



22nd

ANNUAL REPORT

2009-2010



**ESCORTS
FINANCE
LIMITED**



COMPANY INFORMATION

Board of Directors

Mr. Inder Mohan Sakhuja
Chairman

Mr. Pritam Narang

Mr. Hans Raj Sachdeva

Mr. Janak Sachdeva

Manager

Mr. P. K. Marwah

Company Secretary

Mr. Suresh Kumar Meher

Chief Financial Officer

Mr. Donald Fernandez

Auditors

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

Registered Office

N-6, Pratap Building,
Connaught Circus,
New Delhi - 110 001



NOTICE

Notice is hereby given that the **Twenty Second Annual General Meeting** of Escorts Finance Limited will be held on **Thursday, 30th September, 2010 at 3.00 P.M.** at 'The Executive Club', 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi - 110 074 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, the Profit and Loss Account for the year ended on that date and the Reports of Auditors' and Directors' thereon.
2. To appoint a Director in Place of Mr. Inder Mohan Sakhuja who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/S N.M. Raiji and Company, Chartered Accountants, New Delhi as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the Conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board,
For **Escorts Finance Limited**

Sd/
Suresh Kumar Meher
Company Secretary

Place: Faridabad
Date: 11th August, 2010

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES MAY BE IN THE FORM ANNEXED HERETO AND TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2010 to 30th September, 2010 (both days inclusive).
3. Shareholders / Proxy holders are requested to produce at the entrance attached admission slip duly completed and signed, for admission to the meeting hall.
4. Members are informed that Share Transfer and related activities are being carried out by Alankit Assignments Limited, Registrar and Share Transfer Agents, from the following address: -

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

All correspondence may kindly be sent to the above address only.

5. The Equity shares of the Company can only be traded in electronic mode w.e.f.26.06.2000 as per SEBI guidelines. The Company has already entered into agreements with National Securities Depository Ltd. and Central Depository Services (I) Ltd for the same. Interested members may opt to convert physical shares of the Company in the electronic mode after sending request for dematerialisation through their Depository Participant.
6. Members of the Company (s) who have multiple accounts in identical name(s) or are holding more than one



share certificate in the same name under different ledger folio(s) are requested to apply for consolidation of such folio(s) and send the relevant share certificate to the Alankit Assignments Limited, Registrar and Share Transfer agent of the Company.

7. Section 109A of the Companies Act, 1956 has extended nomination facility to individuals holding shares in Companies. Shareholders, in particular those holding shares in single name, are requested to avail the above facility by furnishing to the Company, particulars of their nominees. Shareholders may please write to the Company Secretary for the prescribed Nomination Form 2B.
8. Members are requested to notify immediately any change in their address (with pin code) to Alankit Assignments Limited, quoting their folio numbers.
9. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary at least ten days before the date of the meeting, so that the information required may be made available at the meeting.
10. Members who have not yet paid their "Allotment Money" are advised to send the same along with interest calculated @ 17% p.a. for delayed period i.e. from 07.05.95 till the date of payment, through demand draft / cheque payable at Delhi in favour of the Company, to avoid forfeiture.
11. Members are requested to bring their copy of Annual Report to the meeting. No extra copy would be available for distribution at the meeting.
12. Pursuant to the requirements of the Listing Agreement with the Stock Exchanges on Corporate Governance the information required to be given in case of appointment of new Director or re-appointment of a Director, is given in Annexure to the Corporate Governance Report forming part of this Annual Report.

By Order of the Board,
For **Escorts Finance Limited**

Sd/
Suresh Kumar Meher
Company Secretary

Place: Faridabad
Date: 11th August, 2010

DIRECTORS' REPORT



Your Directors are pleased to present the Twenty Second Annual Report, together with the Audited Accounts of the Company for the Financial Year ended 31st March 2010, and the Auditors' Report thereon.

FINANCIAL RESULTS

(Rs. in Lacs)

	Financial Year ended March 31, 2010	Financial Year ended March 31, 2009
Gross Income	103.31	421.80
Profit/(Loss) before write off, provisions & tax	2.24	76.18
Write offs/Provisions/Reversals etc.	(39.85)	(387.21)
Provision for taxation	-	(2.36)
Profit/(Loss) after Tax	(37.61)	(313.39)

DIVIDEND

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

SCHEME OF ARRANGEMENT AND COMPROMISE

The Scheme of Arrangement and Compromise filed by your company JOINTLY with M/s Escorts Limited before the Hon'ble Delhi High Court to bail out the fixed deposit holders and creditors of your Company is still pending. The Hon'ble High Court, Delhi had constituted a Hardship Committee to settle payments to fixed deposit holders who are facing hardship such as medical, marriage, education and others. On 24th May, 2010 the High Court has directed the Hardship Committee to offer maturity value of fixed deposit amount as stated in the face of fixed deposit receipt in full and final settlement of the fixed deposit liability of the Company towards the FD Holders. Accordingly Hardship Committee had sent Letters to all FD Holders on 7th June, 2010 and also reminder letter on 20th July, 2010. Till date Hardship Committee has already received the request from large number of FD Holders for payment and on that basis payment is being released to the said FD Holders.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development

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

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

Segment-wise or Product-wise Performance

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

Future Outlook

The cost reduction programme undertaken by the company have yielded good results. Once the Scheme of Arrangement and Compromise is approved by the Court and is successfully implemented, the expansion of existing businesses and entry into new areas could be considered.

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

Risks and Concerns

Any delay in approval /implementation of the Scheme of Arrangement & Compromise, may result in delaying the new business initiatives.

Financial Performance

The loss for the year after write offs/provisions etc. and tax, amounts to Rs 37.61 Lacs . The total accumulated losses at the end of the year amounted to Rs. 25036.15 Lacs.



Internal Control Systems And Their Adequacy

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

Human Resource and Industrial Relations

Your Directors relation at all levels with employees were cordial.

Cautionary Statement

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

DIRECTORS

Mr. Inder Mohan Sakhuja, Director retires by rotation at the ensuing Annual General Meeting of your Company, and being eligible, offers himself for re-appointment.

CORPORATE GOVERNANCE

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

AUDITORS

M/s N. M. Raiji & Co., Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letter from them to the effect that their re-appointment as statutory auditors for the financial year 2010-2011, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

AUDITORS OBSERVATIONS AND COMMENTS THEREON

The observations made by the Statutory Auditors in the Auditors' Report are dealt with separately in the Notes to the Profit & loss Account and the Balance Sheet, forming Schedule 15 of the Accounts. These are self-explanatory and do not call for any further comments.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. That in the preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2010 and of the loss of the Company for that period;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the annual accounts for the financial year ended 31st March, 2010 on a going concern basis.

