

ANNUAL REPORT
2008-2009



INTER STATE FINANCE LIMITED

21st ANNUAL REPORT

BOARD OF DIRECTORS

AMARJIT SINGH

LT. GEN. K .C. TANEJA PVSM (Retd.)

H. C. GANDHI

ANIL MADHOK

R. N. GROVER

VINEET WADHWA

Managing Director

Director

Director

Director

Director (Since Expired)

Director

COMPANY SECRETARY

RAJIV MEHTA

Regd. Office :

111, Dayanand Marg,
Darya Ganj,
New Delhi-110 002

Banker :

Bank of India, New Delhi.
Corporation Bank, New Delhi.

Auditors :

Sapra Sharma & Associates

Chartered Accountants

23, Prakash Apartments,

5, Ansari Road, Darya Ganj,

New Delhi-110 002.

NOTICE 21ST ANNUAL GENERAL MEETING

NOTICE is hereby given that 21st Annual General Meeting of the members of M/S. Inter State Finance Limited will be held on 7th September 2009 at Institute Hall, K-Block, R.K. Puram, New Delhi-110022 at 10.00 a.m. to transact the following business :-

ORDINARY BUSINESS:-

1. To consider and adopt the Audited Balance Sheet as on March 31, 2009 and Profit & Loss Account for the year ended on that date together with Auditors' and Directors' Report thereon.
2. To consider and to appoint a Director in place of Lt. Gen. K.C. Taneja PVSM (Retd.) who retires by rotation and being eligible offers himself for re-appointment.
3. To consider to appoint new Auditors M/s. JAGDISH SAPRA & CO., CHARTERED ACCOUNTANTS, New Delhi at the place of M/s. SAPRA SHARMA & ASSOCIATES, CHARTERED ACCOUNTANTS who is retiring at the conclusion of the ensuing Annual General Meeting and has shown their inability to continue as Statutory Auditors of the company for the next Term i.e. for 2009-2010, who will hold office till the conclusion of next AGM and to fix their remuneration.

SPECIAL BUSINESS:-

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to Section 94 of the Companies Act 1956, and the Articles of Association of the Company and other applicable provisions, if any of the said Act, the Authorized Capital of the Company be and is hereby increased from Rs. 30,00,00,000/- (Rupees Thirty Crores Only) to Rs. 35,00,00,000/- (Rs. Thirty Five Crores only) divided into 35,00,00,000 (Rupees Thirty Five Crores) Equity shares of Rs. 1/- each by creating 5,00,00,000 (Five Crores) new equity shares of Rs. 1/- each ranking pari passu with the existing shares.

RESOLVED THAT FURTHER the existing Clause V of the Memorandum of Association of the Company as to Share Capital be and is hereby deleted and in its place the following clause be substituted;

- V. The Authorized Share Capital of the Company is Rs. 35,00,00,000/- (Rupees Thirty Five Crore only) divided into 35,00,00,000/- (Thirty Five Crore) Equity Shares of Rs. 1/- (Rupee One) each."
5. To Consider, and if, thought fit, to pass with or without modification(s) the following resolution as Special Resolution:

"RESOLVED THAT pursuant to Section 81 and all other applicable provisions of the Companies Act, 1956 (including any modifications or re-enactments thereof, for the time being in force), subject to all applicable laws and in accordance with all relevant provisions of the Memorandum and Articles of Association of the Company and the listing agreements entered into by the Company with the stock exchanges where the Company's shares are listed and subject to any necessary approval, consent, permission and/or sanction of the Central Government, Reserve Bank of India and/or any other appropriate regulatory authorities, and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, or sanction, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee constituted by the Board or any person(s) authorized by the Board in this regard), the Company be and is hereby authorized to issue, offer and allot (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted), in the course of one or more domestic or international offering(s) with or without Green Shoe option, including by way of a qualified institutional placement under Chapter XIII A of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("SEBI Guidelines"), to eligible investors (whether or not such investors are members of the Company, or whether or not such investors are Indian or foreign, including qualified institutional buyers such as public financial institutions, scheduled commercial banks, mutual funds, foreign institutional investors, multilateral and bilateral development financial institutions, venture capital funds, foreign venture capital investors, state industrial development corporations, insurance companies, pension funds and provident funds), whether by way of a public offering or by way of a private placement and whether by way of circulation of an offering circular or placement document or otherwise, securities including equity shares and/or instruments or securities convertible into equity shares of the Company such as Global Depository Receipts and/or American Depository Receipts and/or convertible preference shares and/or convertible debentures or bonds (compulsorily and/or optionally, fully and/or partly), and/or non-convertible debentures with warrants and/or securities with or without detachable/non-detachable warrants and/or warrants with a right exercisable by the warrant holder to subscribe for equity shares, or by anyone or more or a combination of the above model/methods or otherwise, resulting in the issue of up to Rs 23,75,00,000 /- (Rupees Twenty Three Crore Seventy Five Lacs only) equity shares having face value of Rs.1/- each (hereinafter referred to as ("Securities"), amounting to an increase in the paid-up equity share capital of the Company by up to Rs. 33,25,00,000 /- (Rupees Thirty Three Crore Twenty Five

Lacs only) to be denominated in Indian rupees or foreign currency, as the case may be, which, at the option of the Company or the holders of the Securities may be surrendered for the purpose of cancellation against receipt of corresponding number of underlying equity shares of the Company, as the case may be; and such issue and allotment to be made in one or more tranche or tranches, on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue or allotment.

RESOLVED FURTHER THAT without prejudice to the generality of the above and subject to all applicable laws, the aforesaid issue of Securities may have all or any terms or combination of terms as are provided in issue of securities of such nature internationally including terms relating to surrender of the Securities for the purposes of cancellation against receipt of the corresponding number of underlying equity shares and the Company be and is hereby authorized to enter into and execute all such arrangements/agreements as the case may be with any lead managers, managers, underwriters, advisors, guarantors, depositories, custodians and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or the like, and also to seek the listing of such Securities in one or more stock exchanges outside India and the listing of equity Shares underlying the Securities in one or more stock exchanges in India."

6. To consider, and if, thought fit, to pass with or without modification(s), the following Resolution as an Special Resolution:-

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269,309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the company be and is hereby accorded to the appointment and remuneration of Mr. Amarjit Singh, as Managing Director of the company for a term of five years w.e.f. 1st August, 2009 till 31st July, 2014 at a remuneration as contained hereunder subject to the approval of the Members of the company and the Central Government."

- | | | | |
|-----|--------------------------|---|---|
| I. | Basic Salary | : | Rs. 70,000 /- P.M with an increment of 15% of basic salary per annum. |
| II. | Perquisites & Allowances | : | Rs 18,000 /- P.M. |
- In addition to the above salary, Mr. Amarjit Singh shall be entitled to the following perquisites:

Part-A

Monthly Allowance:-

- | | | | |
|-----|-------------------------|---|--------------------------------|
| (a) | Telephone Allowance | : | For office use only |
| (b) | Conveyance allowance | : | For office use only |
| (c) | Actual Medical Expenses | : | up-to 3 months of Gross Salary |

Note : For the purpose of perquisites, stated herein above, 'Family' means spouse, the dependent children and dependent parents of the appointee.

Part B

Provision of car and telephone at the residence will not be considered as perquisites.

"RESOLVED FURTHER THAT the aggregate amount of remuneration payable to Mr. Amarjit Singh in any one financial year will not exceed to Rs 15,00,000/- (Rupees Fifteen Lacs only) in any financial year during the above said terms of his appointment and subject to overall ceiling limit laid down in Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956.

Further Resolved that Mr. Rajiv Mehta, Company Secretary of the company be and is hereby authorized to take all necessary steps including to sign and execute the papers, documents to be filed in this regard and to do all such acts, deeds, things etc. as he may deem fit to give effect to this resolution."

7. To consider, and if, thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT Mr. Vineet Wadhwa, who was appointed as an Additional Director under section 260 of the Act at the meeting of the Board of Directors of the Company held on 15.01.2009, and whose term expires at the ensuing Annual General Meeting of the company on 7th September, 2009, and who has given a notice to the company along with a cash of Rs. 500/- towards deposit signifying his intention to offer his candidature for the appointment as Director of the company at the ensuing Annual General Meeting, be and is hereby appointed as Director of the Company."

8. To consider, and if, thought fit, to pass with or without modification(s), the following Resolution as an Special Resolution:-

Section 81 of the Companies Act, 1956 ("the Act") provides, inter alia, that whenever a public company proposes to increase its subscribed capital by further issue/ offer and allotment of shares, such shares shall be offered to the existing shareholders of the Company in the manner laid down in the said Section, unless the shareholders decide otherwise by a special resolution. Accordingly, the consent of the members is being sought pursuant to the provisions of Section 81 and all other applicable provisions of the Act, authorizing the Board to issue Securities, as stated in the Resolution, which may result in issuance of rights shares of the Company to persons other than the existing members of the Company. The Directors of the Company may be deemed to be concerned or interested in the Resolution to the extent of Securities issued/allotted to them or to the companies/institutions in which any of them is a director or member, if any.

