	0.330%	1.061%	1.390%
50001 – 100000	33	61	94	217032	464357	681389	1.121%	2.398%	3.519%
100001 & above	18	80	98	1102885	14414400	15517285	5.696%	74.441%	80.136%
Total	6101	5765	11866	2521902	16841693	19363595	13.024%	86.976%	100.000%

7. Compliance:

A certificate has been obtained from the Statutory Auditors of the company regarding compliance of conditions of Corporate Governance and is attached to this report.

By Order of the Board
For **THE MOTOR & GENERAL FINANCE LIMITED**

Place : New Delhi
Date : August 23, 2012

RAJIV GUPTA
Chairman & Managing Director
& Chief Executive Officer(CEO)

ARTI GUPTA
Joint Managing Director

AUDITORS'S CERTIFICATE ON THE COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

We have examined the compliance of conditions of Corporate Governance by The Motor & General Finance Limited having its Registered Office at MGF House, 4/17-B, Asaf Ali Road, New Delhi-110002 for the year ended 31st March,2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For S.N. DHAWAN & CO.
Chartered Accountants
Firm Reg. No.000050N

S.K. KHATTAR
Partner
Membership No.84993

Place: New Delhi
Date : August 23, 2012

ANNEXURE 'B' TO THE DIRECTOR'S REPORT**MANAGEMENT'S DISCUSSION AND ANALYSIS:****NBFC-INDUSTRY STRUCTURE AND BUSINESS DEVELOPMENTS**

The business of the Company is that of a Non Banking Finance Company(NBFC).

Non- Banking Finance Companies play a significant role in the economy by providing lease, hire-purchase finance as well as undertaking other lending and investments activities. NBFCs cater to the "Unbanked" segment of the society both in urban and rural areas. NBFCs play a complementary and supplementary role to banks in retail lending and NBFCs are key players in promoting financial inclusion. Our company is categorized as Non Accepting Deposits Non Banking Finance Company.

As reported last year Commercial Project at Shalimar Bagh, (Shalimar Place), Delhi, is nearing completion.

OPPORTUNITIES & THREATS, RISKS & CONCERNS, PERFORMANCE AND OUTLOOK**FINANCIAL**

The financial performance of the Company are given as under:-

	(Rs. In lacs)	
Financial Results	Year ended 31.3.2012	Year ended 31.3.2011
Gross Profit before depreciation, finance cost and provisioning	1356.04	1273.34
Less: Finance Cost	(59.64)	(3.13)
Add: Provisions against doubtful/irrecoverable assets/loss in value of investments written back	16.73	146.10
Less: Depreciation including impairment and property reserves	(142.59)	(115.90)
Provision of Tax	(215.00)	(232.00)
Excess/(short)provision of tax of earlier years	(2.46)	-
Net Profit/(loss) for the year	953.08	1068.41
Profit /(Loss) brought forward	(2745.84)	(3208.45)
Total Profit/(Loss)	(1792.76)	(2140.04)
Appropriations		
Amount transferred to Reserve Fund u/s 45-IC of the RBI Act,1934	(190.61)	(213.68)
Proposed Dividend and Corporate Tax thereon	-	(338.70)
Transferred to General Reserves	-	(53.42)
Losses carried forward to Balance Sheet	(1983.37)	(2745.84)

RISK & CONCERNS

The company has laid down the procedure to inform the Board about the risk management and minimization procedure. These procedures are periodically reviewed to ensure that management control risk through means of property defined frame work.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your company has an adequate system of internal control, designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and property recorded. Accounting records are adequate for preparation of financial statements and other financial information. Besides, the management has put in place system for review and monitoring of non performing assets of the company for effecting recoveries.

HUMAN RESOURCES

Your company always regards human resources as its most valuable asset and continuously evolves policies and process to attract and retain its substantial pool of managerial resources through friendly work environment that encourages initiatives by individuals and recognizes their performance.

DISCLAIMER

Certain Statements in the Management Discussion and Analysis describing the company's views about the industry, expectations, objectives, etc may be understood within the meaning of applicable laws and regulations. Factors like changes in Government regulations, tax laws and other factors as such industrial relations and economic developments etc. may further influence the company's operations or performance.

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We hereby certify, for the financial year ended 31st March, 2012 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:-

1. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are no transactions entered into by the company during the year ended 31st March, 2012 which are fraudulent, illegal or in violation of the company's Code of Conduct.
4. We have accepted responsibility for establishing and maintaining internal controls for financial reporting.
5. We have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting.
6. We have disclosed to the Auditors and the Audit Committee, deficiencies of which we are aware in the design or operation of the internal control systems.
7. We have taken the required steps to rectify these internal control deficiencies.
8. We further certify that:
 - a) There have been no significant changes in internal controls over financial reporting during the year.
 - b) There have been no significant changes in accounting policies during the year
 - c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the company's internal control systems over financial reporting.

For THE MOTOR & GENERAL FINANCE LTD

**(RAJIV GUPTA)
CHAIRMAN & MANAGING DIRECTOR
& CHIEF EXECUTIVE OFFICER(CEO)**

for THE MOTOR & GENERAL FINANCE LTD

**(M.K. MADAN)
VICE PRESIDENT & COMPANY SECRETARY
& CHIEF FINANCIAL OFFICER(CFO).**

**Place: New Delhi
Date : August 23, 2012**

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2012

For THE MOTOR & GENERAL FINANCE LTD

**(RAJIV GUPTA)
CHAIRMAN & MANAGING DIRECTOR
& CHIEF EXECUTIVE OFFICER(CEO)**

**Place: New Delhi
Date: August 23, 2012**

SECRETARIAL AUDIT REPORT

The Board of Directors
 The Motor & General Finance Limited
 MGF House, 4/17-B
 Asaf Ali Road,
 New Delhi-110002

I have conducted, the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the M/s **THE MOTOR & GENERAL FINANCE LIMITED**'s books, papers, minute books, forms and returns filed and other records maintained by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has during the audit period covering the financial year ended on 31st March, 2012, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s **THE MOTOR & GENERAL FINANCE LIMITED** for the financial year ended on 31st March, 2012 according to the provisions of :

- The Companies Act, 1956, Rules and the Amendments made under the Act from time to time;
- The Depositories Act 1996, Regulations and the Byelaws framed under the Act;
- The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) namely ;
 - o The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - o The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation 1992;
- The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made under the Act; and;
- The Listing Agreement with Bombay Stock Exchange Limited & National Stock Exchange of India Limited;
- Memorandum and Articles of Association of the Company,
 - a. Maintenance of statutory registers and documents and making in them necessary entries;

Statutory Register

	Remarks
• Section 143 Register of charges	Maintained
• Section 150 Register of member and index thereof	Maintained
• Section 163 file regarding copies of Annual Return	Maintained
• Section 193 Minutes of Board, General and Committee meetings	Maintained
• Section 209 Books of Accounts	Maintained
• Section 301 Register of Contract in which directors are interested	Maintained
• Section 303 Register of Director	Maintained
• Section 307 Register of Directors Shareholding	Maintained
• Section 372A Register of Loans, Investments and Guarantees/Securities provided.	Maintained
b. Register of Member is closed as per the Statutory Compliances;	
c. The Company conducted its 81 st Annual General Meeting on 29 th September, 2011	
d. Notices of Board Meeting and Committee Meetings are circulated mentioning therein place, day, hour of the meeting and the business to be transacted there at;	