PARTICULARS OF EMPLOYEES

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

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

- a. Conservation of energy and technology absorption
Your Company being engaged in financing business does not have any activity relating to conservation of energy and technology absorption.



b. Foreign Exchange Earning and Outflow

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

c. Amount due to small-scale industries

There was no amount due to any small-scale industry.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

Place: Faridabad
Date: 11th August, 2010

Sd/
Inder Mohan Sakhuja
Chairman



A detailed report on Corporate Governance practices followed at Escorts Finance Limited for the period April 1, 2009 to March 31, 2010 is given below:

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

Corporate Governance is not a matter of just complying with the checklists; it is integral to the very existence of the Company. It strengthens investors' trust and ensures long term partnership that help in fulfilling the Company's quest for higher growth and profits. Corporate Governance rests upon the four pillars of: **Transparency, Full Disclosure, Independent Monitoring and Fairness** to all, especially to minority shareholders. A good Corporate Governance policy should also ensure the following:

- A competent management team is at the helm of affairs;
- The Board is strong with an optimum combination of executive and non-executive (including independent) Directors, who represent the interest of all stakeholders;
- The Board effectively monitors the management's progress, takes all corporate decisions;
- The Board is aware of the concerns of the Company's Shareholders;
- The management and employees have an stable environment; and
- The Company's policies benefit all its shareholders.

In sum, the essence of Corporate Governance lies in the phrase "**Your Company**". It is "Your" Company because it belongs to you, the shareholders. The Chairman and Directors are "Your" fiduciaries and trustees. The objective is to take the business forward to maximize "Your" long- term value / wealth.

II. BOARD OF DIRECTORS

Composition and Category of Directors

The Board should have an optimum combination of Executive and Non-Executive Directors with not less than fifty percent of the Board comprising of Non-Executive Directors. Further, at least one-third of the Board should comprise of Independent Directors if the Chairman is Non-Executive and at least half of the Board should comprise of Independent Directors in case of an Executive Chairman. Further, where the non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the Company shall consist of Independent Directors.

As on March 31, 2010, the Company's Board comprised of Two Non-Executive Independent Directors. The composition of the Board is in conformity with the Listing Agreement.

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

Name	Designation	Category	Other Directors held*	Committee Positions held**	
				Membership	Chairmanship
Mr. Inder Mohan Sakhuja	Chairman	Non-Executive & Non Independent	1	1	NIL
Mr. Pritam Narang	Director	Non-Executive & Non Independent	4	2	NIL
Mr. Hans Raj Sachdeva	Director	Non-Executive & Independent	1	2	2
Mr. Janak Sachdeva	Director	Non-Executive & Independent	1	1	NIL



* Excluding Directorships in private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956 but including Escorts Finance Limited.

** For this purpose only two committees viz. the Audit Committee and Shareholders'/Investors' Grievance Committee of Public Companies have been considered including Escorts Finance Limited.

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

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

According to Clause 49 of the Listing Agreement the Board shall meet at least four times in a year, with a maximum gap of four months between any two meetings.

During the year 2009-10 the Board of Directors met 6 (Six) times on 19.05.2009, 29.06.2009, 30.07.2009, 28.08.2009, 26.10.2009, 29.01.2010.

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

Name	No. of Board meetings held during tenure	No. of Board meetings attended	Attendance at the last AGM
Mr. Inder Mohan Sakhuja	6	6	YES
Mr. Pritam Narang	6	6	YES
Mr. Hans Raj Sachdeva	6	6	YES
Mr. Janak Sachdeva	6	6	YES

Code of Conduct

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

The Company is not having website to post the code of conduct.

Declaration by CEO

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

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the code of conduct for Directors and Senior Management in respect of the Financial Year 2009-10 ended on 31st March, 2010.

Place: Faridabad
Date: 11th August, 2010

Sd/
P.K. Marwah
Manager

III. AUDIT COMMITTEE

Composition

According to Clause 49 of the Listing Agreement, a qualified and independent Audit Committee shall be set up with minimum three directors as members and two-thirds of the members of the committee shall be Independent Directors. All members of the Audit Committee shall be financially literate and at least one



member shall have accounting or related financial management expertise. The Chairman of the Audit Committee shall be an independent Director and shall be present at Annual General Meeting to answer shareholder queries. The Company Secretary shall act as the Secretary of the committee.

Your Company's Audit Committee was originally constituted on 18.11.1996. As on March 31, 2010, the composition of the Audit Committee was as under:

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

Terms of Reference

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

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



12. To review the functioning of the Whistle Blower mechanism, in case the same is /will be framed by the Company.
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
14. The Committee shall mandatory review the following information:
 - a. Management Discussion and Analysis of financial condition and results of operations;
 - b. Statement of significant related party transactions submitted by management;
 - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d. Internal audit reports relating to internal control weaknesses; and
 - e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The Audit Committee is endowed with the following powers:

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

Meeting & Attendance during 2009-10

According to Clause 49 of the Listing Agreement, the Audit Committee should meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the Audit Committee whichever is higher, but there should be a minimum of two independent members present.

During the financial year 2009-10, Audit Committee met 6 (Six) times on 19.05.2009, 29.06.2009, 30.07.2009, 28.08.2009, 26.10.2009 and 29.01.2010.

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

Name	No. of meetings held during tenure	No. of meetings attended
Mr. Pritam Narang	6	6
Mr. Hans Raj Sachdeva	6	6
Mr. Janak Sachdeva	6	6

Mr. Suresh Kumar Meher, Company Secretary acts as Secretary to the Audit Committee. The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on September 30, 2009.

IV. REMUNERATION COMMITTEE

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

Remuneration of Directors

The details of sitting fees paid to Directors during the period April 01, 2009 to March 31, 2010 are as under:



S.No.	Name	Relationship with other Directors	Sitting Fees (in Rs.)
1.	Mr. Inder Mohan Sakhuja	**	12000
2.	Mr. Pritam Narang	**	24000
3.	Mr. Hans Raj Sachdeva	**	24000
4.	Mr. Janak Sachdeva	**	24000
	Total		84000

** There is no relationship between any of these directors.

Shareholding of Non-Executive Directors of Company

As on 31st March, 2010, None of the Directors of the Company held any share in the Company.