Therefore, the Board of Directors recommends this resolution to be passed by members of the Company as Special Resolution at ensuing AGM.

Item No. 6.

Pursuant to section 269 of the Companies Act, 1956, your company needs to have a whole time director by the name of Managing Director or Manager or Whole Time Director of the Company. Mr. Amarjit Singh who is a promoter director of the Company and continuing as Chairman cum Managing Director of the Company and whose term expires on 31st July, 2009. He is a BA.CAIIIB having a very wide experience in the field of non banking finance business and has widely travelled all over the world with a good exposure of internal business deals. His association and continuation as Chairman cum Managing Director of the company would be worthwhile for the organization.

Further, keeping in view his qualifications, experience and expertise, the Board of Directors has decided to appoint him as the Managing Director of the Company for a period of five years subject to the approval of members of the Company in the general meeting at remuneration mentioned in the resolution. Therefore, the Board of Directors recommends this resolution to be passed by members of the Company as Special Resolution at ensuing AGM. None of the Directors of your Company is interested in the proposed appointment.

Item No. 7.

Mr. Vineet Wadhwa was appointed as Additional Directors of the company pursuant to section 260 of the Companies Act, 1956 and whose terms of office will be only up to the date of ensuing AGM. He is an IIT Graduate, has done B.Tech from IIT (Delhi) and is eligible to be re-appointed as Director of the company. He has signified his intention under section 257 of the Companies Act, 1956 for his re-appointment as Director of the Company with a cash of Rs. 500/-. His association and continuation as Director of the company would be worthwhile for the organization.

Further, keeping in view his qualifications, experience and expertise, the Board of Directors has decided to recommend his name for re-appointment as Director of the Company at ensuing Annual General Meeting. None of the Directors of your Company is interested in the proposed appointment.

Item No. 8.

The name of the company is Inter State Finance Limited which is doing business related to Finance and other business as contained in the Memorandum of Association of the Company. To expand the Business of the Company and venture into new business of Infrastructure, Real Estate and Hospitality i.e. developing, owning, acquiring, renovating, refurbishing, promoting and running hotels, service apartments, restaurants, eating places, conference and convention centers, Banquet Halls and other hospitality related facilities, your company has decided to change its object and has decided to change its name too. Therefore, the Board of Directors have decided to change the name of the company at its meeting held on 31.07.2009 from Inter State Finance Limited to ISF LIMITED subject to the approval of members and the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

Further, your company has been applying for availability of name i.e. ISF LIMITED or such other name as available from ROC office. Pursuant to the provisions of section 21 of the Companies Act, 1956, the change of name requires approval of members by passing a Special Resolution at the General Meeting. Therefore, your Board of Directors hereby recommends the change of name of the company for your approval at the ensuing Annual General Meeting.

A copy of the Memorandum and Articles of Association of the Company showing the proposed changes have been kept at the Registered office of the company for inspection by members, on any working day during 3.00 to 5.00 P.M. (only for two Hours).

None of the Directors is interested in the proposed changes except to their shareholding.

By Order of the Board of Directors

**PLACE: NEW DELHI
DATED: 31.07.2009**

**RAJIV MEHTA
Company Secretary**

"RESOLVED THAT pursuant to Section 21 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Members and Central Government, the name of the Company be and is hereby changed from INTER STATE FINANCE LIMITED to ISF LIMITED or such other name as be available from the Registrar of Companies, New Delhi.

RESOLVED FURTHER THAT Mr. Amarjit Singh and Mr. H.C. Gandhi, Directors of the Company and be and are hereby authorised jointly or severally to make an application to the Registrar of Companies, NCT of Delhi & Haryana, to alter, amend and correct any document in relation to the change of name of the Company and to take all necessary steps in this regard including to appoint professional for the same."

RESOLVED FURTHER THAT Mr. K. K. Singh proprietor of K. K. Singh & Associates, Company Secretaries, Gurgaon be and are hereby authorised to make any amendment and correction in the documents or application filed or to be filed with the Registrar of Companies, NCT of Delhi & Haryana in respect of change of name including to represent the company before the said ROC for obtaining the availability of name."

By Order of the Board of Directors

**PLACE: NEW DELHI
DATED: 31.07.2009**

**RAJIV MEHTA
Company Secretary**

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTYEIGHT HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the company will remain closed from 5th September, 2009 to 7th September, 2009 (both days inclusive).
3. All documents referred to in the accompanying notice are open for inspection at the registered office of the company during office hours on all working days, except Saturdays, between 10.30 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
4. All members are requested to make their correspondence relating to the shares in physical and demat to our Share Transfer Agent i.e. Skyline Financial Services Pvt. Ltd. at its office at 246, 1st Floor, Sant Nagar, East of Kailash, New Delhi -110065 as and when required.
5. The explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of item No. 4 and 7 are annexed herewith.

Item No. 4.

The Company has decided to expand its existing operations in the field of Infrastructure, Real Estate and Hospitality business and is in the process of expansion and diversification. Keeping in view the fund requirement and availability of funds, the company proposes to increase its Authorised Capital from Rs. 30.00 Crores to Rs. 35.00 Crores. Pursuant to Section 94 of the Companies Act, 1956 and Articles of Association of the Company, the resolution for increase in Authorised Capital required to be approved by the Members of the Company by passing Ordinary Resolution. Therefore, your Board hereby recommends this resolution to be passed by members of the Company at ensuing AGM. None of Director is interested in the resolution.

Item No. 5.

The Company is presently engaged in the business of Non Banking Finance Company. The company is now planning to diversify and expand its activities in the field of Infrastructure, Real Estate, Hospitality business, and to make the Company Debt free, which requires long terms funds. In order to meet the funds requirement for execution of the diversification and expansion plan of the company and to strengthen the financial position of the Company by augmenting its long-term resources, it is proposed to issue such securities resulting in the issue of up to 23,75,00,000 /- (Rupees Twenty Three Crore Seventy Five Lacs only) equity shares on rights basis having face value of Rs.1/- each, amounting to an increase in the paid up capital of the Company by up to Rs. 33,25,00,000 /- (Rupees Thirty Three Crore Twenty Five Lacs only) to be determined by the Board on such terms, in such manner, at such price or prices and at such times as may be considered appropriate by the Board in accordance with SEBI Guidelines and the provisions of the Articles of Association of the Company and the provisions of the Companies Act, 1956.

**DIRECTORS' REPORT**

To the Shareholders,

Your Directors have pleasure in presenting 21st Annual Report of the Company alongwith Audited Statement of your accounts for the year ended March 31, 2009.

FINANCIAL RESULTS

The working results of your company for the year under review may be summarised as under:-

	Year ended 31.03.2009	Year Ended 31.03.2008
		(Rs. In Lacs)
Income	192	197
Profit before depreciation	21	19
Less: Depreciation	11	12
Profit before taxation	10	7
Less: Provision for Taxation Current	4	5
Fringe benefit Tax	2	2
Deferred Tax	4	(2)
Profit after tax	0	2
Your Directors have made the following appropriations		
To Reserve Fund	0	1
Leaving available	0	1

DIVIDENDS

Keeping in view uncertain business prospects, the Board of Directors of your Company do not recommend payment of any dividend for the year. The net profit for the year along with brought forward from the previous years of Rs. 233 lacs, is being carried forward to the Balance Sheet.

REVIEW AND PROSPECTS

During the year under Report, there was slight fall in business resulting in slightly lower Profitability.

The Recovery of loans given for Commercial Vehicles has become increasingly difficult on account of very stringent conditions imposed by the Courts and Reserve Bank of India on the use of Recovery Agencies. No alternative method has been provided to NBFC's, as in the case of Banks who have been given protection under Securitisation Act, 2002. Therefore, your Company is looking to diversify its business into other areas, such as Hospitality Industry, Infrastructure and Real Estate. For this purpose the main object clause is being changed to include Infrastructure, Hospitality and Real Estate. In order to meet the funds requirement

for execution of the aforesaid diversification and expansion plan of the Company, your Company is proposing to raise more resources through a "Right issue". Since, the object clause is proposed to be changed it becomes necessary to change the name of the Company to reflect the change in object clause. We will be seeking your consent to undertake these changes.

DEPOSITS

The total public deposits as on 31.03.2009 with the company were Rs. 466 lacs (including Rs. 184 lacs from Directors & Relatives of Directors). There were no over due or unclaimed deposits as on 31.3.2009. In accordance with the directions of the Reserve Bank of India, a specified percentage of public deposits is being held as liquid assets. The company continues to comply with all the regulations applicable to it in terms of NBFC acceptance of Public Deposits (RBI) Direction, 1998.