- e. All forms, returns, documents and resolution required to be filed with the Registrar of Companies are duly filed;
 - f. Service of all Documents by the Company on its Members and Registrar of Companies is in time ;
 - g. Remuneration and terms of appointment of Manager is in compliance with Schedule XIII of Companies Act, 1956
 - h. Appointment and remuneration of Auditors;
 - i. Minutes of proceedings of Annual General Meeting, Board Meetings and minutes of Committee Meetings are duly maintained.
 - j. Transfer, Transmission, delivery of original and duplicate certificates of shares are duly undertaken in stipulated period of time;
 - k. Constitution of the Board of Directors, its appointment, retirement and reappointment is in compliance with the Listing Agreement.
 - l. There are no unpaid/unclaimed amounts which are required to be transferred under the Act to the Investor Education and Protection Fund;
 - m. All borrowings are duly noted in the Statutory Registers.
 - n. The Contracts entered into and on behalf of the company are duly undertaken under the Common Seal of the Company;
 - o. Balance Sheet and the Statement of Profit & Loss Account are prepared in compliance with the revised Schedule VI of the Act;
 - p. All Investments of Company's funds are duly accorded under the approval of the board;
2. I do hereby further report that:
- (a) The Directors of the Company have obtained Directors Identification Number (DIN No.) as per Section 266A of the Act.
 - (b) The Directors have complied with the requirements as to disclosure of interest and concerns in contracts and arrangements, shareholdings and directorship in other companies and interest in other entities.
 - (c) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel.
 - (d) The Company has obtained all necessary approvals from the statutory bodies required from time to time under the Act.
 - (e) There was no prosecution initiated against, or show cause notice received by the company and no fines or penalties were imposed on the Company under the Companies Act, SEBI Act, SCRA Act, Depositories Act, Listing Agreement and Rules, Regulation and Guidelines framed under these Acts against the Company, its Directors and Officers.
3. I further report the Company has complied with the provisions of the Depositories Act 1996, Regulations and the Byelaws framed there under with regard to dematerialization / re-materialization of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
4. I further report that the Company has complied with:
- (a) The requirements under the Listing Agreement entered into with Bombay Stock Exchange Limited & National Stock Exchange of India Limited.
 - (b) The provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 with regard to the disclosure and maintenance of record required under the regulations.
 - (c) The provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with regard to disclosures and maintenance of records required under the Regulations.

I further report that:

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

Place: New Delhi
Date: July 24, 2012

Anjali Yadav
(Company Secretary)
FCS No. 6628

AUDITORS' REPORT

To the Members of
THE MOTOR & GENERAL FINANCE LIMITED

We have audited the attached Balance Sheet of **The Motor & General Finance Limited** as at March 31, 2012, the Statement of Profit & Loss and also 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.

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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' 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.
2. *Attention is drawn to Note No. 29 regarding Inter-Corporate Deposits given to Jayabharat Credit Limited in which directors are interested, on the terms and conditions as stated therein.*
3. Further to our comments in the Annexure referred to in paragraph 1 above, we report that :
 - i) *Provision of Rs. 305.98 lacs has not been made for diminution in the value of noncurrent long term permanent investments. (Refer Note No.30).*
 - ii) *There is non-compliance of the provisions of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions 1998, with regard to maintenance of Credit Concentration/Investment Norms in respect of lending to one of the Company where these are exceeding the limits. (Refer Note No.31)*
4. We further report that :
 - a) 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;
 - b) 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.
 - c) The Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, the Statement of Profit & Loss 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 subject to our comments in our paragraphs 3 (i) above.
 - e) On the basis of written representations received from the Directors, as at March 31, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at March 31, 2012 from being appointed as a Director under clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

We further report that, without considering the observation made in paragraph 3 (ii) above the effect of which could not be determined, had the observation made by us in paragraph 3 (i) above been considered, the profits for the year would have been Rs. 647.09 lacs (as against the reported figure of Rs. 953.07 lacs) and the deficit in statement of profit & loss would have been Rs. 2289.35 Lacs (as against the reported figure of Rs. 1983.38 Lacs).

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon 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 March 31, 2012;
- b. in the case of the Statement of Profit & Loss, the **profit** of the Company for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **S. N. Dhawan & Co.**,
Chartered Accountants
Firm Reg. No.000050N

(S. K. Khattar)
Partner
M. No.84993

Place: New Delhi
Date : August 23, 2012

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE ON ACCOUNTS OF THE MOTOR & GENERAL FINANCE LIMITED FOR THE YEAR ENDED MARCH 31, 2012

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets *except for assets on lease*.
- (b) As per information and explanations given to us, fixed assets other than lease assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. *For Assets on Lease, confirmations from lessees, as regards their physical existence, were not available.*
- (c) According to the information and explanations given to us, the Company has not disposed off a substantial part of its fixed assets during the year.
- ii) The Company does not have any inventory. Therefore, the provisions of clause 4 (ii) (a), (b) & (c) of the Order, are not applicable.
- iii) (a) The Company has granted Inter Corporate Deposits to one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such inter corporate deposit given to such party was Rs. 2541.00 lacs.
- (b) In our opinion the rate of interest and other terms and conditions on which Inter Corporate Deposits have been given, are prima facie not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us, no repayment schedule has been specified and accordingly the question of repayment of principal amount does not arise. However the interest is being paid regularly.
- (d) The Company has taken Inter Corporate Deposits/Advances (including interest free advances from two parties) from three companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 2012.00 lacs and the year-end balance of loans taken from such parties was Rs. 1476.00 lacs.
- (e) In our opinion, the other terms and conditions on which Inter Corporate Deposits/Advances (including interest free advances) have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (f) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest wherever stipulated.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of the business with regard to purchase of fixed assets. As explained, there was neither purchase of inventories nor sale of goods and services during the year. During the course of our audit we have not come across any continuing failure to correct major weaknesses in the internal control systems.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 read with Non Banking Financial Companies Acceptance of Public Deposit (Reserve Bank) Directions, 1998.
- (vii) The Company has an internal audit system. However, functioning thereof (including extent of coverage) needs to be strengthened to make it commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956.
- ix) (a) According to the information and explanations given to us and according to the records produced before us for our verification, the Company is generally regular in depositing, with appropriate authorities the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax and any other material statutory dues applicable to it.
- (b) According to the information and explanations furnished to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax and Sales Tax etc. were in arrears as at March 31, 2012 for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax and Service Tax which have not been deposited on account of any dispute, other than the following:-

Name of the statute	Nature of dues	Rs. in Lacs	Forum where dispute is pending
Sales Tax Act	Transfer of Right to use (1970-71 to 1995-96)	4.24	Before U. P. Tribunal, Deputy Commissioner and Assistant Commissioner
Electricity Act	Electricity charges (1993-94 & 2004)	69.24	BSES Yamuna Power Ltd.

- x) In our opinion, the accumulated losses of the Company are not more than 50% of its net worth. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) Based on our examination of the records and according to the information and explanations given to us the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii) 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.
- xiii) In our opinion, the Company is not a Chit Fund or Nidhi /Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable.
- xiv) In our opinion the Company is not dealing or trading in shares, securities, debentures or other investments. Therefore, the provisions of clause 4 (xiv) of the Order are not applicable.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) According to the information and explanations given to us, the term loans availed by the Company were applied for the purposes for which they were obtained.
- xvii) According to the information and explanations given to us, and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.

- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the year.
- xx) The Company has not raised any money through public issue during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **S. N. Dhawan & Co.**,
Chartered Accountants
Firm Reg. No.000050N

(S. K. Khattar)
Partner
M. No.84993

Place: New Delhi
Date : August 23, 2012

BALANCE SHEET AS AT MARCH 31, 2012

PARTICULARS	Note No.	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	193,635,950	193,635,950
Reserves and surplus	3	623,069,598	525,308,892
		<u>816,705,548</u>	<u>718,944,842</u>
Non-current liabilities			
Long-term borrowings	4	324,979,531	409,200,000
Other long term liabilities	5	67,918,000	69,718,000
Long-term provisions	6	7,603,083	13,039,660
		<u>400,500,614</u>	<u>491,957,660</u>
Current liabilities			
Short-term borrowings	7	70,900,000	8,500,000
Trade payables	8	32,220,917	39,064,126
Other current liabilities	9	295,248,726	129,111,818
Short-term provisions	10	15,107,842	44,659,933
		<u>413,477,485</u>	<u>221,335,877</u>
TOTAL		<u><u>1,630,683,647</u></u>	<u><u>1,432,238,379</u></u>
ASSETS			
Non-current assets			
Fixed assets	11		
Tangible assets		284,350,393	294,628,921
Non current investments	12	1,008,032,856	878,158,382
Long-term loans and advances	13	256,600,000	140,075,000
Other non-current assets	14	8,571,387	5,884,412
		<u>1,557,554,636</u>	<u>1,318,746,715</u>
Current assets			
Current investments	15	32,041,000	94,286,825
Trade receivables	16	4,234,659	4,963,263
Cash and cash equivalents	17	7,856,880	6,917,731
Other current assets	18	28,996,472	7,323,845
		<u>73,129,011</u>	<u>113,491,664</u>
TOTAL		<u><u>1,630,683,647</u></u>	<u><u>1,432,238,379</u></u>
Summary of Significant Accounting Policies	1		

The accompanying notes 1 to 44 are an integral part of the financial statements.