V. SHAREHOLDERS GRIEVANCE COMMITTEE

Constitution

According to Clause 49 of the Listing Agreement, a Shareholders' Grievance Committee under the Chairmanship of a Non-Executive Director shall be formed to specifically look into the redressal of Shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

Your Company's Shareholders' Grievance Committee was originally constituted on 31.01.2002. As on March 31, 2010, the composition of the Shareholders' Grievance Committee was as under:

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

Terms of Reference

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

Meetings and Attendance

During the financial year 2009-10, 4 (Four) meetings of the Shareholders' Grievance Committee were held on 30.04.2009, 15.07.2009, 26.10.2009, 29.01.2010.

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

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

Compliance Officer

During the financial year 2009-10, Mr. Gaurish Garg has resigned from the position of Company Secretary of the Company w.e.f. 4th December, 2009 and in his place Mr. Suresh Kumar Meher has joined as Company Secretary w.e.f. 5th December, 2009.

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



Complaints received/resolved

During the period under review, 1(One) complaint was received from investors, which was replied/ resolved to the satisfaction of the investors. No complaint(s) are pending for redressal for the year 2009-10.

Pending Share Transfer

No share transfer requests were pending for approval as on March 31, 2010.

VI. OTHER COMMITTEES OF BOARD

SHARE TRANSFER COMMITTEE

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

As on 31.03.2010 the Committee comprised of three Directors namely Mr. Inder Mohan Sakhuja, Mr. Pritam Narang and Mr. Hans Raj Sachdeva. The Committee meets twice in a month.

COMMITTEE OF BANKING AND LEGAL MATTERS

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

As on 31.03.2010 the Committee comprised of three Directors namely Mr. Inder Mohan Sakhuja, Mr. Pritam Narang and Mr. Hans Raj Sachdeva.

VII. GENERAL BODY MEETINGS

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

Year	Venue	Date	Time	No. of Special Resolution passed at AGM
2008-09	The Executive Club', 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi - 110074	Wednesday, 30 th September, 2009	12.00 Noon	One
2007-08	The Executive Club', 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi - 110074	Monday, 29 th September, 2008	11.00 A.M.	One
2006-07	Sri Sathya Sai International Centre and School, Pragati Vihar, Lodhi Road, New Delhi-110003	Tuesday, 25 th , September, 2007	10.30 A.M	None



Postal Ballot

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

VIII. DISCLOSURES

Disclosure on materially significant related party transactions

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

Details of any non-compliance by the Company

The Company has complied with the statutory rules and regulations of SEBI and Stock Exchanges. However, the Company has not been able to comply with the Prudential Norms Direction relating to maintenance of liquid assets and Capital Adequacy Ratio, provisioning of additional interest on fixed deposits, doubtful stock on hire and debtors and advances, reversal on income as required by the Reserve Bank Of India's Rules and Regulations as Company has filed the Scheme of Arrangement & Compromise with Hon'ble High Court of Delhi.

Whistle Blower Policy and confirmation that no personnel were denied access to the Audit Committee

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

Compliance with the requirements of Clause 49

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

IX. MEANS OF COMMUNICATION

Quarterly Results

The Company is publishing its audited and un-audited results and related matters in Jansatta (Hindi) and Financial Express (English) newspapers generally. The Company is not having any website to post the above mentioned financial results.

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

X. GENERAL SHAREHOLDER INFORMATION

A. Annual General Meeting

Day & Date	:	Thursday, 30 th September, 2010
Time	:	3.00 p.m.
Venue	:	'The Executive Club', 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi - 110074

B. Financial year: April 1, 2009 to March 31, 2010

C. Appointment/Re-appointment of Directors

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



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

Name	Qualification	Area of Expertise	Other Directorships	Committee Directorships
Inder Mohan Sakhuja	Mechanical Engineer	Mr. I. M. Sakhuja is having more than 50 years experience in the industrial fasteners and auto ancillary industry. Mr. Sakhuja has 27 years experience as Chairman and Managing Director of Jagatjit Fasteners Pvt.Ltd., a company engaged in the business of manufacture of industrial fasteners. For the last 25 years Mr. Sakhuja is holding the position of Chairman of Jayalaxmi Automotives Pvt.Ltd., which is engaged in manufacture of gears.	Jagatjit Fasteners Pvt. Ltd. Jayalaxmi Automotives Pvt.Ltd.	Escorts Finance Limited ▪ Share holder's Grievance Committee - Member ▪ Share Transfer Committee - Chairman ▪ Committee of Banking and Legal Matter - Member

D. Financial Calendar 2010-11 (tentative)

Board meeting to take on record financial results:

for the quarter ended 30.06.2010	:	By 15 th August, 2010
for the quarter ended 30.09.2010	:	By 15 th November, 2010
for the quarter ended 31.12.2010	:	By 15 th February, 2011
for the quarter ended 31.03.2011	:	By 15 th May, 2011

E. Dates of Book Closure

The Company will close its register of members and share transfer books from 24th September, 2010 to 30th September, 2010 (both days inclusive) for the purpose of Annual General Meeting.

F. Dividend

The Board recommends no dividend for the year.

G. Listing: The Securities of the Company are listed on the following Stock Exchanges

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

The listing fee for the year 2009-2010 have been paid to the respective Stock Exchanges except to the **Ahemdabad Stock Exchange Limited with whom the Company has made an application for Delisting of Securities.**

H. Registrar & Share Transfer Agent

In terms of SEBI circular dated 27.12.2002, the share transfer work in both physical as well as electronic



modes was entrusted to and carried on by Alankit Assignments Ltd., Category I Registrar and Transfer Agents with their office at Alankit House, 2E/21, Jhandewalan Extension, New Delhi- 110 055.