DIRECTORS

During the year of report, Mrs. Simbal Singh and Mr. Udayjit Singh have resigned from the Directorship of the company with effect from 15th January, 2009. The Board of Directors placed on record their contribution towards the progress of the company.

Lt. Gen K. C. Taneja PVSM (Retd.), Director of the Company who retires by rotation at the ensuing Annual General meeting and being eligible offers himself for reappointment. He is a Graduate in Civil Engineering and has served in the Indian Army in various positions rising to a very senior position of Lt. General. He has also been awarded PVSM. He has very vast experience and his association as Director would be in the best interest of the company.

Mr. Vineet Wadhwa who was appointed as Additional Director of the Company on 15.01.2009 and whose term is upto the date of ensuing AGM only and has offered himself to be re-appointed as Director of the Company at ensuing AGM. He is an IIT Graduate and has done B.Tech from IIT (Delhi). He is a young and dynamic entrepreneur. His association as Director of the company would be in the best interest of the company. Therefore, the Board of Directors hereby recommend the re-appointment of Lt. Gen K. C. Taneja PVSM (Retd.) and Mr. Vineet Wadhwa as Director of the Company.

CORPORATE GOVERNANCE REPORT

The Corporate Governance as required under clause 49 of the Listing Agreement is annexed herewith

AUDITORS & AUDITOR'S REPORT

The Company has received a resignation letter from SAPRA SHARMA & ASSOCIATES, CHARTERED ACCOUNTANTS who have shown their inability to continue as Auditors of the Company. A consent letter has been received from M/s. JAGDISH SAPRA & CO., CHARTERED ACCOUNTANTS to act as statutory auditors for the ensuing year in place of SAPRA SHARMA & ASSOCIATES, CHARTERED ACCOUNTANTS whose term ends at the forthcoming annual general meeting. M/s Jagdish Sapra & Co., Chartered Accountants are eligible and if, appointed, their appointment would be within the limit as specified in section 224 (1B) of the Companies Act, 1956. Therefore, the Board hereby recommends the appointment of new Statutory Auditors of the Company for your approval at the ensuing Annual General Meeting of the Company.

PARTICULARS OF EMPLOYEES

None of the employees is getting remuneration in excess of Rs.24,00,000/- p.a. if employed through out the year or Rs. 2,00,000 p.m., if employed for part of the year.

The Company has nothing to report in respect of Conservation of Energy and Technology Absorption as provided by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1995 since company is not carrying on any manufacturing activities or having use of energy in substantial quantity.

The company has not earned any foreign exchange during the year.

DIRECTORS RESPONSIBILITY STATEMENT IN TERMS OF SECTION 217(2AA) OF THE COMPANIES ACT, 1956

The Board of Directors of the Company state:

- (i) That in the preparation of the annual accounts, the applicable accounting standards had been followed and there were no material departures.
- (ii) That we had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year ended 31.3.2009.
- (iii) That we had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and preventing and detecting fraud and other irregularities.
- (iv) That we had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

The Directors acknowledge the continued support and assistance extended by the Banks, Depositors, Automobiles Dealers, Hirers and Lessees. The Directors also thank the shareholders for their continued confidence in the company.

Your Directors placed on record their appreciation for the dedication and hard work put in by the personnel of the company, whose devotion to duty has been commendable.

FOR AND ON BEHALF OF THE BOARD

**PLACE : NEW DELHI
DATED : 31 July, 2009**

CHAIRMAN

REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below for the financial year 2008-09.

1) Company's Philosophy on code of Corporate Governance

Corporate Governance refer to a combination of regulations, procedures and voluntary practices that enable companies to maximize shareholder's value by attracting financial & human capital and efficient performance.

As a responsible corporate citizen, it is the earnest endeavor of the company to improve its focus on Corporate Governance by increasing accountability & transparency to shareholders, bankers, customers etc.

The Company has complied with the guidelines on Corporate Governance laid down by the Stock Exchanges.

2) Board of Directors

Composition

The Board of Directors of the Company has an optimum combination of executive, non-executive and independent directors. The Board comprises of six directors, headed by a non-executive Chairman.

The Company is managed by the Managing Director and five other non-executive directors. The Board of Director approves and reviews strategy and oversees the actions and results of management to ensure that the long term objectives of maximizing profit and enhancing shareholders value are achieved.

The composition and category of directors as on 31.3.2009 is as follows:

Name of the Directors/ Designation	Position	Board Meetings held during the period of Directorship	Board Meetings attended	Whether attended Meetings last AGM	No. of Directorship held in other public limited companies incorporated in India
Mr. Amarjit Singh	Managing Director	5	5	Yes	2
Mr. H.C. Gandhi	Director	5	5	Yes	2
Mr. R.N. Grover	Director	5	2	No	NIL
Lt. Gen. K.C. Taneja PVSM (Retd.)	Director	5	5	Yes	NIL
Mrs. Simbal Singh	Director	5	6	Yes	1
Mr. Udayjit Singh	Director	5	5	Yes	1
Mr. Vineet Wadhwa	Director	1	0	NA	NIL

None of the Director is a member of more than ten Board-level committees, or a Chairman of more than five such committees, as required under clause 49 of the Listing Agreement.

Meetings & Attendance

During the last financial year, the Board of Directors of your Company met at five meetings on may 30 2008, June 16, 2008, July 19, 2008, October 30, 2008, January 15, 2009 and Agenda papers alongwith explanatory notes were circulated to the Directors well in advance for each of these meetings. All relevant informations, as per Clause 49 of the Listing Agreement were placed before the Board from time to time.

Remuneration of Directors: Sitting Fees, Salary, Perquisites and Commission.

Name of the Director	Relationship with other Directors	Sitting Fee	Commission on profits	Salary	Perquisites & Allowances	Total
Mr. Amarjit Singh	Brother-in-law of Mr. R.N. Grover & Lt. Gen. K.C. Taneja PVSM (Retd.)	NA	NIL	10,56,000/-	1,63,911/-	12,19,911/-
Mr. H.C. Gandhi	None	20,000/-	NIL	NA	NA	20,000/-
Mr. R.N. Grover	Brother-in-law of Mr. Amarjit Singh & Lt. Gen. K.C. Taneja PVSM (Retd.)	NIL	NIL	NA	NA	NIL
Lt. Gen. K.C. Taneja PVSM (Retd.)	Brother-in-law of Mr. Amarjit Singh & Mr. R.N. Grover	20,000/-	NIL	NA	NA	20,000/-
Mrs. Sibal Singh	W/o. Mr Amarjit Singh	20,000	NIL	NA	NA	20,000
Udayjit Singh	S/o Mr. Amarjit Singh	20,000/-	NIL	NA	NA	20,000/-
Mr. Vineet Wadhwa	None	NIL	NIL	NA	NA	NIL

3) Committees of the Board

Audit Committee

The Audit Committee of the Board of Directors has been constituted in conformity with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Committee comprises of three directors, all being non-executive directors. Four Audit Committee Meetings were held during the year on june 16, 2008, July 19, 2008, October 30, 2008 and January 15, 2009.

Composition of the Audit Committee is as follows:

Name of the Director	Position held in Committee
Mr. H.C. Gandhi	Chairman
Lt. Gen. K.C. Taneja PVSM (Retd.)	Member
Mr. Vineet Wadhwa	Member

The Audit Committee of Inter State Finance Limited performs the following function:

Oversee the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

Reviewing with management the annual financial statement before submission to the Board focusing primarily on:

- Any change in accounting policies and practices.
- Major accounting entries based on exercise of Judgement by management.
- Qualification in draft audit report
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with accounting standards.
- Any related party transaction i.e. transactions with promoters/management their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.
- Reviewing the adequacy of internal control systems with management, external and internal auditors.
- Reviewing the adequacy of internal audit function and reporting the matter of the Board.
- Reviewing the Company's financial risk management policies.
- Reviewing the findings of internal investigation on suspected fraud or irregularities of failure of internal control systems.

Shareholders' / Investors' Grievance Committee

The composition of Shareholders' / Investors' Grievance Committee is as follows:-

Name of the Director/ Sr. Executive	Position held in Committee
Mr. Amarjit Singh	Chairman
Mr. K.S. Rajput	Member
Mr.G. S. Bakshi	Member

Share transfer requests received by the Company or by its Registrar and Share Transfer Agents are registered within a period of 30 days from the receipt, if the transfer documents are complete in all respects. The demat requests are normally confirmed within 15 days from the date of receipt.