As per our report of even date attached
for **S.N.Dhawan & Co.**
Chartered Accountants
Firm Reg. No. 000050N

RAJIV GUPTA
Chairman & Managing Director
& Chief Executive Officer

ARTI GUPTA
Joint Managing Director

(S.K.Khattar)
Partner
M.No. 084993

ARUN MITTER
Executive Director

BHARAT KUMAR
Director

M.K. MADAN
Vice President & Company Secretary
& Chief Financial Officer

ABHIRAM SETH
Director

Place : New Delhi

Dated: August 23, 2012

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	Note No.	Year Ended 31.03.2012 Rs.	Year Ended 31.03.2011 Rs.
INCOME			
Revenue from operations	19	130,396,957	128,401,371
Other income	20	42,493,958	29,395,754
Total (A)		172,890,915	157,797,125
EXPENDITURE AND CHARGES			
Finance costs	21	5,964,492	313,909
Employees benefits expense	22	20,857,006	22,861,369
Operating, administrative and other expenses	23	53,279,792	55,609,704
Depreciation and amortization expenses	24	14,259,237	11,589,882
Loss on sale of non current investments		5,345,000	-
Total (B)		99,705,527	90,374,864
Profit before exceptional items, provisions, extra ordinary items and tax (A-B)		73,185,388	67,422,261
Exceptional items			
Bad debts written off		-	13,030,988
Profit before provisions, extra ordinary items and tax		73,185,388	54,391,273
Provision for doubtful debts written back		1,673,265	14,610,485
Profit before extra ordinary items and tax		74,858,653	69,001,758
Extra ordinary items	25	42,194,888	61,039,160
Profit before tax for the year		117,053,541	130,040,918
Tax Expenses:			
Minimum alternate tax (MAT)		(21,500,000)	(23,200,000)
Excess/(Short) provision of earlier years		(245,740)	-
Profit after tax for the year		95,307,801	106,840,918
Earnings Per Share (Face Value - Rs. 10 per share)			
Basic		4.92	5.52
Diluted		4.92	5.52
Summary of Significant Accounting Policies	1		
The accompanying notes 1 to 44 are an integral part of the financial statements.			

As per our report of even date attached
for **S.N.Dhawan & Co.**
Chartered Accountants
Firm Reg. No. 000050N

RAJIV GUPTA
Chairman & Managing Director
& Chief Executive Officer

ARTI GUPTA
Joint Managing Director

(S.K.Khattar)
Partner
M.No. 084993

ARUN MITTER
Executive Director

BHARAT KUMAR
Director

M.K. MADAN
Vice President & Company Secretary
& Chief Financial Officer

ABHIRAM SETH
Director

Place : New Delhi
Dated: August 23, 2012

CASH FLOW STATEMENT FOR YEAR ENDED MARCH 31, 2012

	Year Ended 31.03.2012 Rs.	Year Ended 31.03.2011 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	117,053,541	130,040,918
Adjustments for:		
Depreciation/Amortisation	14,259,237	11,589,882
Loss on Sale/ Discard of Fixed Assets	426,049	-
Profit on sale of Fixed Assets	(9,045,955)	(547,179)
Bad Debts Written Off	-	(13,030,988)
Reversal of Provision for Doubtful Debts	(1,673,265)	(14,610,485)
Compensation for VRS	-	638,479
Interest Paid	5,964,492	313,909
Interest Received	(14,641,168)	(8,488,428)
Provision for Gratuity	903,675	3,531,078
Provision for Leave Encashment	43,971	31,842
Dividend Income	(1,013,281)	(3,953,708)
Profit on sale of Investments	(45,350,924)	(60,736,899)
Loss on sale of Investment	-	-
Operating Profit Before Working Capital Changes	66,926,372	44,778,421
Increase/(Decrease) in Trade payable	(6,843,209)	14,365,912
Increase/(Decrease) in other Long term Liabilities	(1,800,000)	1,094,683
Increase/(Decrease) in other Current Liabilities	77,253,566	(3,889,171)
(Increase)/Decrease in Trade Receivables	728,604	21,459,270
(Increase)/Decrease in Long Term Loans and Advances	(116,525,000)	(27,025,000)
(Increase)/Decrease in Other Non Current Assets	1,128,445	(2,132,448)
(Increase)/Decrease in Other Current Assets	(21,672,627)	21,319,081
Net Cash Used in Operations	(803,848)	69,970,748
Income Tax Paid	(25,954,739)	(20,983,002)
Net Cash Flow From Operating Activities	(26,758,587)	48,987,746
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,133,947)	(32,587,888)
Sale of Fixed Assets	10,323,500	650,000
Addition in Investments	(22,375,177)	(500,111,505)
Dividend Income	1,013,281	3,953,708
Interest Received	14,641,168	8,488,428
Net Cash Flow From Investing Activities	468,825	(519,607,257)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Long Term Borrowings	(84,220,469)	409,200,000
Increase/(Decrease) in Short Term Borrowings	150,232,242	88,240,000
Interest Paid	(5,964,492)	(313,909)
Dividend Paid	(27,994,293)	(37,329,844)
Tax on Dividend	(4,824,077)	(6,230,237)
Net Cash Flow From Financing Activities	27,228,911	453,566,010
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	939,149	(17,053,501)
Opening Cash and Cash Equivalents	6,917,731	23,971,232
Closing Cash and Cash Equivalents	7,856,880	6,917,731
Note:	Year ended	Year ended
1 Components of Cash and Cash Equivalents:	March 31, 2012	March 31, 2011
Cash and Cheques in Hand	567,940	534,444
Balances with Banks	7,288,940	6,383,287
	7,856,880	6,917,731
2 Previous year figures have been re-grouped/re-arranged/re-classified wherever necessary to make them comparable with the current year figures.		

As per our report of even date attached
for **S.N.Dhawan & Co.**
Chartered Accountants
Firm Reg. No. 000050N

RAJIV GUPTA
Chairman & Managing Director
& Chief Executive Officer

ARTI GUPTA
Joint Managing Director

(S.K.Khattar)
Partner
M.No. 084993

ARUN MITTER
Executive Director

BHARAT KUMAR
Director

M.K. MADAN
Vice President & Company Secretary
& Chief Financial Officer

ABHIRAM SETH
Director

Place : New Delhi
Dated: August 23, 2012

Notes forming part of the financial statements for the year ended 31 March 2012**1. SIGNIFICANT ACCOUNTING POLICIES****i) Accounting Conventions**

The financial statements have been prepared on a Going Concern basis, on historical cost convention, applicable Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 which have been notified by the Companies (Accounting Standards) Rules, 2006 and the provisions of Companies Act, 1956 and after taking into account the applicable guidelines issued by the Reserve Bank of India to Non Banking Financial Companies from time to time and in accordance with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India.

ii) Fixed Assets

Fixed Assets (including assets given on lease upto 31.3.2001) have been stated at cost less accumulated depreciation and impairment, if any. Cost refers to cost of acquisitions/revalued cost.

iii) Investments

Long Terms Investments are valued at cost. Cost refers to actual cost of acquisition / carrying cost. Provisions for diminution in value, if any, is made if decline is of permanent nature. Current Investments are valued at lower of cost or market value. Investments in Immovable Properties are valued at cost. Other Investments are stated at cost less provision for decline in value, if any.

iv) Inventories

Inventories are stated at lower of cost or net realizable value less provision for obsolescence, if any.

v) Repossessed Vehicles

Repossessed Vehicles in hand are valued at the Principal or Principal and Interest amount due form hirers or at net realisable value, whichever is lower.

vi) Depreciation

- a) Assets on Lease and Assets at Gas Division: Pro-Rata on straight line method, as per rates prescribed in Schedule XIV to the Companies Act, 1956.
- b) Other Fixed Assets: Pro -rata on Written Down Value method as per rates prescribed under the Income Tax Act, 1961 or as per rates prescribed in Schedule XIV to the Companies Act, 1956, whichever is higher.
- c) Assets costing Rs. 5,000/- or below are fully depreciated in the year of acquisition.
- d) No write off is made in respect of lease relating to leasehold lands.
- e) No depreciation is provided in respect of Investments in Land and Buildings held as Investments, (other than those under development) as the amount set aside under Property Reserve is considered adequate to cover such depreciation.
- f) Depreciation on Land & Buildings is provided on composite cost, where cost of Land is not separately ascertained.

vii) Classification of Assets and Provisioning

Assets are classified into Performing and Non Performing categories based on their record of recovery as prescribed by the Reserve Bank of India's Prudential Norms and after considering adjustments effected, if any. Income from Non Performing Assets is recognised when realised and provision made as per Prudential Norms.

viii) Revenue Recognition

- a) Finance Charges on hire purchase/ loan against hypothecation contracts and income from finance lease transactions are computed using Internal Rate of Return method which ensures a constant periodic rate of return on net finance amount outstanding.
- b) Lease Rentals are accounted for as per terms of lease agreements. However, in compliance of the Guidance Note issued by the Institute of Chartered Accountants of India, and applicable to transactions entered into prior to 01.4.2001, the differential between the Capital Recovery Component comprised (based on the Internal Rate of Return method) in the lease rentals and the depreciation referred to in Para 6(a) above, (for all assets acquired on

or beginning from 1st April, 1995 from accounting year 1995-96 and in respect of assets acquired upto 1.4.1995 prospectively from the accounting year 1996-97) is carried to "Lease Equalisation" in the Profit & Loss Account.