I. Share Transfer System

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

J. Market Price Data

Monthly high and low prices of Company's Shares at BSE during each month between April 01, 2009 to March 31, 2010 are given in the table below:-

Month	High		Low	
	BSE Sensex	Share price (in Rs.)	BSE Sensex	Share price (in Rs.)
April 2009	11,492.10	2.97	9,546.99	2.35
May 2009	14,930.54	4.24	11,621.30	2.71
June 2009	15,600.30	6.78	14,016.95	4.45
July 2009	15,732.81	5.21	13,219.99	3.27
August 2009	16,002.46	4.84	14,684.45	3.88
September 2009	17,142.52	6.54	15,356.72	4.06
October 2009	17,493.17	8.90	15,805.20	6.13
November 2009	17,290.48	6.84	15,330.56	5.45
December 2009	17,530.94	6.26	16,577.78	5.52
January 2010	17,790.33	8.80	15,982.08	5.93
February 2010	16,669.25	6.82	15,651.99	5.41
March 2010	17,793.01	7.25	16,438.45	5.50

K. Distribution of share holding as on 31.03.2010: -

a) On the basis of shares held:

No. of shares	No. of share-holders	% to total share-holders	No. of shares held	% to total shares held
Upto 100	22380	82.583	1938082	4.815
101 to 500	3515	12.97	1051265	2.612
501 to 1000	684	2.524	583636	1.45
1001 to 5000	429	1.583	984557	2.446
5001 to 10000	51	0.188	372534	0.926
10001 to 20000	25	0.092	352384	0.875
20001 to 30000	2	0.007	60000	0.149
30001 to 40000	0	0	0.00	0.00
40001 to 50000	2	0.007	93892	0.233
50001 to 100000	2	0.007	127180	0.316
100001 to 500000	1	0.004	360282	0.895
500001 and above	9	0.033	34326188	85.282
TOTAL	27100	100	40250000	100



b) On the basis of category:

Category	No. of Share-holders	No. of Shares held	%
Promoter & Promoter Group			
a) Indian			
b) Foreign	16 NIL	30154500 NIL	74.918 NIL
Public Shareholding Institutions :			
a) Mutual Funds & UTI	1	200	0.00
b) Banks / FIs	2	962200	2.391
c) FIIs / VCs etc.	NIL	NIL	NIL
Non Institutions :			
a) Private Bodies Corporate	217	3990750	9.915
b) Indian Public	26852	5124472	12.731
c) NRIs / OCBs etc.	12	17878	0.045
TOTAL	27100	40250000	100

L. Dematerialisation of Shares

The Equity shares of the Company are compulsorily traded and settled only in demat mode. As on 31.03.2010, approximately 85.77% of the shares of the company are held in demat form.

M. Outstanding GDRs/ADRs/Warrants etc.

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

N. Plant Location:

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

O. Address for correspondence:

The Company Secretary
Escorts Finance Limited
N-6, Pratap Building, Connaught Circus,
New Delhi- 110 001
Tel: (011) 4160 7732, Fax: (011) 4160 7732

P. Registrar and Share Transfer Agents:

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

XI. CEO/CFO CERTIFICATION

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

Place: Faridabad
Date: 11th August, 2010

On behalf of the Board
Sd/
Inder Mohan Sakhuja
Chairman



To the Members of
Escorts Finance Limited

We have examined the compliance of conditions of Corporate Governance by **Escorts Finance Limited** ("the Company") for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned 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 N.M. Raiji & Co.
Chartered Accountants
(Registration No. 108296W)

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

Place: Faridabad
Date: 11th August, 2010



To the Members of

ESCORTS FINANCE LIMITED

1. We have audited the attached Balance Sheet of Escorts Finance Limited, as at March 31, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. **Attention is invited to:**
 - (i) **Note 3b of Schedule 15 Part B, regarding non-maintenance of investments in Government Securities as liquid assets in terms of Section 45-B(1) of Reserve Bank of India Act, 1934;**
 - (ii) **Note 4 of Schedule 15 Part B, regarding non-verification of investment in securities.**
 - (iii) **Note 5 of Schedule 15 Part B, regarding non-maintenance of minimum Capital Adequacy Ratio required to be maintained in terms of Non-Banking Financial Companies requirements;**
 - (iv) **Note 7 of Schedule 15 Part B, regarding the Company's credit rating;**
 - (v) **Note 9 of Schedule 15 Part B regarding non-provision of interest for overdue period on matured unpaid fixed deposits;**
 - (vi) **Note 10 of Schedule 15 Part B regarding existence/working condition of some of the fixed assets.**
 - (vii) **Note 18 of Schedule 15 Part B regarding reconciliation of advance tax/ provision for tax/TDS recoverable.**
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit,
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books,
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts,
 - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (v) on the basis of written representations received from the directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified from being a Director in this Company. However, the Directors of the Company are disqualified from being appointed as a Director in other companies in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and
 - (vi) **subject to our observations in paragraph 4(ii), (v), (vi) and (vii) above**, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010,
 - (b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date, and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **N.M. Raiji & Co.**,
Chartered Accountants

Sd/
S. N. Shivakumar
Partner

M.No. 88113

Firm Regn. No. 108296W

Place: Faridabad
Date: 11th August, 2010



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

1. (a) The Company also **needs to update** its fixed assets register to show full particulars, including quantitative details and the situation of its fixed assets;
(b) Fixed assets **have not been physically verified** by the management during the year;
(c) The assets disposed off during the year were not material and do not affect the going concern assumption;
2. In view of the nature of the operations of the Company, the Company does not hold any inventory other than stock of repossessed assets, which have been verified by the management during the year. Provision has been made in respect of discrepancies/ diminution in the value of such stock as at the year end;
3. (a) During the year, the Company has not granted any loans, secured or unsecured, to Companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956. In view of the above, clause 4(iii) (b), (c) and (d) of the Order are not applicable to the Company;
(b) During the year, the Company has not taken any loans, secured or unsecured, from companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956. In view of the above, clause 4(iii) (f) and (g) of the Order are not applicable to the Company;
4. In our opinion and according to the information and explanations provided to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for sale of goods/services. In our opinion, **internal controls needs to be strengthened in relation to other areas.**
5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register required to be maintained under Section 301 of Companies Act, 1956. Accordingly clause (v)(a) of the Order is not applicable to the Company;
6. In respect of deposits accepted, in our opinion and according to the information and explanation given to us, the directives issued by Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 **the Company has not complied with the said norms in relation to repayment of deposits on their respective maturity dates.** We are informed by the management that a scheme of compromise and arrangement has been filed with the Hon'ble Delhi High Court, where the matter is sub-judice. As per the interim order of the Court, partial repayments have been made to certain depositors in hardship cases determined by independent committee set up by the Court. The Scheme is pending final approval of the Hon'ble Delhi High Court. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal;
- 7. The internal audit system of the Company, in our opinion, needs to be strengthened;**
8. In view of nature of business of the Company, the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 has not been prescribed by the Central Government;
9. (a) According to the records, information and explanations provided to us, the Company is generally regular in depositing with appropriate authorities undisputed amount of provident fund, investor education protection fund, employee's state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it and no undisputed amounts payable were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable;