Remuneration Committee

The Committee determines Company's Policy on specific remuneration package for executive directors. The Composition of the Committee is as follows:-

Name of the Director	Position held in Committee
Mr. H.C. Gandhi	Chairman
Lt. Gen. K.C. Taneja PVSM (Retd.)	Member
Mr. R.N. Grover	Member (Since Expired)

4) Management discussion and analysis

The Annual Report contains matter on management discussion and analysis.

5) Compliance Officer

The Board has designated Mr. K.S. Rajput, General Manager as Compliance Officer.

6) Details of shareholders' complaints received & attended during the year

Subject	Complaints		
	Received	Attended	Pending
Investors's Complaints	28	28	NIL
TOTAL	28	28	NIL

7) General Body Meetings

The last three Annual General Meeting of your Company were held at Institute Hall, K-Block, R.K. Puram, New Delhi-110 022, as per the following schedule:

Financial Year	Date	Time
2007-08	19.07.2008	11.00 a.m.
2005-06	27.09.2006	11.30 a.m.
2004-05	27.09.2005	11.30 a.m.

8) Disclosures

- a) Details of material financial and commercial transactions with related parties

For detail please refer to the Note No. 13 (b) in schedule 15. Notes to the Accounts are forming part of the Balance Sheet and Profit & Loss Account.

- b) Details of non-compliance by the company, penalties, and strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There is no material non-compliance or penalties or strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

- c) Disclosures regarding appointment or re-appointment of directors

According to the Articles of Association of Inter State Finance Limited, one third of the rotational directors retire by rotation at every annual general meeting of the company. Lt Gen K CTaneja PVSM (Retd.) retires at the forthcoming Annual General Meeting of the Company and being eligible offers himself for re-appointment.

Brief particulars of the directors seeking re-appointment are given below:-

<div> <div> </div> <div> </div> </div>	<p>He is Graduate in Civil Engineering and has served in the Indian Army in various positions rising to a very senior position of Lt. General . He was also awarded PVSM. He has very vast experience and his continuing association would be beneficial to the Company.</p>
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All the details relating to financial and commercial transactions where directors may have a potential interest are provided to the Board and the interested directors neither participate in the discussions nor do they vote on such matters.

9) Means of Communication

Financial Results

All financial results of the Company are forthwith communicated to all stock exchanges after they are approved and taken on record by the Board of Directors of the Company. Further, the results are published in leading English Dailies like Pioneer and in the regional newspapers.

10) Insider Trading Rules

In terms of the provisions of SEBI (Prevention of Insider Trading Regulations) 2002, as amended, the Company has formulated a 'Code of Internal Procedure & Conduct' for prevention of insider trading in shares of the Company. The Code lays down guidelines and advises the designated employees on procedures to be followed and disclosures to be made, while dealing in the shares of Inter State Finance Limited.

11) General Shareholders Information
Annual General Meeting

Date and Time : September 07, 2009 at 10.00 a.m.
 Venue : Institute Hall, K-Block
 R.K. Puram
 New Delhi-110 022

Financial Calender (tentative)

Financial Year : April - March - 2009-10
 Results for the First Quarter : End of July, 2009
 Results for the Second Quarter : End of October, 2009
 Results for the Third Quarter : End of January, 2010
 Annual Results : End May, 2010

Date of Book Closure : September 05, 2009 to
 September 07, 2009
 (both days inclusive)

Dividend on equity shares : NIL

Share Details :-

Listed at : Mumbai & Delhi Stock Exchange.
 Stock Code : 526859 (Mumbai)
 International Security Identification No. : INE 973B01018.

Stock Market Data

Last rate quoted in July 31, 2009 is Re. 0.67 Paisa/-.

Registrar and Share Transfer Agents :

Skyline Financial Services Pvt. Ltd.
 246 1st Floor, Sant Nagar East of Kailash
 New Delhi-110065
 Ph. : 011-26292680
 E-mail : snag@del6.vsnl.in

Distribution of Shareholdings as on March 31, 2009

No. of Equity Shares held	No. of Shareholders	%age of	No. of Shares shareholders	%age of shareholding
Upto 500	314	6.99	88270	0.09
501-1000	689	15.33	679521	0.72
1001-2000	1531	34.07	3019121	3.18
2001-3000	448	9.97	1310146	1.38
3001-4000	389	8.66	1549759	1.63
4001-5000	333	7.41	1659295	1.75
5001-10000	458	10.19	3768871	3.97
10001 & above	332	7.39	82925017	87.29
TOTAL	4494	100	95,000,000	100

Category of Shareholders as on March 31, 2009.

Categories	No. of Shares held	Percentage of Shareholding
Promoter's Holding		
1. Indian Promoters, Directors & Relatives :	36616711	38.54
Foreign Promoters :	3690000	3.88
2. Persons acting in concert	NIL	NIL
Sub-Total	40306711	42.42
B. Non-Promoters Holding	NIL	NIL
3. Institutional Investors	NIL	NIL
a. Mutual Funds and UTI	NIL	NIL
b. Banking, Financial Institutions/Insurance Companies (Central/State Govt. Institutions Non-government Institutions)	NIL	NIL
c. FIs	NIL	NIL
Sub-Total	NIL	NIL
4. Others	NIL	NIL
a. Private Corporate Bodies	27446133	28.89
b. Indian Public	22246906	23.43
c. NRIs/OCBs	5000250	5.26
Sub-Total	54693289	57.58
Grand-Total	95000000	100.00

Shareholders/Investors : Skyline Financial Services Pvt. Ltd.

Correspondence 246, 1st Floor, Sant Nagar, East of Kailash, New Delhi-110065

Practicing Company Secretary's Certificate on Corporate Governance as required under Clause 49 of the Listing Agreement of Inter State Finance Limited with Stock Exchanges.

The Members
Inter State Finance Limited,

We have examined the compliance of conditions of Corporate Governance by Inter State Finance Limited, for the year ended March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. 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 and representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We have been explained that no investor grievances are pending for a period exceeding one month as at March 31, 2009, against the Company as per the records maintained by the Company.

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

**For Sapra Sharma & Associates
Chartered Accountants**

**Vipal Kalra
Partner
M. No. 084583**

AUDITORS' REPORT

To the Members,
INTER STATE FINANCE LIMITED

We have audited the attached Balance Sheet of Interstate Finance Limited as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; on the said date,
- vi. 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 Notes and Significant Accounting Policies 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 31st March, 2009
 - b) In the case of the Profit and Loss Account, of 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 flow for the year ended on that date.

**For SAPRA SHARMA & ASSOCIATES
CHARTERED ACCOUNTANTS**

**PLACE : NEW DELHI
DATED : 29.06-2009**

**(VIPAL KALRA)
PARTNER
M.NO.084583**

ANNEXURE

(Referred to in paragraph 3 of Auditors' Report of even date)

- i.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Fixed Assets except those on Lease have been physically verified by the management at the end of the year which in our opinion is reasonable having regard to the size of the Company and the nature of assets. No material discrepancies were noticed on such verification.
 - c) No assets were disposed off during the year. Hence the provision of paragraph 4(i)(c) of the Order are not applicable.
- ii.) As per information and explanations given to us and taking into consideration the nature of business, clauses (ii) (a) regarding physical verification of inventories and its frequency, (ii) (b) regarding procedures of physical verification of inventories and (ii) (c) regarding maintenance of records of inventory and discrepancies noticed on verification between physical stocks and book records are not applicable to the Company.
- iii.
 - a) The company has granted unsecured loans to three companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 10847424/- and balance of Rs. 8040632/- was outstanding at the year end.
 - b) In our opinion, the rate of interest and other terms and conditions on which the loans were given to the parties are not prima facie prejudicial to the interest of the company.
 - c) The parties are repaying the principal amount as stipulated and have been regular in repayment of interest.
 - d) There is no overdue amount of loans granted to the companies listed in the Register maintained under section 301 of the Companies Act, 1956.
 - e) The company has taken unsecured loans from two directors, their thirty relatives and from a company covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 23453000/- and balance of Rs. 18453000/- was outstanding at the year end.
 - f) In our opinion, the rate of interest and other terms & conditions of loans taken by the company are not prima facie prejudicial to the interest of the company.
 - g) The company is regular in repayment of principal amount and interest on the above loans.
 - h) There is no overdue amount of loans taken from companies listed in the Register maintained under Section 301 of the Companies Act, 1956.
- 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 nature of its business with regard to purchases of fixed assets. The Company does not undertake any purchases of inventory, sale of goods and services. During the course of our audit we have not come across any continuing failure to correct major weaknesses in internal controls.