- c) Income from Non Performing Assets is recognised when realised.
- d) Bills Discounting Charges are accounted for on accrual basis except in case of Non Performing Assets, wherein it is recognised on realisation basis.
- e) Overdue charges from hirers/lessees are accounted for on realisation basis in view of uncertainty thereof.
- f) Interest income in the Profit & Loss Account is recognised on accrual basis.
- g) Interest on Post Office Savings Bank Account, Insurance claims etc. are accounted for on receipt basis.
- h) Dividend is accounted for on accrual basis when the right to receive dividend is established.

ix) Retirement Benefits

- a) Provision for Gratuity payable to eligible employees and for leave encashment is made based on actuarial valuation or as per actual liability, whichever is higher.
- b) Provident Fund contribution for all employees is charged to revenue each year.

x) Deferred Revenue Expenditure

- a) Shares and Debenture issue expenses are written off over a period of ten years.
- b) The total liability under Voluntary Retirement Scheme (VRS) is amortised to the Profit & Loss Account over the period of expected future benefits (a period of five years) commencing from the year the employees opt for the scheme. The unamortized amount to the extent not written off is disclosed as "Miscellaneous Expenditure."

xi) Deferred Tax

Deferred Tax is recognised, subject to consideration of prudence, on timing differences, representing the difference between the taxable income/ (loss) and the accounting income/ (loss) that originated in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax assets viz. unabsorbed depreciation and carry forward losses are recognised if there is 'virtual certainty' that sufficient future taxable income will be available against which such deferred tax assets can be realised.

xii) Income Tax

The current tax under Indian Income tax relates to Minimum Alternate Tax (MAT) as per the provisions of Section 115JB, it is expected to be recovered in future years and the same has been recognized as MAT credit entitlement.

xiii) Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain impairment based on internal/external factors. An impairment loss is recognised when the carrying amount of an asset exceeds its realisable value. The realisable value is greater of the assets net selling price and value in use.

xiv) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the company has a present obligation as a result of past event,
- b) a probable outflow of resources is expected to settle the obligation and
- c) the amount of obligation can be reliably estimated.

Reimbursements expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in the case of

- a) a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) a possible obligation, of which the probability of outflow of resources is remote.

Contingent Assets are neither, recognised nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

2. SHARE CAPITAL	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
AUTHORISED		
50,000,000 (Previous Year 50,000,000) Equity Shares of Rs.10/- each	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up 19,363,595 (Previous year 19,363,595) Equity Shares of Rs.10/- each fully paid up	<u>193,635,950</u>	<u>193,635,950</u>

- a.) The Company has one class of equity shares having a par value of Rs. 10 per Share. Each Shareholder is eligible for one vote per share held. The dividend proposed (if any) by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend(if any). In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.
- b.) 277 Equity Shares out of issued, subscribed and paid up share capital were allotted in 2008-09 pursuant to the Schemes of amalgamation without payments being received in cash.

c. Reconciliation of the shares outstanding at the beginning and at the end of the year

	As at 31.03.2012		As at 31.03.2011	
	Nos.	Rs.	Nos.	Rs.
Equity Shares				
At the beginning of the year	19,363,595	193,635,950	19,363,595	193,635,950
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	<u>19,363,595</u>	<u>193,635,950</u>	<u>19,363,595</u>	<u>193,635,950</u>

d. Details of shareholders holding more than 5% shares in the company

	As at 31.03.2012		As at 31.03.2011	
	Nos.	% holding	Nos.	% holding
Equity shares of Rs. 10/- each fully paid up				
Bahubali Services Limited	3,795,471	19.60%	3,563,815	18.41%
Shri Rajiv Gupta & Arti Gupta	1,400,000	7.23%	1,638,595	8.46%
Smt. Arti Gupta & Shri Rajiv Gupta	981,000	5.07%	-	-

3. RESERVES AND SURPLUS

	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
Capital Reserve	610,050	610,050
Securities Premium Account	88,840,900	88,840,900
Statutory Reserve Fund (under Section 45 IC of Reserve Bank of India Act)		
Opening balance	140,783,727	119,415,543
Add: Transferred from surplus/ (deficit) in statement of profit & loss	19,061,560	21,368,184
Closing balance	159,845,287	140,783,727
Revaluation Reserve		
Opening balance	265,257,996	266,530,857
Less: Transferred to depreciation & amortization	1,145,575	1,272,861
Closing balance	264,112,421	265,257,996
Property Reserve		
Opening balance	46,613,264	45,790,574
Add: Transferred from depreciation & amortization	3,695,931	3,950,404
	50,309,195	49,740,978
Less: deductions during the year	97,451	3,127,714
Closing balance	50,211,744	46,613,264
General Reserve		
Opening balance	257,787,106	252,445,060
Add: Transferred from surplus/ (deficit) in statement of profit & loss	-	5,342,046
Closing balance	257,787,106	257,787,106
Surplus/ (deficit) in statement of profit & loss		
Opening balance	(274,584,151)	(320,845,369)
Add: profit for the year	95,307,801	106,840,918
	(179,276,350)	(214,004,451)
Less: Appropriations		
Transfer to Statutory Reserve Fund	19,061,560	21,368,184
Transfer to General Reserve	-	5,342,046
Proposed Dividend Rs. Nil (Previous Year @ Rs 1.50 per share)	-	29,045,393
Corporate Dividend Tax	-	4,824,077
Closing balance	(198,337,910)	(274,584,151)
TOTAL	623,069,598	525,308,892

4. LONG TERM BORROWINGS

	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
Secured		
Term Loan		
From Bank (Kotak Mahindra Bank Limited)	241,800,000	409,200,000
Working Capital Loan		
From other (Kotak Mahindra Prime Limited)	70,000,000	-
Vehicle Loan		
From other (Kotak Mahindra Prime Limited)	13,179,531	-
Total	<u>324,979,531</u>	<u>409,200,000</u>

Notes:-

- a) Term Loan from Kotak Mahindra Bank Limited is secured by way of mortgage of one of company's properties and hypothecation of trade receivables including all present and future lease rentals and personal guarantee of two directors.
- b) The principal of term loan is payable by way of monthly installments and the floating rate of interest is 15.30%. The principal amount of loan repayable in Financial Year 2012-13 is Rs. 167,400,000/-, 2013-14 Rs. 122,300,000/-, 2014-15 Rs. 83,400,000/- and in 2015-16 Rs. 36,100,000/- respectively.
- c) Working capital loan is secured by way of first & exclusive equitable mortgage of one of the properties of the company and personnel guarantee of two Directors.
- d) Working capital loan is repayable in 36 equal installments after 12 months of moratorium period. The rate of interest on working capital loan is 15.55%
- e) Vehicle loan is secured against the hypothecation of vehicle
- f) The principal of vehicle loan is payable by way of monthly installments and the rate of interest is 13%. The principal amount of loan repayable in financial year 2012-13 is Rs. 3,522,242/-, 2013-14, Rs. 3,931,732/-, 2014-15 Rs. 4,762,707/- and in 2015-16 Rs. 4,485,049/- respectively.