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

S. No.	Nature of Statutory Dues	Forum where Dispute is Pending	Unpaid Amount (in Rs. Lacs)
1	Income Tax	CIT (Appeals)	295.83
2	Sales Tax	AC Appeal, Kolkata DC Appeal, Noida	2.26 0.54

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

For **N.M. Raiji & Co.**
Chartered Accountants

Sd/

S. N. Shivakumar

Partner

M.No. 88113

Firm Regn. No. 108296W

Place: Faridabad
Date: 11th August, 2010

BALANCE SHEET AS AT 31ST MARCH 2010


				Rs. in Lacs	
		SCHEDULE		As at	As at
				31.3.2010	31.3.2009
SOURCES OF FUNDS					
Shareholder's Funds					
Share Capital	1	4,967.25		4,967.25	
Reserves and Surplus	2	3,756.30		3,756.30	
			8,723.55		8,723.55
Loan Funds					
Secured Loans	3	-		52.66	
Unsecured Loans	4	11,313.65		12,812.40	
			11,313.65		12,865.06
TOTAL			20,037.20		21,588.61
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	1,995.79		1,999.54	
Less : Depreciation		1,633.36		1,623.93	
Net Block			362.43		375.61
Investments					
	6		338.02		338.02
Current Assets, Loans & Advances					
Current Assets	7	123.45		176.82	
Loans & Advances		405.22		442.73	
		<u>528.67</u>		<u>619.55</u>	
LESS:					
Current Liabilities & Provisions					
Current Liabilities	8	6,223.50		4,735.25	
Provisions		4.57		7.86	
		<u>6,228.07</u>		<u>4,743.11</u>	
Net Current Assets			(5,699.40)		(4,123.56)
Profit & Loss Account (Dr Balance)			25,036.15		24,998.54
TOTAL			20,037.20		21,588.61

Significant Accounting policies and Notes to the accounts **15**

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

As per our report attached
For N.M. Raiji & Co
 Chartered Accountants

For and on Behalf of the Board of Directors

S.N. Shivakumar
Partner
M.No. 88113
Firm Regn. No. 108296W

Sd/
 P.K. Marwah
 Manager

Sd/
 Pritam
 Narang
 Director

Sd/
 Inder Mohan
 Sakhuja
 Chairman

Place: Faridabad
Date: 11th August, 2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010



	SCHEDULE	Year ended 31.3.2010	Rs. in Lacs Year ended 31.3.2009
INCOME			
Income from Financing Operations	9	19.81	79.90
Other Income	10	83.50	177.16
Liability no longer required written back		-	164.74
Total Income		103.31	421.80
EXPENDITURE			
Personnel	11	39.20	64.12
Operating and Administration	12	101.34	188.78
Interest and Finance Charges (Net)	13	(59.07)	29.57
Loss on Sale Of Repossed Stock		7.56	47.34
Depreciation		12.04	15.81
Total Expenditure		101.07	345.62
PROFIT/(LOSS) FOR THE YEAR BEFORE PROVISIONS/ WRITE OFF		2.24	76.18
Provisions./Income reversals (Net)	14	252.62	407.96
Bad debts written off		(298.24)	(957.67)
Provision no longer required written back		5.77	162.50
PROFIT / (LOSS) BEFORE TAX		(37.61)	(311.03)
Fringe Benefit Tax		-	(2.36)
PROFIT/(LOSS) AFTER TAX		(37.61)	(313.39)
Transfer to Special Reserve		-	-
Balance brought forward		(24,998.54)	(24,685.15)
BALANCE CARRIED TO BALANCE SHEET		(25,036.15)	(24,998.54)
Earning per share		(0.09)	(0.78)
Significant Accounting policies and Notes to the accounts	15		

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

As per our report attached
For N.M. Raiji & Co
Chartered Accountants

For and on Behalf of the Board of Directors

S.N. Shivakumar
Partner
M.No. 88113
Firm Regn. No. 108296W

Sd/
P.K. Marwah
Manager

Sd/
Pritam
Narang
Director

Sd/
Inder Mohan
Sakhuja
Chairman

Place: Faridabad
Date: 11th August, 2010

SCHEDULE TO THE ACCOUNTS



Rs. in Lacs

SCHEDULE 1: SHARE CAPITAL	As at 31.03.2010	As at 31.03.2009
Authorised :		
4,05,00,000 Equity Shares of Rs 10/- each	4,050.00	4,050.00
95,00,000 10% Redeemable Cumulative Preference Shares of Rs 10/- each	950.00	950.00
	<u>5,000.00</u>	<u>5,000.00</u>
Issued, Subscribed & paid up :		
4,02,50,000 Equity Shares of Rs 10/- each	4,025.00	4,025.00
Less : Allotment Money in arrears		
- From Directors :	-	-
- From Others :	<u>7.75</u>	<u>7.75</u>
	<u>4,017.25</u>	<u>4,017.25</u>
95,00,000 10% Redeemable Cumulative Preference Shares of Rs 10/- each*	950.00	950.00
*Date of Redemption : June 28, 2009		
TOTAL	4,967.25	4,967.25

SCHEDULE 2: RESERVES AND SURPLUS	As at 31.03.2009	Additions	Deductions	As at 31.03.2010
Securities Premium Account	2,643.83 (2,643.83)	-	-	2,643.83 (2,643.83)
Special Reserve	1,081.01 (1,081.01)	-	-	1,081.01 (1,081.01)
General Reserve	31.46 (31.46)	-	-	31.46 (31.46)
TOTAL	3,756.30	-	-	3,756.30
Previous Year	(3,756.30)	-	-	(3,756.30)

SCHEDULE 3: SECURED LOANS	As at 31.03.2010	As at 31.03.2009
From HDFC Bank Limited *	-	52.66
TOTAL	-	52.66

* Secured partly by way of deposit of title deeds

SCHEDULE 4: UNSECURED LOANS	As at 31.03.2010	As at 31.03.2009
Fixed Deposits -matured (unpaid/unclaimed)	11,313.65	12,812.40
TOTAL	11,313.65	12,812.40

SCHEDULE TO THE ACCOUNTS CONTD.....