- v.
 - a) According to the information & explanations given to us, we are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that Section.
 - b) In our opinion and according to the information and explanations given to us, the loan 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 Lakhs in respect of any party during the year have been made at interest rates which are reasonable having regard to prevailing market rates at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve bank of India, provisions of sections 58A and 58AA of the Companies Act, 1956, relevant provisions of the Act and the Rules framed thereunder in respect of deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or any Court or any other Tribunal.
- vii. In our opinion, the Internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Management has been commensurate with the size of the company and nature of its business.
- viii. The provisions of clause (viii) of the Order regarding maintenance of cost records under clause (d) of Sub-Section (1) of Section 209 of the Companies Act, 1956 are not applicable to the Company.
- ix.
 - a) According to the information and explanations given to us and the records of the company examined by us, the company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax and other material Statutory dues applicable to it. However, according to the information & explanations given to us, the provisions of Employees State Insurance, Sales Tax, Custom Duty & Excise Duty are not applicable to the Company in view of its nature of business.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues applicable to the company as stated above were in arrears as at the last day of the financial year for a period of more than six months from the date they became payable.
 - c) According to the books of account and records as produced and examined by us in accordance with the generally accepted auditing practices in India and information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- x. The Company does not have any accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the current and the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has not obtained any borrowings from any financial institutions or by way of debentures.
- xii. Based on our examination of documents and records and as per information & explanations given to us, we are of the opinion that 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 and hence clause (xiii) of the Order is not applicable to the company.
- xiv. In our opinion, the Company has kept proper records of transactions and contracts of dealing or trading in shares and timely entries have been made therein. The shares and other investments have been held by the Company in its own name.
- xv. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi. In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on an 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 investment.
- xviii. According to the information & explanations given to us, no preferential allotment of shares has been made by the company to parties and companies covered in the Register maintained under Section 301 of the Companies Act.
- xix. According to the information & explanations given to us, no debentures have been issued by the company during the year.
- xx. Based on our examination of books and records of the company, no public issue was made by the company during the year.
- xxi. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the company nor have we been informed by the management of any such instance being noticed or reported during the year.

**For SAPRA SHARMA & ASSOCIATES
CHARTERED ACCOUNTANTS**

**PLACE : NEW DELHI
DATED : 29.06-2009**

**(VIPAL KALRA)
PARTNER
M.NO.084583**

**INTER STATE FINANCE LIMITED
BALANCE SHEET AS AT MARCH 31, 2009**

SOURCES OF FUNDS	SCHEDULE	AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
1. SHAREHOLDERS' FUNDS			
a) Share Capital	1	9,50,00,000	7,50,00,000
b) Reserves & Surplus	2	3,18,08,869	3,17,92,029
2. LOAN FUNDS			
a) Secured Loans	3	2,13,51,680	1,69,58,513
b) Unsecured Loans	4	4,66,13,000	4,77,10,000
TOTAL		19,47,73,549	17,14,60,542
APPLICATION OF FUNDS			
1. FIXED ASSETS	5		
a) Gross Block		3,98,62,626	3,70,05,838
b) Less: Depreciation		3,18,66,476	3,08,14,835
		79,96,150	61,91,003
c) Add/(Less) Lease Equalisation Reserve		39,44,096	39,77,127
d) Net Block		1,19,40,246	1,01,68,130
2. INVESTMENTS	6	31,72,600	42,47,600
3. CURRENT ASSETS, LOANS & ADVANCES	7		
a) Interest accrued on Investments		1,52,710	2,42,552
b) Stock on Hire		12,75,26,173	11,14,67,755
c) Sundry Debtors		98,53,530	86,82,172
d) Cash & Bank Balances		1,10,99,446	92,78,571
e) Loans & Advances		6,60,64,601	5,74,21,240
		21,46,96,460	18,70,92,290
LESS: CURRENT LIABILITIES & PROVISIONS	8		
a) Current Liabilities		3,69,58,319	3,22,88,072
b) Provisions		9,82,500	10,66,808
Net Current Assets		17,67,55,642	15,37,37,410
4 DEFERRED TAX ASSETS (NET) (Refer note 8 schedule 14)	9	29,05,061	33,07,402
TOTAL		19,47,73,549	17,14,60,542
Notes to the Accounts	14		

As per our Report of even date
for SAPRA SHARMA & ASSOCIATES
CHARTERED ACCOUNTANTS

PARTNER

MANAGING DIRECTOR

DIRECTOR

COMPANY SECRETARY

PLACE : NEW DELHI

DATED : 29.06.2009



INTER STATE FINANCE LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

	SCHEDULE	AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
INCOME			
From Financing Operations	10	1,91,47,910	1,96,87,176
Other Income	11	19,599	11,507
TOTAL		1,91,67,510	1,96,98,683
EXPENDITURE			
Personnel, Administration & other Expenses	12	96,94,957	88,30,656
Interest & Finance Charges	13	73,92,351	89,35,717
Depreciation		10,51,641	12,54,305
TOTAL		1,81,38,649	1,90,20,678
Profit before Tax		10,28,861	6,78,005
Less : Provision for Taxation			
Current Tax		3,78,000	4,50,000
Deferred tax		4,02,341	(1,78,488)
Fringe Benefit Tax		2,01,000	1,45,000
Tax adjustments for earlier years		30,680	24,000
Profit after Tax		16,840	2,37,493
Add : Balance Brought forward		2,33,28,029	2,31,40,535
Profit available for Appropriation		2,33,44,869	2,33,78,028
APPROPRIATIONS			
Transfer to Reserve Fund		3,500	50,000
Surplus Carried to Balance Sheet		22,33,41,369	2,33,28,029
		2,33,44,869	2,33,78,028
Earnings Per Share-Basic and Diluted (Refer Note No 14 Schedule 14)		0.0002	0.0032
Notes to Accounts	14		

As per our Report of even date
for SAPRA SHARMA & ASSOCIATES
CHARTERED ACCOUNTANTS

PARTNER

MANAGING DIRECTOR

DIRECTOR

COMPANY SECRETARY

PLACE : NEW DELHI

DATED : 29.06.2009



INTERSTATE FINANCE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

A. CASH FLOW FROM OPERATING ACTIVITIES	Year ended 31-03-2009	Year ended 31-03-2008
	Rs.	Rs.
Net Profit before tax and Extraordinary items	10,28,861	6,78,005
Adjustments for :		
Interest paid	71,66,398	78,61,715
Interest Received	(61,30,714)	(49,02,073)
Depreciation & Lease Equalisation	10,84,672	12,54,305
Loss on sale of Long Term Investments	85,000	0
Operating Profit before working capital changes	32,34,217	48,91,952
Adjustments for :		
Trade and Other Receivables	(2,53,80,953)	3,95,90,525
Trade Payables	45,85,937	(1,74,64,164)
Interest Paid	(71,66,398)	(78,61,715)
Interest Received	61,30,714	49,02,073
Direct Tax Paid	10,12,021	(4,40,512)
Net Cash from Operating Activities A	(1,96,08,504)	2,36,18,159
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets including capital work in progress	(28,56,788)	(88,674)
Sale of Investments	9,90,000	0
Net Cash used in Investing Activities B	(18,66,788)	(88,674)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Long Term Borrowings	(71,424)	(2,64,708)
Proceed from issue of Shares	2,00,00,000	0
Net Proceeds of Short Term Borrowings	33,67,591	(1,95,88,742)
Net Cash flow from Financing Activities C	2,32,96,167	(1,98,53,450)
Net Increase in Cash or Cash		
Equivalents (A+B+C)	18,20,875	36,76,035
Cash and Cash Equivalents as at 1st April	92,78,571	56,02,536
Cash and Cash Equivalents as at 31st March	1,10,99,446	92,78,571

Notes :

- 1) The above cash flow statement has been prepared under the indirect method as set out in Accounting standard-3 (AS-3) on cash flow statement issued by the Institute of Chartered Accountants of India
- 2) Figures in brackets represents outflow

**As per our Report of even date
for SAPRA SHARMA & ASSOCIATES
CHARTERED ACCOUNTANTS**

PARTNER**MANAGING DIRECTOR****DIRECTOR****COMPANY SECRETARY****PLACE : NEW DELHI****DATED : 29.06.2009**

SCHEDULES TO THE ACCOUNTS

	AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED		
300000000 (85000000) Equity Shares of Re 1/- each	30,00,00,000	8,50,00,000
ISSUED, SUBSCRIBED & PAID-UP		
950,00,000 (75000000) Equity Shares of Re 1/- each fully paid up in cash.	9,50,00,000	7,50,00,000
	9,50,00,000	7,50,00,000
SCHEDULE 2 : RESERVES & SURPLUS		
1. GENERAL RESERVE		
As per Last Balance Sheet	18,91,000	18,91,000
2. RESERVE FUND		
As per Last Balance Sheet	65,73,000	65,23,000
Transferred from Profit & Loss Account	3,500	50,000
	65,76,500	65,73,000
3. SURPLUS		
As per Profit & Loss Account	2,33,41,369	2,33,28,029
Annexed	3,13,88,869	3,17,92,029
SCHEDULE : 3- SECURED LOANS		
TERM LOAN		
From a Scheduled bank-secured against hypothecation of a vehicle	0	71,424
CASH CREDIT LOANS		
From scheduled banks- secured by assignment of Lease and Hire Purchase Agreements etc. & guaranteed by some of the Directors in their personal capacities.	2,13,51,680	1,68,87,089
	2,13,51,680	1,69,58,513
SCHEDULE : 4- UNSECURED LOANS		
FIXED DEPOSITS		
From Directors	47,000	47,000
* From Public	4,65,66,000	4,76,63,000
	4,66,13,000	4,77,10,000