5. OTHER LONG TERM LIABILITIES

Security deposits	67,918,000	69,718,000
	<u>67,918,000</u>	<u>69,718,000</u>

6. LONG TERM PROVISIONS

For gratuity	6,046,649	5,356,725
For leave encashment	677,789	657,435
For taxation (net of advance tax/tax deducted at source)	-	393,579
For non performing assets as per RBI norms	878,645	6,631,921
Total	<u>7,603,083</u>	<u>13,039,660</u>

7. SHORT TERM BORROWINGS

	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
Unsecured		
Inter corporate deposits from related parties - Bahubali Services Ltd.	<u>70,900,000</u>	<u>8,500,000</u>
	<u>70,900,000</u>	<u>8,500,000</u>
8. TRADE PAYABLES		
Trade payables	<u>32,220,917</u>	<u>39,064,126</u>
	<u>32,220,917</u>	<u>39,064,126</u>
9. OTHER CURRENT LIABILITIES		
Current maturities of long term loan from bank	167,400,000	83,100,000
Current maturities of vehicle loan	3,532,242	-
Other liabilities	116,307,158	29,802,844
Advance against sale of properties	-	5,100,000
Deposits and Sundry Advances from Hirers etc.	-	3,776,201
Bank book overdraft	732,421	840,609
Interest accrued but not due on		
Term loan	2,781,666	4,033,263
Working capital loan	509,954	-
Vehicle loan	101,536	-
Inter corporate deposits	394,737	20,989
Unclaimed dividend	3,489,012	2,437,912
	<u>295,248,726</u>	<u>129,111,818</u>
There are no amount due and outstanding to be credited to Investors Education and Protection Fund		
Other liabilities includes from related parties		
Ram Prakash & Co. Pvt. Limited	26,700,000	-
Grosvenor Eststes Pvt. Limited	50,000,000	-
	<u>76,700,000</u>	-
10. SHORT TERM PROVISIONS		
For gratuity	4,904,520	4,690,769
For leave encashment	399,977	376,360
Proposed dividend	-	29,045,393
Tax on dividend	-	4,824,077
For non performing assets as per RBI norms	9,803,345	5,723,334
	<u>15,107,842</u>	<u>44,659,933</u>

(In Rupees)

11 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2011	Additions during the year	Deductions	As at 31.03.2012	Up to 01.04.2011	Additions	Deductions	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
Assets on Lease										
Earth Moving Machinery	52,591,529	-	-	52,591,529	52,591,523	-	-	52,591,523	6	6
General Machinery	24,553,179	-	-	24,553,179	24,553,165	-	-	24,553,165	14	14
Gas Cylinders	530,000	-	-	530,000	529,999	-	-	529,999	1	1
Vehicles	1,122,629	-	-	1,122,629	1,122,627	-	-	1,122,627	2	2
Commercial Vehicles	21,984,214	-	-	21,984,214	21,984,212	-	-	21,984,212	2	2
Thermax Boilers	321,000	-	-	321,000	320,999	-	-	320,999	1	1
Total	101,102,551	-	-	101,102,551	101,102,525	-	-	101,102,525	26	26
Other Fixed Assets										
Land *										
Freehold	131,205,451	-	-	131,205,451	-	-	-	-	131,205,451	131,205,451
Leasehold	111,666,023	-	222,629	111,443,394	-	-	-	-	111,443,394	111,666,023
Land & Buildings										
Freehold	54,281,916	-	4,059,423	50,222,493	40,294,811	1,316,360	3,174,340	38,436,831	11,785,662	13,987,105
Leasehold	36,000,000	-	-	36,000,000	27,965,742	801,426	-	28,787,168	7,212,832	8,014,258
Plant and Machinery	107,223	-	107,223	-	105,056	325	105,381	-	-	2,167
Vehicles	51,326,742	3,012,912	14,843,516	39,496,138	21,678,609	8,215,842	14,688,999	15,205,452	24,290,686	29,648,133
Furniture & Fixtures	10,644,078	-	9,278,453	1,365,625	9,448,236	216,454	9,003,223	661,467	704,158	1,195,842
Office Machines	12,696,781	-	8,012,078	4,684,703	12,262,089	64,366	7,938,943	4,387,512	297,191	434,692
Computer	2,230,913	84,000	1,058,759	1,256,154	2,152,163	77,317	1,058,051	1,171,429	84,725	78,750
Electric Fittings, Equipment & Fans etc.	22,746,799	37,035	2,445,859	20,337,975	17,406,881	799,032	2,402,660	15,803,253	4,534,722	5,339,918
Lifts	3,891,729	-	-	3,891,729	3,705,152	28,014	-	3,733,166	158,563	186,577
Gas Cylinders	230,000	-	230,000	-	229,885	-	229,885	-	-	115
Air Conditioners & Coolers	15,640,641	-	2,964,778	12,675,863	14,333,547	189,745	2,917,642	11,605,650	1,070,213	1,307,094
Total	452,668,296	3,133,947	43,222,718	412,579,525	419,602,171	11,708,881	41,519,124	119,791,928	292,787,597	303,066,125
Grand Total	553,770,847	3,133,947	43,222,718	513,682,076	250,704,696	11,708,881	41,519,124	220,894,453	292,787,623	303,066,151
Previous year	521,662,959	32,587,888	480,000	563,770,847	242,123,148	8,958,727	377,179	250,704,696	303,066,151	-

* Title deed of lease hold plot costing Rs. 3,594/- is pending execution.
Net block to be decreased by accumulated lease adjustment of Rs. 8,437,230/- in 31.03.2012 and 31.02.2011

12 : NON-CURRENT INVESTMENTS

PARTICULARS	FACE VALUE (Rs.)	(Nos) 01.04.2011	(Nos) Additions	(Nos) Deductions	(Nos) 31.03.2012	VALUE	
						As at 31.03.2012 (Rs.)	As at 31.03.2011 (Rs.)
1. EQUITY SHARES FULLY PAID UP							
NON TRADE							
QUOTED							
Jayabharat Credit Limited *	10	2,172,300	-	-	2,172,300	29,316,380	29,316,380
India Lease Development Limited *#	10	3,273,840	1,335,000	-	4,608,840	61,189,351	52,384,851
Metal Box India Limited	10	1,200	-	-	1,200	17,100	17,100
Rajasthan Breweries Ltd	10	4,700	-	-	4,700	140,836	140,836
Sri Ramakrishna Mills(CBE) Limited	10	15,000	-	-	15,000	450,641	450,641
Kongarar Textiles Limited	10	10,000	-	10,000	-	-	450,000
Vijay Kumar Mills Limited	10	50,000	-	50,000	-	-	4,000,000
MTZ (India) Limited	10	10,000	-	-	10,000	500,000	500,000
Mawana Sugars Limited	10	450	-	-	450	9,000	9,000
						91,623,308	87,268,808
UNQUOTED							
MGF Services Limited* #	10	890,000	-	890,000	-	-	8,804,500
Fairgrowth Investments Limited	10	100,000	-	100,000	-	-	1,000,000
Vijaya Home Loans Limited	10	40,000	-	40,000	-	-	400,000
						-	10,204,500

* Companies under the Same Management

*# MGF Services Limited was amalgamated with India Lease Development Limited. Consequent to amalgamation new shares were allotted in the ratio of 1.5 equity share of Rs. 10/- each for every 1 share held in erstwhile MGF Services Limited.

2. SHARES IN COOPERATIVE SOCIETIES

Atlanta premises Cooperative Society Ltd.	50	10	-	-	10	500	500
						500	500

3. INVESTMENT IN IMMOVABLE PROPERTIES

Building on Leasehold Land						191,696,057	191,696,057
Building on Freehold Land						25,358,630	25,761,193
Commercial Project Under Construction						699,354,361	555,202,324
						916,409,048	772,659,574

4. INVESTMENT IN ART PAINTINGS

						-	8,025,000
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TOTAL NON CURRENT INVESTMENTS						1,008,032,856	878,158,382
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NOTES:

	Cost	Market Value
i) Aggregate value of Quoted Long Term Investments	91,623,308	60,146,632
	(87,268,808)	(43,813,264)
ii) Aggregate value of Unquoted Long Term Investments	916,409,548	-
	(790,889,574)	(-)
iii) The Company has only commercial right in commercial project and as such all the expenditures made have been capitalised.		

	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
13. LONG TERM LOANS AND ADVANCES		
Inter Corporate Deposits		
(Unsecured and Considered Good)		
Deposits with related parties		
Jayabharat Credit Limited	254,100,000	137,575,000
Other Deposits	2,500,000	2,500,000
	256,600,000	140,075,000
14. OTHER NON CURRENT ASSETS		
Security deposits		
Considered good	3,074,238	3,452,073
Considered doubtful	1,256,280	1,256,280
Fixed deposits with banks having maturities of more than twelve months *	424,439	1,175,049
Saving bank a/c with post office (Pledged with excise department)	1,010	1,010
Advance tax/tax deducted at source (net of provisions)	3,815,420	-
	8,571,387	5,884,412
* Include Rs. 424,439/- (previous year Rs. 424,439/-) lodged as margin for issuing bank guarantees to government authorities.		