Rs. in Lacs

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 01.04.09	Additions	Deductions/ Adjustments	As at 31.03.10	As at 01.04.09	For the Year	Adjustments	As at 31.03.10	As at 31.03.10	As at 31.03.09
Building*	32.21	-	-	32.21	30.60	-	-	30.60	1.61	1.61
Plant and Machinery	984.24	-	-	984.24	679.26	-	-	679.26	304.98	304.98
Furniture and Fixtures	249.68	-	-	249.68	226.05	4.28	-	230.33	19.35	23.63
Office Equipment	708.42	-	1.20 **	707.22	666.60	6.93	0.63	672.90	34.32	41.82
Motor Vehicle	24.99	-	2.55 ***	22.44	21.42	0.83	1.98	20.27	2.17	3.57
Total	1999.54	0	3.75	1995.79	1623.93	12.04	2.61	1633.36	362.43	375.61
Previous Year	2000.04	0.17	0.67	1999.54	1608.29	15.81	0.17	1623.93	375.61	

* Represents lease hold improvements.

** Deletion represents assets provided as hard furnishing adjusted on employees full & final settlement.

*** Discarded at a nominal value on 23.11.2009.

SCHEDULE 6: INVESTMENTS

LONG TERM INVESTMENTS

QUOTED (NON TRADE)

	Face Value		As at	As at
	(Current Year) Rs/Lacs	(Previous Year) Rs/Lacs	31.03.2010	31.03.2009
Investments in Govt/Trust Securities				
11.5% Industrial Credit and Investment Corporation of India Limited - 2010	5.00	5.00	4.71	4.71
11.5% Govt of India - 2010	300.00	300.00	311.25	311.25
Stock Holding Corporation of India (balance)			0.04	0.04
Others				
9,600 units - UTI Equity Fund (formerly UTI-Mastergain-92) (Previous year: 9,600 units)			1.25	1.25
16,000 Equity shares of Rs.10/- each Tamilnadu Newsprint & Paper Limited (Previous year: 16,000 Equity shares)			19.60	19.60
			336.85	336.85
Less : Provision for diminution in value of Investments			-	-
			336.85	336.85

CURRENT INVESTMENTS

QUOTED

Trade Investment

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

UNQUOTED

Non Trade Investments

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

Trade Investments

190,000 Equity Shares of Rs.10/- each of ESCORT CONSUMER CREDIT LIMITED Previous year:190,000 Equity Shares (formerly EICHER SPAN FINANCIAL SERVICES LIMITED)			0.02	0.02
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92,485 Equity Shares of Rs.10/- each of G R SOLVENTS & ALLIED INDUSTRIES LIMITED (Previous year:92,485 Equity Shares)			7.40	7.40
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			7.42	7.42
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Less : Provision for diminution in value of Trade Investments			7.42	7.42
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			-	-
			1.17	1.17

TOTAL 338.02 338.02

AGGREGATE AMOUNT OF QUOTED INVESTMENTS			338.01	338.01
AGGREGATE AMOUNT OF UNQUOTED INVESTMENTS			0.01	0.01

338.02 338.02

(Total Market Value of Quoted Investments:Rs.340.47 lacs; Previous Year: Rs.330.04 lacs)

SCHEDULE TO THE ACCOUNTS CONTD.....



Rs In Lacs

	As at 31.03.2010	As at 31.03.2009
<u>SCHEDULE 7: CURRENT ASSETS, LOANS AND ADVANCES</u>		
<u>Current Assets</u>		
Stock on Hire under Hire Purchase Agreements Net of unmatured finance charges Rs NIL (Previous Year Rs. 4.08 lacs)	-	43.05
Stock of Repossessed Assets (Taken at book value or net realisable value whichever is lower)	4.15	5.61
Sundry Debtors (Unsecured)		
A) Debts outstanding for a period exceeding six months		
Considered good	1.37	13.23
Considered doubtful	<u>20,539.46</u>	<u>20,747.25</u>
	20,540.83	20,760.48
Less : Provision for Doubtful Debts	<u>20,539.46</u>	<u>20,747.25</u>
	1.37	13.23
B) Other Debts	<u>0.28</u>	<u>18.92</u>
	1.65	32.15
Cash & Bank Balances :		
a) Cash in Hand	2.50	3.73
b) Balances with Scheduled Banks		
In current accounts	24.90	14.40
In Fixed Deposit accounts	17.67	7.77
In Fixed Deposit (for SLR purposes)	60.93	57.48
Interest Accrued on Investments and Deposits	11.65	12.63
	(A)	123.45
		176.82
<u>Loans & Advances</u>		
(Unsecured considered good unless otherwise specified)		
Housing Loans to staff	-	0.35
Advance Tax (Net of Provisions)	404.53	403.61
Advances Recoverable in cash or in kind or for value to be received		
Unsecured - Considered Good	0.69	38.77
- Considered Doubtful	<u>1,858.93</u>	<u>1,834.01</u>
	1,859.62	1,872.78
Less : Provision for Doubtful Advances	<u>1,858.93</u>	<u>1,834.01</u>
	0.69	38.77
	(B)	405.22
		442.73
TOTAL (A + B)	528.67	619.55
<u>SCHEDULE 8: CURRENT LIABILITIES AND PROVISIONS</u>		
<u>Current Liabilities</u>		
Other Liabilities	4,036.89	2,292.66
Interest accrued on deposits	2,184.07	2,435.52
Security Deposits	2.54	7.07
	(A)	6,223.50
		4,735.25
<u>Provisions</u>		
Gratuity	3.38	5.40
Leave encashment	1.19	2.46
	(B)	4.57
		7.86
TOTAL (A + B)	6,228.07	4,743.11

SCHEDULE TO THE ACCOUNTS CONTD.....



	Rs. In Lacs	
	Year ended 31.03.2010	Year ended 31.03.2009
<u>SCHEDULE 9 :INCOME FROM FINANCING OPERATIONS</u>		
Finance Charges	19.81	79.90
TOTAL	19.81	79.90
<u>SCHEDULE 10 OTHER INCOME</u>		
Bad debts recovered	82.06	170.23
Miscellaneous Income	1.44	6.93
TOTAL	83.50	177.16
<u>SCHEDULE 11 PERSONNEL</u>		
Salaries, Allowances and Leave encashment etc.	32.83	54.19
Contribution to Provident Fund and other funds	2.34	4.03
Staff Welfare expenses	2.69	4.52
Data Entry Charges	1.34	1.36
Recruitment & Training expenses	-	0.02
TOTAL	39.20	64.12
<u>SCHEDULE 12 : OPERATING & ADMINISTRATION EXPENSES</u>		
Rent ,Rates & Taxes	15.16	3.89
Electricity and Water Charges	0.42	2.82
Legal and Professional Charges	33.77	112.80
Repairs and Maintenance	1.19	4.15
Printing and Stationery	1.88	1.31
Travelling and Conveyances	8.76	14.08
Insurance Charges	0.35	1.30
Advertisement and Publicity	0.84	0.82
Postage ,Telex and Telephones	3.34	6.20
Payment to Auditors		
a) Audit Fees	1.20	1.33
b) Certification fees	-	-
Director's sitting fees	0.84	1.06
Loss on sale of Investments	-	25.09
Rebate	1.06	1.86
Provision for Doubtful Advances	21.98	-
Other Expenses	10.55	12.07
TOTAL	101.34	188.78
<u>SCHEDULE 13 : INTEREST AND FINANCE CHARGES (NET)</u>		
Interest		
On Loans	3.60	108.71
Finance Charges	0.17	0.87
	3.77	109.58
Less Interest Income		
Long Term Investment (other than Trade)	38.80	39.93
Tax deducted at source Rs.0.43 lacs (PY Rs.1.34 lacs)		
Others	24.04	40.08
TOTAL	62.84 (59.07)	80.01 29.57
<u>SCHEDULE 14 : Provision / Income reversals</u>		
Provision for doubtful debts as per RBI norms	(199.64)	(271.07)
Provision for Diminution in value of Repossessed Stock	0.73	(42.89)
Income reversals of previous year(s) as per RBI norms	(53.71)	(94.00)
TOTAL	(252.62)	(407.96)