*(including Rs.18406000/- from relatives of directors)
(Previous year Rs. 19873000/-)

SCHEDULE - 5 : FIXED ASSETS



Description	GROSS BLOCK			DEPRECIATION					NET BLOCK		Lease Equilisation Reserve
	As at 01-04-2008	Additions during the year	Sales/ Adjustment s	As at 31-03-2009	Upto 31.03.2008	For the year	Sales/ Adjustment s	Upto 31-03- 2009	As at 31-03-2009	As at 31.03.2008	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
ASSETS ON LEASE											
Vehicles	19324171	0	0	19324171	18372318	0	0	18372318	951853	951853	(3988318)
Computers	223796	2856788	0	3080584	212606	0	0	212606	2867978	11190	44222
Total A	19547967	2856788	0	22404755	18584924	0	0	18584924	3819831	963043	(3944096)
OTHER ASSETS											
Vehicles	6570656	0	0	6570656	5043842	279928	0	5323770	1246886	1526814	
Office Equipments	2341704	0	0	2341704	1152522	106968	0	1259490	1082214	1189182	
Furniture & Fixtures	3805950	0	0	3805950	2576313	233931	0	2810244	995706	1229637	
Flat & covered Parking	795616	0	0	795616	160046	12969	0	173015	622601	635570	
Data Processing Equipments	3943945	0	0	3943945	3297188	417845	0	3715033	228912	646757	
Total B	17457871	0	0	17457871	12229911	1051641	0	13281552	4176319	5227960	
Total A+ B	37005838	2856788	0	39862626	30814835	1051641	0	31866476	7996150	6191003	(3944096)
Previous year	36917164	88674	0	37005838	29560530	1254305	0	30814835	6191003		(3977127)

	AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
SCHEDULE-6 : INVESTMENTS - LONG TERM (AT COST)		
i) IN GOVT. SECURITIES (Non Trade)		
a) QUOTED	31,72,600	37,57,600
ii) IN EQUITY SHARES (Trade)		
a) UNQUOTED	0	4,90,000
	<u>31,72,600</u>	<u>42,47,600</u>

Aggregate value of Quoted Investments
market value Rs. 2767830 (previous year Rs. 3140805)

SCHEDULE-7 : CURRENT ASSETS, LOANS & ADVANCES

A. CURRENT ASSETS		
1) Interest accrued on Investments	<u>1,52,710</u>	<u>2,42,552</u>
2) Stock on Hire under Hire Purchase Agreements (including unmaturred finance charges as per contra)	<u>12,75,26,173</u>	<u>11,14,67,755</u>
3) DEBTORS (Secured- considered good unless otherwise stated)		
(a) Debt outstanding for a period exceeding six months		
Hire Purchase receivables	1,74,498	80,135
(b) Other Debts		
Hire Purchase receivables	91,92,816	86,02,037
*Lease Rent receivables	4,86,216	0
	<u>98,53,530</u>	<u>86,82,172</u>
* Including Lease Rent accrued but not due Rs.419558 (Previous Rs. Nil)		
4) CASH & BANK BALANCES ETC.		
(a) Cash/cheques in hand (as certified)	36,01,076	27,72,150
(b) Balances with scheduled banks		
i) In Fixed Deposits (including Interest Accured)	18,57,559	17,32,618
ii) In Current Accounts	56,40,811	47,73,803
	<u>1,10,99,446</u>	<u>92,78,571</u>

B. LOANS & ADVANCES

(Unsecured, considered good unless otherwise stated)

Loans (Including interest accrued)

Secured

Unsecured

Advances recoverable in cash or in kind or for value to be received and/or adjusted (unsecured)

Incidental advances to customers related to hire purchase/Lease

Prepaid Expenses

Security Deposits

Advance Tax & Tax deducted at Source (Net of provision)

AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
11,68,055	5,34,813
4,49,48,265	4,31,69,089
1,09,72,342	69,08,882
62,49,880	42,22,680
14,732	15,265
12,81,930	12,87,300
14,29,397	12,83,211
6,60,64,601	5,74,21,240

SCHEDULE-8 : CURRENT LIABILITIES AND PROVISIONS
CURRENT LIABILITIES

*Sundry Creditors & Liabilities for Expenses

Lease Security Deposits

Interest accrued but not due on Loans

Unmatured Hire Purchase Charges

Sundry Advances

17,47,250	13,05,033
53,53,157	53,53,157
19,32,440	20,76,258
2,79,04,160	2,35,32,332
21,312	21,292
3,69,58,319	3,22,88,072

PROVISIONS

Fringe Benefit Tax

Gratuity

2,01,000	1,45,000
7,81,500	9,21,808
9,82,500	10,66,808
3,79,40,819	3,33,54,880

 * including Rs. 5,55,500/- (previous year Rs. 5,23,769)
due to Managing Director

SCHEDULE-9 : DEFERRED TAX ASSETS (Net)

As per last balance sheet

Add : adjustment for the year

33,07,402	31,28,914
(4,02,341)	1,78,488
29,05,061	33,07,402

SCHEDULE-10 : INCOME FROM FINANCING OPERATIONS
A. LEASE INCOME

Lease Rentals (Net of lease
equalisation adjustment Rs 33,031)
(Previous year Rs NIL)

AS AT
31-03-2009
Rs.

AS AT
31-03-2008
Rs.

4,53,185

B. HIRE PURCHASE INCOME

Finance Charges

1,22,28,211

1,47,79,443

C. INTEREST RECEIVED

*Interest Received (Including Rs. 2,07,408/- (Previous year
Rs. 2,52,044/-on long term investments)
Compensation charges lease/ hire purchase

61,30,714

49,02,073

3,35,800

5,660

1,91,47,910

1,96,87,176

SCHEDULE-11 : OTHER INCOME

Profit on sale of Current Investment
Miscellaneous Income

7,468

7,807

12,131

3,699

19,599

11,506

* Income Tax Deducted at source Rs. 2,80,288/-
(Previous year Rs. 2,02,563/-)

SCHEDULE-12 : PERSONNEL, ADMINISTRATION & OTHER EXPENSES

	AS AT 31-03-2009 Rs.	AS AT 31-03-2008 Rs.
Salaries & Bonus	21,83,667	24,17,446
Employer's contribution to provident fund	37,833	49,087
Welfare Expenses	1,42,009	1,10,082
Gratuity	89,538	1,83,924
Travelling & Conveyance	7,42,330	12,71,557
Rent	1,18,099	1,60,839
Rates & Taxes	14,000	0
Vehicle Upkeep	4,90,914	4,44,673
Miscellaneous Expenses (including Rs 13,97,500 paid for increase in Authorised Share Capital (Previous Year Nil)	19,95,280	2,91,375
Communication Expenses	2,70,889	2,52,439
Electricity Expenses	64,174	49,951
Insurance	10,14,438	24,025
Brokerage on deposits	3,58,880	4,62,500
Legal & Professional Charges	10,75,464	4,61,687
Entertainment	6,70,811	7,28,404
Auditors Remuneration	78,556	80,023
Directors Sitting Fee	80,000	68,000
Exchange rate difference	1,42,900	9,62,370
Loss on Sale of Long Term Investments	85,000	0
Bad Debts & Miscellaneous Balances Written Off	0	7,67,100
Repairs & Maintenance - Others	39,875	45,174
	96,94,657	88,30,656

SCHEDULE - 13 : INTEREST & FINANCE CHARGES

Bank Charges (net)	2,25,953	10,74,002
Interest		
On term loans	740	41,145
On Fixed Deposits	49,21,447	52,53,737
On other Loans	22,44,211	25,66,833
	73,92,351	89,35,717

SCHEDULE-14 : NOTES TO THE ACCOUNTS

(1) Statement of significant Accounting Policies

a. Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention and comply in all material aspects with the applicable accounting principles in India , Accounting Standards notified under Sub Section 3 (C) of Section 211 of the Companies Act 1956 and other relevant provisions of the Companies Act , 1956.