15: CURRENT INVESTMENTS

PARTICULARS	FACE VALUE (Rs.)	(Nos) 01.04.2011	(Nos) Additions	(Nos) Deductions	(Nos) 31.03.2012	VALUE	
						As at 31.03.2012 (Rs.)	As at 31.03.2011 (Rs.)
1. MUTUAL FUNDS (Quoted)							
IDFC Ultra Short Term Fund-Weekly Dividend	10	298,592.44	4,645.53	303,237.97	-	-	2,985,382
Kotak FMP 19M Series2-Growth	10	257,500.00	-	257,500.00	-	-	2,575,000
Religare Active Income Fund Regular -Monthly Dividend	10	1,036,454.19	12,021.21	1,048,475.40	-	-	10,650,677
Religare Medium Term Bond Fund-Monthly Dividend	10	1,113,775.21	18,859.36	1,132,634.57	-	-	11,138,021
Religare Monthly Income Plan Plus- Dividend-Reinvestment	10	982,818.62	32,510.92	1,015,329.54	-	-	10,119,714
Religare Ultra Short Term Fund-Institutional Weekly Dividend	1000	13,874.48	261.98	14,136.46	-	-	13,910,017
Religare Ultra Short Term Fund-Regular Weekly Dividend	1000	818.29	11.40	829.69	-	-	817,014
Religare Credit Opportunities Fun-Growth	10	-	1,016,840.07	1,016,840.07	-	-	-
Religare Ultra Short Term Fund-Regular Daily Dividend	1000	-	10,448.18	10,448.18	-	-	-
							<u>52,195,825</u>
2. DEBENTURES (UNQUOTED)							
Barclays Investments & Loans (India) Limited- Series 125	1000000	10	-	10	-	-	10,050,000
Barclays Investments & Loans (India) Limited- Series 210	1000000	8	-	-	8	8,040,000	8,040,000
Barclays Investments & Loans (India) Limited- Series 194	4000000	6	-	-	6	24,001,000	24,001,000
						<u>32,041,000</u>	<u>42,091,000</u>
TOTAL CURRENT INVESTMENTS						32,041,000	94,286,825

NOTES:

	Cost	Market Value
i) Aggregate value of Quoted Current Investments	-	-
	(52,195,825)	(52,498,060)
ii) Aggregate value of Unquoted Current Investments	32,041,000	25,146,400
	(42,091,000)	(41,037,300)
iii) The current investments are valued at lower of cost or market value. The diminution in value of current investment has been provided and total provision is shown under the head short term provisions note no. 10		

	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
16. TRADE RECEIVABLES		
1. Lease Rentals :		
Considered doubtful	3,582,194	3,920,798
2. Others Considered good		
Other debts	-	90,000
3. Hire Purchase Business (Secured by Vehicles under hire purchase agreement)		
Instalments receivable from Hirers:		
Outstanding for over six months		
Considered doubtful	652,465	952,465
	<u>4,234,659</u>	<u>4,963,263</u>
17. CASH AND CASH EQUIVALENTS		
Cash in hand and stamps	37,940	68,329
Cheques in hand	530,000	466,115
With Scheduled Banks in:		
Current accounts	5,671,560	6,383,287
Fixed deposits having maturities upto twelve months	1,617,380	-
	<u>7,856,880</u>	<u>6,917,731</u>
NOTES:		
Balance in current accounts Include Rs. 3,489,012 (Previous year Rs. 2,437,912) earmarked against unclaimed dividend.		
18. OTHER CURRENT ASSETS (Unsecured, Considered Good)		
Interest accrued on inter corporate deposits	4,278,501	2,249,552
Interest accrued but not due on fixed deposits	91,257	27,596
Advances recoverable in cash or in kind or for value to be received	24,626,714	5,046,697
	<u>28,996,472</u>	<u>7,323,845</u>

	Year Ended 31.03.2012 Rs.	Year Ended 31.03.2011 Rs.
19. REVENUE FROM OPERATIONS		
Hire purchase charges	7,500	23,256
Lease charges	2,055,752	9,372,407
Bills discounting charges	1,400,000	675,000
Rent from investments in immovable properties	<u>126,933,705</u>	<u>118,330,708</u>
	<u>130,396,957</u>	<u>128,401,371</u>
20. OTHER INCOME		
Dividends from current investments	1,013,281	3,953,708
Interest received :		
Fixed deposits with banks	122,968	80,710
Intercompany deposits	14,453,800	7,792,558
Insurance claim	-	615,160
Others	64,400	-
Miscellaneous income	6,210,932	4,770,200
Profit on sale of fixed assets/leased assets (net)	9,045,955	547,179
Profit on sale /redemption of current investments	3,156,036	11,072,739
Miscellaneous balances written back	3,837,447	-
Bad debts realised	4,589,139	563,500
	<u>42,493,958</u>	<u>29,395,754</u>
21. FINANCE COST		
Interest expenses		
On inter corporate deposits	2,028,016	37,480
On vehicle loan	1,973,309	-
On working capital loan	566,616	-
On others	20,141	276,429
Other borrowing costs		
Processing charges	1,376,410	-
	<u>5,964,492</u>	<u>313,909</u>
22. EMPLOYEES BENEFITS EXPENSE		
Salaries, wages, allowances, bonus	16,528,017	15,400,666
Compensation for VRS	-	638,479
Company's contribution to provident fund / other funds	1,412,354	1,305,526
Gratuity paid/provided	903,675	3,531,078
Staff welfare	2,012,960	1,985,620
	<u>20,857,006</u>	<u>22,861,369</u>

22.1 Liability for Employee's Leave Encashment has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Accounting Standard 15 (Revised) as prescribed by Companies (Accounting Standards) Rules, 2006, the detail of which is as under:

A. Assumptions	Leave Encashment	
	31.03.2012	31.03.2011
Particulars		
Discount Rate	8.60%	8.00%
Rate of Return on Plan Assets	0.00%	0.00%
Salary Escalation	5.67%	5.67%
B. Changes in Benefit Obligations		
Liability at beginning of the year	1,033,796	1,001,953
Interest Cost	82,704	77,150
Current Service Cost	Nil	Nil
Benefit Paid	-	-
Actuarial(gain)/ Loss on obligation	(38,733)	(45,307)
Liability at the end of the year	1,077,767	1,033,796
C. Fair Value of Plan Asset		
Fair Value of Plan Assets at beginning of the year	Nil	Nil
Expected Return on Plan Assets	Nil	Nil
Contributions	Nil	Nil
Benefits Paid	Nil	Nil
Actuarial Gain / (Loss) on Plan Assets	Nil	Nil
Fair value of Plan Assets at the end of the year	Nil	Nil
Funded Status	Unfunded	Unfunded
D. Expenses recognised in the Profit & Loss Account		
Current Service Cost	-	-
Interest Cost	82,704	77,150
Net Actuarial (Gain)/ Loss for the period	(38,733)	(45,307)
Liability Provided/paid already	669,570	627,419
Expenses Recognised in Profit & Loss account	713,541	659,262
E. Balance Sheet Reconciliation		
Opening Net Liability	1,033,796	1,001,953
Expenses charged to Profit & Loss account	713,541	659,262
Benefit Paid	(669,570)	(627,419)
Closing Liability as at 31.03.2012	1,077,767	1,033,796

22.2 The Company has charged **Rs. 903,675/-** (previous year Rs. 3,531,078/-) to Statement of Profit & Loss for the year ended 31st March, 2012 towards Gratuity Liability as per Payment to Gratuity Act, 1972. The closing Gratuity liability(current & non current) as on 31st March, 2012 is **Rs. 10,951,169/-** (previous year Rs. 10,047,494/-).