SCHEDULE 15 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS
A. SIGNIFICANT ACCOUNTING POLICIES:

1. The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and in conformity with the accounting standards issued by the Institute of Chartered Accountants of India (ICAI) & the applicable provisions of the Companies Act, 1956, and Regulatory Authorities. The Company adopts accrual system of accounting unless otherwise stated.

2. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation.

3. Inventories

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

4. Depreciation

The Company has provided depreciation on Written Down Value Method as per the rates prescribed under Schedule XIV to the Companies Act, 1956. Assets of the value of Rs.5000/- or below, where identifiable, are fully charged off in the year of purchase.

5. Investments

Investments are classified between long term and current categories in accordance with the guidelines stipulated by the Reserve Bank of India and as per the Accounting Standard issued by the Institute of Chartered Accountants of India.

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

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

6. Revenue Recognition

(a) Income is recognized on accrual basis except income related to non-performing assets, which is accounted on cash basis in accordance with prudential norms of Reserve Bank of India.

(b) The Company has adopted Implicit Rate of Return (IRR) method of accounting in respect of finance charges income for hire purchase/loan transactions. As per this method, the IRR involved in each hire purchase/loan transaction is recognized and finance charges calculated by applying the same on outstanding principal financed thereby establishing equitable distribution of income over the period of the agreement.

(c) Interest on overdue installments is accounted for on receipt basis.

7. Employees Benefits

(a) Defined Contribution Plan

Employees benefits in the form of Provident Fund are considered as defined contribution plan and the contributions are charged to the Profit and Loss Account of the Year when the contribution to the respective funds are due.

(b) Defined Benefits Plan

Retirement benefits in the form of Gratuity is considered as defined obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

(c) Other Long Term Benefits

Long term compensated absences are provided for on the basis of an actuarial valuation, using the **projected unit credit method**, as at the date of the Balance Sheet.

Actuarial gain/losses, if any, are immediately recognized in the Profit and Loss Account.

8. Taxes on Income

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

SCHEDULE TO THE ACCOUNTS CONTD.....



B. NOTES FORMING PART OF THE ACCOUNTS

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

2. Contingent Liabilities:

	Particulars	As at 31.03.10 (Rs. lacs)	As at 31.03.09 (Rs. lacs)
a)	Income tax/ surtax demands against the Company not acknowledged as debts and not provided for in respect of which the Company is in appeal before the Tribunal/ Commissioner (Appeals), excluding for those matters where a favorable order is available for earlier years.	295.83	295.83
b)	Sales tax demands against the Company not acknowledged as debt and not provided for in respect of which the Company is in appeal.	2.93	15.41
c)	Guarantees given by the Company (Margin Money Deposit Rs7.67 lacs)	-	7.67

3. (a) Investments in Government Securities amounting to Rs. 311.25 lacs (Previous Year Rs. 311.25 lacs) and Fixed Deposits with Bank amounting to Rs. 60.93 lacs (Previous year Rs. 57.48) are held in pursuance of Rule 12 of Non-Banking Financial Companies (Reserve Bank) Directions, 1998.
 (b) Due to continued financial constraints, the Company has not been able to maintain investments in Government Securities as liquid assets in terms of Section 45-B(I) of Reserve Bank of India Act, 1934.
4. Investment in securities amounting to Rs. 20.85 lacs are currently in the process of being transferred in the name of the company as the same has not been traceable in the records. The formalities for obtaining relevant share certificates are being complied with.
5. As at the year ended 31st March 2010, the Company has not maintained the minimum Capital Adequacy Ratio that is required to be maintained in terms of the Non-Banking Financial Companies Requirements.
6. As per the provisions of the Reserve Bank of India, (Amendment) Ordinance, 1997 No.2, the Company is required to create a 'Special Reserve' equivalent to a minimum of 20% of the net profit after tax. In the absence of profit for the year, the company has not created any Special Reserve.
7. The credit rating for the Fixed Deposits programme of the Company was revised in November, 2005 by CARE Limited to CARE (B) i.e. Susceptible to default. In view of the Scheme of Arrangement filed before the Hon'ble Delhi High Court, no rating has been sought thereafter.

8. Employee Benefits:

(Rs. Lacs)

Particular	Gratuity	Leave Encashment
(a) Reconciliation of opening and closing balances of Defined Benefits Obligation		
Defined benefit obligation at the beginning of the year	5.40	2.46
Current Service cost	0.32	0.16
Interest Cost	0.40	0.18
Actuarial (Gain)/Loss	0.21	0.03
Benefits Paid	(2.95)	(1.63)
Settlement Cost	-	-
Defined benefit obligation at year end	3.38	1.20



(b)	Reconciliation of opening and closing balances of fair value of plan assets		
	Fair value of plan assets at the beginning of the year	-	-
	Expected return on plan assets	-	-
	Actuarial Gain/(Loss)	-	-
	Employer Contribution	-	-
	Benefits Paid	-	-
	Fair value of plan assets at year end	-	-
(c)	Reconciliation of fair value of assets & obligations		
	Fair value of plan assets as at 31 st March, 2010	-	-
	Present value of obligation as at 31 st March, 2010	3.38	1.20
	Net assets/(liability) recognized in Balance Sheet	3.38	1.20
(d)	Expenses recognized during the year		
	Current Service Cost	0.32	0.16
	Interest Cost	0.40	0.18
	Expected return on plan assets	-	-
	Actuarial (Gain)/Loss	0.21	0.03
	Net Cost	0.93	0.37