b. Revenue Recognition

Revenue is recognised when there is reasonable certainty of its ultimate realization/collection. Prudential norms prescribed by Reserve Bank of India for revenue recognition are followed.

i) Lease Rentals

Lease rentals received/receivable under lease agreements are accounted as income net of Lease Equalisation to ensure recognition of Net Income at a constant periodic rate of return on the Net Investment outstanding in the lease as per (AS)-19 on leases. Against the lease rentals a matching annual charge (which represents recovery of the net investment in the leased assets over the lease term) is made to the Profit and Loss Account.

ii) Hire-Purchase

Income from Hire Purchase financing is recognised on equated instalment basis.

iii) Dividend Income is accounted when the right to receive the same is established.

iv) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

c. Fixed Assets

The fixed assets are stated at cost less accumulated depreciation. The cost of fixed assets includes taxes and other identifiable direct expenses.

d. Depreciation

Depreciation on Fixed Assets is provided on Straight line Method at the rates and in the manner given in Schedule-XIV (as amended by the Department of Companies Affairs, Government of India on December 16, 1993) to the Companies Act, 1956. In respect of Fixed Assets acquired prior to December 16, 1993 depreciation is provided at the rates applicable prior to the amendment. Assets costing upto Rs. 5000/- each are depreciated fully in the year of purchase. In respect of assets given on lease the company has followed the recommendations of the Institute of Chartered Accountants of India on accounting for leases. No depreciation is provided in respect of assets leased after 01.04.2001 as per Accounting Standard-19 on "Leases".

e. Stock on Hire

Stock on hire is valued at cost plus total finance charges and is reduced by the instalments which have matured during the relevant period.

f. Investments

Investments are classified into current and long term investments. Long Term Investments are valued at cost. Current Investments are valued at lower of cost and fair value. However, diminution other than temporary is provided. The Profit/Loss arising on account of Sales is recognised in the Profit & Loss Account.

g. Employee Benefits

Contribution to Defined Contribution Schemes such as Provident Fund is charged to Profit & Loss Account. Gratuity liability for employees who have completed five years of service is provided for on the basis of actual liability determined by the company. Liability on account of short term employee benefits such as bonus is recognized on an undiscounted accrual basis.

h. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets, if any, are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

i. Taxation

Provision for current tax and fringe benefit tax is made based on the liability computed in accordance with relevant tax rates and tax laws. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

j. Foreign currency Transactions

- (a) Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction.
- (b) Loans denominated in foreign currencies at the year end are translated at the rates prevailing as on the date of Balance Sheet and resultant exchange loss/gain, if any, is dealt in the Profit & Loss Account.
- (c) In respect of transactions covered by forward exchange contracts, the difference between exchange rate on the date of the contract and the year end rate/settlement rate is recognized in the profit & loss account. Any premium/discount on forward contract is amortised over the life of the contract. Any profit/loss arising on cancellation or renewal of such a contract is recognized as income or expense for the period.

k. Provisions & Contingent Liabilities

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources would be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and are adjusted to effect the current best estimation.



A contingent Liability is disclosed after a careful evaluation of the facts and legal aspects of the matter involved where the possibility of an outflow of resources embodying the economic benefits is remote.

I. Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment of assets. If any such indication exists , impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in books of accounts. In case there is any indication that an impairment loss recognised for an asset in prior accounting periods no longer exists or may have decreased , the recoverable value is reassessed and the reversal of impairment loss is recognised as income in the profit and loss account.

m. Other Accounting Policies

These are consistent with generally accepted accounting practices.

(2) NOTES TO THE ACCOUNTS:

1. a) Contingent Liabilities for :

Claims against the company not acknowledged as debts Rs 760550 (Net of Advances) (Being contested by the company).

b) In the opinion of the Board, all the Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet.

2. Loans given, some of the Current Liabilities, Sundry Debtors and Advances are subject to confirmation/reconciliation.

3. Payment to Auditors:

	Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
a) Audit Fee	30,000	30,000
b) Tax Audit Fee	10,000	10,000
c) Limited Audit Review	15,000	15,000
d) Certification & Others	16,220	16,220
e) Service Tax	7,336	8,803

4. The company has created a Reserve Fund of Rs. 3500/- (previous year Rs.50000) as required under the provisions of Reserve Bank of India (Amendment) Act, 1997.

5. Since the company does not have a substantial number of employees, gratuity liability for eligible employees is provided for on actual basis and not actuarial valuation.



6. A Statement of Investments is detailed below :

	Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
A) LONG TERM INVESTMENTS		
In Government Securities (Quoted)-Non Trade		
a) 5000, 7.46% Government of India Securities-2017 (Face Value Rs.100 each)	5,96,500	5,96,500
b) 4500, 7.49% Government of India Securities-2017 (Face Value Rs.100 each)	4,85,100	4,85,100
c) 2000, 7.39% Government of India Securities-2015 (Face Value Rs.100 each)	2,14,300	2,14,300
d) 5000, 12% Government of India Securities -2008 (face value of Rs 100 each) (Matured during the year)	0	5,85,000
e) 7000, 6.01% Government of India Securities-2028 (Face Value Rs.100 each)	7,04,200	7,04,200
f) 10000, 7.37% Government of India Securities-2014 (Face Value Rs.100 each)	11,72,500	11,72,500
II. In Equity Shares (Fully paid up) (Unquoted)-Trade		
49000 Equity Shares of Paradigm Sourcing Solutions Pvt. Ltd. of Rs.10 each (Sold during the year)	0	4,90,000
	31,72,600	41,47,600

B) Current Investments

During the year following shares were purchased and sold-

S.No.	Name of Company	Face value(Rs.)	Qty.
1.	ABAN OFFSHORE LIMITED	2/-	801
2	DLF LIMITED	2/-	1500
3.	HDFC BANK LIMITED	10/-	600
4.	PUNJAB NATIONAL BANK LIMITED	10/-	2100
5.	PUNJ LLOYED LIMITED	2/-	1000

7. Managerial Remuneration U/S 198 of the Companies Act, 1956

<u>Managing Director</u>	Rs.	Rs.
Salary & Allowances	10,56,000	10,56,000
Contribution to Gratuity	31,731	31,731
Bonus & Ex-gratia	55,000	55,000
Monetary Value of perquisites	1,10,687	77,180

Note : Telephone facility at residence is not treated as perquisite

8. Deferred Tax Adjustments

The break-up of deferred tax (liabilities)/assets into major components as on 31.03.2009 is as under:

Provision for Deferred Tax

	As at 01.04.2008 Rs.	Arising during the year Rs.	As at 31.03.2009 Rs.
Timing differences on account of difference between book depreciation/ lease equalisation & depreciation under Income Tax Rules	30,22,564	(3,58,986)	26,63,578
Others	2,84,838	(43,355)	2,41,483
	33,07,402	(4,02,341)	29,05,061

9. The company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard (AS)-17 dealing with 'Segment Reporting.'

10. The company has assessed its assets for impairment and concluded that there are no impairment losses.

11. Current Assets, Loans & Advances (Schedule-7) include amounts due from :-

	Maximum Balance Rs.	As at 31.3.2009 Rs.
i) Private Limited Companies in which the Managing Director of the Company is interested as Director	14432534 (3902336)	11625742 (3902336)

12. As per AS(15) Revised on Employee Benefits details of expenses for the year ended 31.03.2009 are given as under:-

	Rs.
i. Provident Fund (Defined contribution plan) Disclosed in Profit & Loss Account as Employer's contribution to provident Fund	37,833 (49,087)
ii. Gratuity- Non funded	89,538 1,83,924

13. Related Party Disclosures under Accounting Standard (AS)-18

a) List of related Parties (As identified by the Management)

- i) Associates : ISF Securities Ltd., Paradigm Sourcing Solutions Pvt. Ltd.
- ii) Enterprises owned or significantly influenced by Key Management
Personnel or their relatives : ISF Services Pvt. Ltd.
Spice towers & Resorts Ltd, Simbal Builders Pvt. Ltd.
Simka Hotels & Resorts Pvt. Ltd.

iii) Key Management Personnel & their relatives

- Managing Director : Mr. Amarjit Singh
- Relatives : Mrs. Simbal Singh, Mr. R.N. Grover (Since Expired)
Udayjit Singh, Priya Singh

(In Rupees)