	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
23. OPERATING, ADMINISTRATIVE AND OTHER EXPENSES		
Rent	275,100	287,600
Rates & taxes and ground rent	11,515,337	10,654,287
Auditors remuneration towards:		
Audit fees	325,000	325,000
Tax audit	75,000	75,000
Certification	75,000	75,000
Service tax	48,925	48,925
Transport, travelling and motor car expenses	8,419,077	10,553,812
Brokerage, commission and service charges	84,650	754,000
Donations	1,252,000	866,300
Insurance	1,039,549	538,540
Bank charges	266,690	259,162
General expenses	7,930,465	7,809,546
Electricity expenses	4,231,486	4,175,447
Legal & professional charges	5,253,630	5,983,525
Postage, telegram & telephone expenses	1,683,316	1,175,495
Stationery & printing	1,916,157	2,072,538
Repairs to buildings	915,865	2,117,201
Repairs to others	3,286,062	3,396,163
Sundry expenses	4,260,434	4,442,163
Fixed assets written off	426,049	-
	<u>53,279,792</u>	<u>55,609,704</u>
24. DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation	11,708,881	8,958,727
Property reserve	3,695,931	3,950,404
Less: Transferred from revaluation reserve	1,145,575	1,272,861
Less: Lease equalisation	-	46,388
	<u>14,259,237</u>	<u>11,589,882</u>
25. EXTRA ORDINARY ITEMS		
Profit on sale of investment in properties	42,194,888	49,664,160
Maturity proceeds of LIC key men policy	-	11,375,000
	<u>42,194,888</u>	<u>61,039,160</u>

26. CONTINGENT LIABILITIES:**(Amount in Rs.)**

Particulars	31.3.2012	31.3.2011
a) Guarantees given to Sales Tax and other authorities, on behalf of the company (against pledge of fixed deposits)	424,439	424,439
b) Other disputed demands not acknowledged as debts i) Electricity charges(BSES)	6,924,303	6,924,303

27. The Company continues to hold the certificate issued by Reserve Bank of India in Category "B" as Non-Accepting Deposits Non Banking Finance Company.
28. In terms of Notification No.RBI/2006-07/200/DNBS/PDCC No.85/03.02.089 dated December 6, 2006 for continuation of business of NBF, under Section 45-1A of the RBI Act, 1934 pending issuance of fresh certificate of registration, the company continues to correspond to the classification as per the certificate issued under the NBFs norms.
29. In view of the Company's substantial holding in Jayabharat Credit Limited (JBCL) and to preserve Company's reputation and image, the Board of Directors of the Company had taken a conscious decision to give Inter-Corporate Deposit (ICD) to meet the contingency in repayment of public deposits and banks of JBCL. The outstanding amount of the ICD is **Rs. 254,100,000** (Previous Year Rs. 137,575,000), will be settled once JBCL becomes a debt free company. However, the interest on the ICD is being recovered regularly.
30. Non Current Long Term Investments are to be valued at cost in terms of Accounting Standard-13 "Accounting for Investments" issued by the Institute of Chartered Accountants of India and as recommended by Reserve Bank of India's guidelines, subject to provision for diminution in value, other than temporary in nature. However, considering the long term nature and other related matters, investments in quoted companies amounting to **Rs. 90,505,731** (Previous Year Rs.81,701,231) have been valued at cost and the temporary short fall of **Rs.30,598,031** (Previous Year Rs.38,224,543) has not been provided for.
31. The Company could not comply with the Reserve Bank of India guidelines prescribed for Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 with regard to credit concentration exposure in respect of one company which have become in excess of prescribed limits.
32. The Company in one of the properties, on the demand raised during the year, by the Municipal Corporation of Delhi, has deposited Rs. 1,40,29,312/- towards conversion charges and additional FAR charges for commercial use. The matter is under negotiation with tenants and the management is hopeful to recover the same.

33. Hire Purchase Business

	31.03.2012	31.03.2011
Amounts for which installments are due but have not been received:		
a) More than six months	652,465	952,465

34. Deferred Taxation

On a prudent and conservative basis, Deferred Tax Asset, due to timing differences, arising from Unabsorbed Depreciation, Business Loss and Provisions for Non Performing Assets have not been recognised in the absence of any certainty that sufficient future taxable income will be available in the foreseeable future against which the net Deferred Tax Assets can be realised.

35. Current Taxation:-

- a) Provision for Income Tax for the year has been made after considering reliefs available under the Income Tax Act, 1961.
- b) Income Tax assessments up to the financial year 2008-2009 (Assessment Year 2009-2010) have been completed and there are no pending demands against the Company.

36. Segment information :-

The Company's business activities predominantly relate to providing finance by way of Hire Purchase and Leasing Operations. Accordingly revenue from financing activities comprises the primary basis of segmental reporting. Hence segmental reporting as defined in Accounting Standard – 17 is not applicable.

37. Balance in parties accounts whether in debit or in credit are subject to confirmation.

38. Disclosure of details pertaining to related party transactions entered into during the year in terms of Accounting Standard -18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India:

a) List of Related Parties

(As identified and certified by the management)

i) Under Common Control

India Lease Development Limited, Jayabharat Credit Limited, Bahubali Services Limited, MGF Services Limited (amalgamated with India Lease Development Limited w.e.f. April 29, 2011) and Grossvenor Estates Pvt. Limited.

ii) Enterprises over which the key management personnel are able to exercise significant influence.

MGF Motors Private Limited, Capital Vehicle Sales (P) Ltd, Kerala Cars Private Limited, Columbia Holding Private Limited and Ram Prakash & Co. Private Limited.

iii) Key Management Personnel

Shri Rajiv Gupta, Smt Arti Gupta and Shri. Arun Mitter.

b) Details of transactions entered into with related parties:

(Amount in Rs.)

Particulars	Under Common Control	Enterprises over which Key Management Personnel is able to exercise influence	Key Management Personnel
ICD taken	116,500,000	38,500,000	-
	(11,000,000)	(Nil)	
ICD Repaid	54,100,000	38,500,000	-
	(1,000,000)	(Nil)	
Advances taken	50,000,000	26,700,000	
	(-)	(-)	
ICD given	116,525,000	-	-
	(112,475,000)		
Interest Received on ICD	14,078,800	-	-
	(7,417,558)		
Interest paid on ICDs	1,484,094	543,922	-
	(37,480)	-	
Investment sold	8,025,000	-	-
	(Nil)		
Director's Remuneration	-	-	3,872,240
			(3,439,281)
Services Charges paid	-	Nil	-
		(21,284)	
Rent Received	-	800,000	-
		(2,000,000)	
Property Sold	-	Nil	-
		(55,000,000)	
Fixed Asset purchased	-	Nil	-
		(30,997,918)	
Maintenance received	-	181,324	-
		(Nil)	
Outstanding Balance as on 31-3-2012		-	-
ICD receivable(including advances and interest)	258,041,001	-	-
	(139,487,052)		
ICD/Advance payable including interest	121,294,734	27,200,000	-
	(8,520,989)	(561,204)	

(Previous year's figures are given in bracket)

39. Assets Given Under Finance Lease From 1st April, 2001 In accordance with The Accounting Standard - 19, "Leases", issued By The Institute Of Chartered Accountants Of India, with contractual maturities in Lease Financing Activities (Including Hire Purchase Agreements with an option to the hirer to acquire the Assets) are set out below :-

	Gross Investment in Finance Lease	Unearned Financial Income	Present Value of Future Lease/Hire Purchase vehicles (3)=(1)-(2)
a) Lease Receivable (in respect of transactions after 1.4.2001)			
-Not later than one year	-	-	-
-Later than one but not later than five years	-	-	-
-Later than five years	-	-	-
Total	-	-	-
Less: Provision for Uncollectable/receivables	-	-	-
Total	-	-	-
b) Hire Purchase Receivables (in respect of transactions after 1.4.2001)			
-Not later than one year	-	-	-
-Later than one but not later than five years	-	-	-
-Later than five years	-	-	-
Total	Nil	Nil	Nil
Less: Provision for Collectible Lease/HP Receivables	-	-	-
Total	Nil	Nil	Nil

- c) In compliance with Accounting Standard-19 relating to "Accounting for Leases" the Company has given the following assets on lease rentals to various parties.