Type of Related Party		Description of the nature of the transactions	Volume of transactions for the year ended 31.3.2009	Amount Outstanding as at 31.3.2009	
				Receivable	Payable
Associates	i)	Loans given	273612 (416008)	0 (2599151)	0 (0)
	ii)	Advance given	26700000 (18300000)	0 (0)	0 (0)
	iii)	Interest Income on Loans given	4667 (261702)	0 (261702)	0 (0)
Enterprises owned or significantly Influenced by Key Management Personnel & their Relatives	iv)	Profit/(Loss) on sale of Long Term/current investment/futures	7468 (9307)	0 (0)	0 (0)
	v)	Loans Taken	6237412 (0)	7299776 (1303185)	0 (0)
	i)	Loans given	6237412 (0)	7299776 (1303185)	0 (0)
	ii)	Interest Income on Loan given	740856 (142778)	740856 (142778)	0 (0)
Key Management personnel & their relatives	i)	Interest paid /accrued on deposits	5000000 (0)	0 (0)	0 (0)
	ii)	Managerial remuneration	As per Note No. 7 above	0 (0)	555500 (523769)
	iii)	Sitting Fees to Directors	80,000 (68,000)	0 (0)	0 (0)

14. Earning per share (EPS)	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
- Profit after tax as per Profit & Loss Account (A)	16840	237492
- Basic/Weighted Average Number of Equity Shares outstanding (B)	91767123	75000000
- Nominal value of equity shares	Re.1/- each	Re.1/- each
- Basic/Diluted Earnings per share (A)/(B)	0.0002	0.003

15. Disclosures as required by Accounting Standard (AS)-19 on Leases".
Present value of minimum lease payments receivable at the Balance Sheet date are as under:

a) Not later than one year.	866554	0
b) Later than one and not later than five years	3132926	0

16 Additional Information as required by paras 3, 4C and 4D of part II of schedule VI of the Companies Act, 1956:

a)	Gross Income	year ended 31-3-2009	year ended 31-3-2008
i)	Lease Income	486216	0
ii)	Hire Purchase Income	12228211	14779443
iii)	Interest received, compensation charges etc.	6466514	4907733
b)	Expenditure in foreign currency		
	- Others	166139	NIL
c)	Earning in Foreign Exchange	NIL	NIL

Note : Figures in brackets above are in respect of previous year.

17. No. floating charge has been created on statutory liquid assets in terms of RBI circular DNBS (PD) C.C.No. 87/03.02.004/2006-2007 dated 4.1.2007 because of practical difficulties involved and lack of necessary support facilities from banks etc.
18. Previous year figures have been regrouped/rearranged to make them comparable with those of current year.
19. Schedules 1 to 14 form an integral part of Balance Sheet & Profit & Loss Account and have been duly authenticated.

**As per our Report of even date
for SAPRA SHARMA & ASSOCIATES
CHARTERED ACCOUNTANTS**

**VIPAL KALRA
PARTNER**

MANAGING DIRECTOR

DIRECTOR

COMPANY SECRETARY

**PLACE : NEW DELHI
DATED : 29.06-2009**

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

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

(Rs. In Lakhs)

Liabilities side :

1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid	Amount outstanding	Amount Overdue
(a) Debentures : Secured	NIL	NIL
: Unsecured		
: (Other than falling within the meaning of public deposit)		
(b) Deferred Credits	NIL	NIL
(c) Term Loans	NIL	NIL
(d) Inter-corporate loans and borrowing	NIL	NIL
(e) Commercial Paper	NIL	NIL
(f) * Public Deposits	292	NIL
(g) Other Loans (specify nature)	NIL	NIL

Please see Note 1 below

**(2) Break-up of (1) (f) above (Outstanding public deposit
inclusive of interest accrued thereon but not paid).**

(a) In the form of unsecured debentures	NIL	NIL
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security.	NIL	NIL
(c) Other Public Deposits (Inclusive of interest accrued but not due of Rs. 11 lakhs)	292	NIL

* Please see note a below

Assets Side:

	Amount outstanding	Amount overdue
3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below) :		
(a) Secured	12	NIL
(b) Unsecured		
excluding Prepaid Expenses	622	NIL
Security Deposit & Tax		
Deductions at Source		
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	33	5
(b) Operating Lease	NIL	NIL
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on Hire	1090	94
(b) Repossessed Assets	NIL	NIL
(iii) Hypothecation loans counting towards EL/HP activities		
(a) Loans where assets have been repossessed	NIL	NIL
(b) Loans other than (a) above	NIL	NIL
5) Break-up of Investments :		
Current Investments :		
1. Quoted:		
(i) Shares : (a) Equity	NIL	NIL
(b) Preference	NIL	NIL
(ii) Debentures and Bonds	NIL	NIL
(iii) Units of Mutual Funds	NIL	NIL
(iv) Government Securities	NIL	NIL
(v) Other (Please specify)	NIL	NIL

2. Unquoted :

(i) Share : (a) Equity	NIL	NIL
(b) Preference	NIL	NIL
(ii) Debentures and Bonds	NIL	NIL
(iii) Units of Mutual Funds	NIL	NIL
(iv) Government Securities	NIL	NIL
(v) Other (Please specify)	NIL	NIL

Long Term Investments :
1. Quoted :

(i) Share : (a) Equity	NIL	NIL
(b) Preference	NIL	NIL
(ii) Debentures and Bonds	NIL	NIL
(iii) Units of Mutual Funds	NIL	NIL
(iv) Government Securities	32	NIL
(v) Other (Please specify)	NIL	NIL

2. Unquoted :

(i) Share : (a) Equity	NIL	NIL
(b) Preference	NIL	NIL
(ii) Debentures and Bonds	NIL	NIL
(iii) Units of Mutual Funds	NIL	NIL
(iv) Government Securities	0	NIL
(v) Other (Please specify)	NIL	NIL

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

Please see note 2 below

Category	Amount net of provision		Total
	Secured	Unsecured	
1. Related Parties			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL

2. Other than related parties	1135	622	1757
Total	1135	622	1757

- (7) Investor group-wise classification of all Investments (current and long term) in Shares and Securities (both quoted and Unquoted) :

Please see note 3 below

Category	Market Value/ Break-up or Fair Value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	NIL	NIL
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
2. Other than related parties		
Total	NIL	NIL

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

- (8) Other Information

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

Note :

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

**BALANCE SHEET ABSTRACT AND COMPANY'S
GENERAL BUSINESS PROFIT AS PER
SCHEDULE VI, PART (IV) OF THE COMPANIES ACT. 1956**

I. Registration Details	
Registration No.	76648
State Code	55
Balance Sheet Date	31-03-2009
II. Capital raised during the year (amount Rs. In Thousand)	
Public Issue (Calls in Arrears Recovered)	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
III. Position of Mobilisation and Deployment of Funds (amount Rs. in Thousand)	
Total Liabilities	23271
Total Assets	23271
Sources of Funds	
Paid-up Capital	95000
Reserve & Surplus	31809
Secured Loans	21352
Unsecured Loans	46613
Application of Funds	
Net Fixed Assets	11940
Investments	3173
Net Current Assets	176756
Miscellaneous Expenditure	0
Accumulated Losses	NIL
IV. Performance of the Company (Amount Rs. in Thousand)	
Total Income	19168
Total Expenditure	18139
Profit before Tax	1029
Profit after Tax	17
Earning per share (Rs.)	0.0002
Divident Rate (%)	NIL
V. General Names of Three Pricpal Products/Services of the Company (as per monetary terms)	N.A.
Item Code No. Leasing and Hire Purchase Finance	

For and on behalf of the board

PLACE : NEW DELHI
DATED : 29-06-2009

MANAGING DIRECTOR

COMPANY SECRETARY



INTER STATE FINANCE LIMITED

INTER STATE FINANCE LIMITED
111, Dayanand Road, Darya Ganj
New Delhi - 110002

Regd. Folio No.....

ATTENDANCE SLIP

NAME & ADDRESS OF THE MEMBER
(IN BLOCK LETTERS)

NO. OF SHARES HELD

NAME OF PROXY :
(If applicable)

I hereby record my presence at the TWENTY FIRST ANNUAL GENERAL MEETING of the company being held on Monday, 07 September 2009 at 10.00 A.M. in Institute Hall, K- Block, Som Vihar, R. K. Puram, New Delhi - 110022

Signature of Member/Proxy

INTER STATE FINANCE LIMITED
111, Dayanand Road, Darya Ganj
New Delhi - 110002

PROXY FORM

I/We of
appoint of
or failing him/her of

vote for me/us, and on my/our behalf at the 21st Annual General Meeting of the Company to be held on Monday, 07 September 2009.

In WITNESS my/our hand this day of 2009.

Signed by the said

Signature

Folio No.....

Note : This Proxy must be deposited at the Registered Office of the Company 111, Dayanand Road, Daryaganj, New Delhi-110002, not less than 48 hours before the time of holding of the meeting.

MEMBERS' PROXY HOLDERS ATTENDING THE ANNUAL GENERAL MEETING OF THE COMPANY ON MONDAY, 07TH SEPTEMBER 2009 ARE REQUESTED TO NOTE THAT NO GIFT/COUPONS SHALL BE DISTRIBUTED