Assets	Cost Rs.	Property Reserve Rs.	Future lease rental (for a period of one year) Rs.
Land & Building	217,054,687 (217,457,250)	3,695,931 (3,950,404)	119,470,557 (126,933,705)
(Previous year's figures are given in bracket)			

40. Earnings Per Share(E.P.S)

	2011-12	2010-11
a) Net Profit for the year attributable to Equity Shareholders	Rs 95,307,801	Rs 106,840,918
b) Weight Average Number of Equity Shares	19,363,595	19,353,595
c) Basic Earnings per Share	Rs 4.92	Rs 5.52
d) Diluted Earnings per Share	Rs 4.92	Rs 5.52
e) Nominal value per Share	Rs 10.00	Rs 10.00

41. Additional particulars as prescribed by the Reserve Bank of India (RBI) in terms of DNBS (PD) CC No.25/02-02/2002-03 dated 29-03-2003, are given here under:

(1) **Loans and advances availed by the NBFC's inclusive of interest accrued thereon but not paid:**

	Amount Outstanding Rs.	Amount Overdue Rs.
a) Debentures: Secured		
Unsecured (Other than falling within the meaning of Public Deposits)	-	-
b) Deferred Credit	-	-
c) Term Loans/Working Capital	479,200,000	-
d) Inter Corporate Loans and Borrowings including Advances taken	147,600,000	-
e) Commercial Paper	-	-
f) Public Deposits including accrued interest	-	-
g) Other Loans (vehicle loan from Kotak Mahindra Prime Limited)	16,711,773	-
(2) Break up of (1)(f) above(Outstanding Public Deposits inclusive of interest accrued Thereon but not paid)		
a) In the form of Unsecured Debentures	-	-
b) In the form of partly Secured Debentures i.e. Debentures where there is a shortfall in the value of security	-	-
c) Other Public Deposits	-	-
Assets side:		
(3) Break up of Loans and Advances including bills receivables (other than those included in (4)below):		
a) Secured	-	-
b) Unsecured	289,926,990	-
(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		
b) Operating Lease	-	-
ii) Stock on hire including lease rentals under Sundry Debtors:		
a) Assets on hire	652,465	
b) Repossessed Assets	-	
c) Hypothecation loans counting towards EL/HP activities:		
d) Loans where assets have been repossessed	-	
e) Loans other than (a) above	-	
(5) Break up of Investments (Net of Provisions)		
Current Investments:		
1. Quoted		
i) Shares: a) Equity	-	
b) Preference	-	
ii) Debentures and Bonds	-	
iii) Units of Mutual Funds	-	
iv) Government Securities	-	
v) Others (Please specify)	-	

2. Unquoted		
i) Shares:	a) Equity	-
	b) Preference	-
ii) Debentures and Bonds		32,041,000
iii) Units of Mutual Funds		-
iv) Government Securities		-
v) Others (Please specify)		-

Long Term Investments:**1. Quoted**

i) Shares:	a) Equity	91,623,308
	b) Preference	-
ii) Debentures and Bonds		-
iii) Units of Mutual Funds		-
iv) Government Securities		-
v) Others (Please specify)		-

2. Unquoted

i) Shares:	a) Equity	-
	b) Preference	-
ii) Debentures and Bonds		-
iii) Units of Mutual Funds		-
iv) Government Securities		-
v) Others (Please specify) property		916,409,048

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

(Amount in Rs.)

Category	(net of provisions)		Total
	Secured	Unsecured	
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same Group	258,041,001	258,041,001	-
(c) Other related parties	-	-	-
2. Other than related parties	-	30,629,709	30,629,709
Total	258,041,001	288,670,710	30,629,709

(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	-	-
b) Companies in the same group	59,907,700	90,505,731
c) Other related parties	-	-
2. Other than related parties	941,794,880	941,794,880
Total	1,001,702,580	1,032,300,611

(8) Other Information

Particulars

i) Gross Non Performing Assets		
(a) Related Parties		-
(b) Other than related parties		35,067,322

*Due to Accumulated Lease Adjustment

ii) Net Non Performing Assets		
(a) Related parties		-
(b) Other than related parties		25,385,332

iii) Assets acquired in satisfaction of debt

42. Details of Managerial Remuneration to Managing/Whole Time Directors

(Amount in Rs.)

i) Remuneration	<u>2011-12</u>	<u>2010-11</u>
Salary, Wages allowance & Bonus	2,889,685	2,544,000
Contribution to Provident Fund	349,046	302,400
Perquisites	633,504	592,881
Total	<u>3,872,240</u>	<u>3,439,281</u>

ii Directors Sitting Fees

Sundry Expenses include **Rs. 80,000** (Previous Year Rs.85,000) paid towards Directors' Sitting Fees for attending Board Meetings. No Meeting Fee was paid for attending Committee Meetings.

ii) Directors Travelling

Transport, Travelling and Motor Car Expenses include **Rs.181,371** (Previous Year Rs.1,713,329) for Directors Travelling

43. There is no amount due to the Micro Small and Medium Enterprises in terms of "The Micro Small and Medium Enterprises Development Act, 2006"

44. The financial statements have been prepared in line with requirements of revised Schedule VI of the Companies Act 1956, as introduced by Ministry of Corporate Affairs, from the financial year ended March 31, 2012. Accordingly, the assets and liabilities are classified between current and non current considering 12 months period as operating cycle. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. Consequently, the Company has reclassified previous year figures to conform to this year's classification.

As per our report of even date attached
for **S.N.Dhawan & Co.**
Chartered Accountants
Firm Reg. No. 000050N

RAJIV GUPTA
Chairman & Managing Director
& Chief Executive Officer

ARTI GUPTA
Joint Managing Director

(S.K.Khattar)
Partner
M.No. 084993

ARUN MITTER
Executive Director

BHARAT KUMAR
Director

M.K. MADAN
Vice President & Company Secretary
& Chief Financial Officer

ABHIRAM SETH
Director

Place : New Delhi

Dated: August 23, 2012

OFFICES**MUMBAI**

1, Atlanta Building
209, Nariman Point
Mumbai-400021
Phones: 022-30281792-95
Chief Executive: Sh.S.S. Khera

KOLKATA

15, Chittaranjan Avenue
Kolkata-700072
Phones: 22129623

ERNAKULAM

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Cochin-682011 (Kerala)
Phones: 2373137/2366539/2362230
Regional Manager: Mr.Umesh Sanan

JALANDHAR

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35,G.T.Road, Jalandhar (Punjab)
Phones: 225332/227115

BENGLURU

305, Raheja Chambers
12, Museum Road
Bengaluru-560001
Phones: 25596651, 25596650

KOTTAYAM

S.H. Mount Post , Kottayam
(Kerala)
Phones: 2562906, 2562248

NAGERCOIL

316/1, K.P. Road
Nagercoil (T.N.)
Phones: 230048, 230068

COIMBATORE

S.S. Finance Building
First Floor, No. 222 B,
New No. 106, Vivekanantha Road
Ram Nagar Coimbatore - 641009
Phones: 0422-2236789

THE MOTOR & GENERAL FINANCE LIMITED

Regd.Office: MGF House, 4/17-B, Asaf Ali Road, New Delhi-110002
 Phone Nos.: 23272216-18, 23278001-02, Fax No. 23274606, Grams : 'EMGEEF' Telefax : 66436

E-mail : mgfld@hotmai.com

Website : www.mgfld.com

ADMISSION SLIP

Name of the Member(s)/ Proxy (in Block Letters)	Folio No. :
	DP ID No. :
	Client ID No. :
	No. of Shares :

I/We hereby record my/our presence at the 82nd Annual General Meeting of **THE MOTOR & GENERAL FINANCE LIMITED** on Thursday, September 27, 2012 at 11.30 A.M. at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110 030.

SIGNATURE OF THE MEMBER(S)/PROXY

NOTES: 1. Members/proxy holders must bring this Attendance Slip to the meeting and hand over at attendance counter duly signed.



THE MOTOR & GENERAL FINANCE LIMITED

Regd.Office: MGF House, 4/17-B, Asaf Ali Road, New Delhi-110002
 Phone Nos.: 23272216-18, 23278001-02, Fax No. 23274606, Grams : 'EMGEEF'

E-mail : mgfld@hotmai.com

Website : www.mgfld.com

PROXY FORM

Reference Folio No.....Client ID No.....DP ID No.....

I/We.....

of.....

being a Member (s) of **THE MOTOR & GENERAL FINANCE LIMITED** hereby appoint.....

.....of.....or, failing

him/her.....of.....

as my /our proxy to attend and vote for me/us on my /our behalf at the 82nd Annual General Meeting of the company to be held on Thursday, September 27, 2012 at 11.30 A.M. at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110 030 and/or at any adjournment hereof.

Signed this.....day of.....2012.

Signature.....

Affix Re. 1.00 Revenue Stamp

Notes: (i) A Proxy in order to be effective must be received at the Registered Office of the Company not less than Forty Eight Hours(48) before the scheduled time of the meeting.

(ii) A Proxy need not be a Member.

BOOK POST

If undelivered, please return to :

The Motor & General Finance Limited

Regd. Off. : 'MGF House', 4/17-B, Asaf Ali Road
New Delhi - 110 002.