9. To bail out the Company from its financial constraints and to protect the interest of fixed deposit holders and secured creditors of the Company, a Scheme of Arrangement was filed before the Hon'ble Delhi High Court. As per directions of the Delhi High Court, the approval of fixed deposit holders and the secured creditors to the proposed scheme was obtained. As per the interim order of the Court, partial repayments have been made to certain depositors in hardship cases determined by independent committee set-up by the Court, to whom 34,04,256 shares of Escorts Limited were made available for sale and disbursement among such cases. As at the year end an amount of Rs. 1,660.05 lacs was paid by Hardship Committee out of proceeds realized by sale/transfer of some share to the identified deposits holders. The principal amount of fixed deposits and interest accrued thereon relating to identified hardship cases has been shown under 'Current Liabilities'. Any further liabilities towards the matured fixed deposits including overdue interest, if any, shall be accounted for in accordance with the terms of approval of Scheme by the Hon'ble Delhi High Court.
10. The company is conducting physical verification of its fixed assets in order to ensure their location/existence/working condition. The necessary adjustments arising therefrom including provisioning/impairment/write off, shall be carried out as and when completed.
11. The 10% Redeemable Cumulative Preference Shares issued by the company and which were due for redemption on 28.06.2009 are pending redemption as at the end of the financial year.
12. The accounts of the Company have been prepared on going concern basis inspite of the continued full erosion of net worth. The management plans to expand the business activities in to non-funded and other financial services business once the Scheme of Arrangement and Compromise is approved by the Hon'ble Delhi High Court and implemented.
13. Due to the continued financial constraints faced by the Company, there is considerable delay/ difficulty in collection of installments due and recovery of advances. Adequate provision has been made in all such cases.
14. Computation of Net Profits as per Section 349 read with Section 309(5) and Section 198 of the Companies Act, 1956 is not furnished for the current period, as no commission is payable to the Directors.
15. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per the Accounting Standard – 17 'Segmental Reporting'.

SCHEDULE TO THE ACCOUNTS CONTD.....

16. Related Party Disclosure as identified and certified by the management:

Related party disclosures as required under Accounting Standard 18 on "Related Party Disclosure" issued by the Institute of Chartered Accountants of India are given below:

- a. Joint Ventures and Associates: - Escorts Finance Investments and Leasing Pvt. Ltd.
- Escotrac Finance and Investment Pvt. Ltd.
- b. Key Management Personnel
Mr. P.K. Marwah - Manager
- c. Related Party Transactions: NIL.

17. In view of uncertainty of future taxable profits, the Company has not recognized deferred tax Asset (net of deferred tax liabilities) at the year end.

18. The reconciliation of advance tax/ TDS recoverable with the related provision for taxation pertaining to earlier years is in progress. The impact, if any, arising out of such reconciliation is presently not ascertainable.

19. Earning Per Share

I) Basic

S. No.		As at 31.03.10	As at 31.03.09
1	Opening No. of shares	40172500	40172500
2	Total Shares outstanding	40172500	40172500
3	Profit/ (Loss) after tax (Rs. Lacs)	(37.61)	(313.39)
4	Earning per Share (Rupees)	(0.09)	(0.78)

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

20. The figures in the Balance Sheet and Profit & Loss Account have been presented in Rupees Lacs and to the nearest thousand in terms of decimals. The approval of the Government of India for the same has been obtained under section 211(1) of the Companies Act, 1956.

21. As per the information available, there are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. (Previous Year: Rs. Nil)

22. In opinion of the Board, the current assets, loans and advances have a value, which if realized in the ordinary course of business, will not be less than the value stated in the Balance Sheet.

23. Balances appearing under loans, sundry debtors and sundry creditors are subject to confirmation in certain cases.

24. Previous period's figures have been regrouped/ reclassified wherever necessary.

Signature to Schedule 1 to 15

As per our report attached
For N. M. Raiji & Co.
Chartered Accountants

For and on behalf of the Board of Directors

S.N. Shivakumar
Partner
M.No. 88113
Firm Regn. No. 108296W
Place: Faridabad
Date: 11th August, 2010

Sd/
P.K. Marwah
Manager

Sd/
Pritam
Narang
Director

Sd/
Inder Mohan
Sakhuja
Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010 IS AS UNDER


	Rs. In Lacs	
	Year ended 31.03.2010	Year ended 31.03.2009
A Cash Flow from Operating Activities		
Net Profit/(Loss) before tax & Appropriations	(37.61)	(313.39)
Financial Expenses	3.77	109.58
Depreciation as per profit & loss A/c	12.04	15.81
Provision for bad debts & other NPA's	44.89	592.60
Provision for Diminution in value of repossessed stock	0.73	(42.89)
Provision for Gratuity & Leave Encashment	1.29	(15.87)
(Profit)/Loss on Sale of Assets (Net)	0.14	0.35
(Profit)/Loss on investments (Net)	-	25.09
Interest/Dividend recived from investment activities	(62.84)	(80.01)
Excess Provision written back	(5.77)	(327.24)
Operating Profit before working Capital Changes	(43.36)	(35.97)
Adjustment for:		
(increase)/Decrease in Net Stock on Hire	43.05	225.22
(increase)/Decrease in Repossessed Stock	0.73	63.25
(increase)/Decrease in Trade Receivables	(8.62)	(382.21)
(increase)/Decrease in Other Current Assets	38.49	384.02
(Increase)/Decrease in Current Liabilities & Provisions	1,488.20	565.37
Cash Generated From Operation	1,518.49	819.68
Financial Expenses	3.77	109.58
Cash Generated From Operation	(A) 1,514.72	710.10
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	-	0.17
Sale of Fixed Assets	1.00	(0.15)
(Increase)/Decrease in Investments	-	29.36
Interest/Dividend Received	62.84	80.01
Net Cash Flow in Investing Activities	(B) 63.84	109.39
Cash Flow from Financing Operations		
Increase/(Decrease) in Bank Borrowings & Term Loans	-	-
Increase/(Decrease) in Fixed Deposits	(1,498.75)	(813.21)
Increase/(Decrease) in Security Deposits (Net)	(4.53)	(29.12)
Increase/(Decrease) in Other Loans (Net)	(52.66)	(5.78)
C Net cash used from Financing Activities	(C) (1,555.94)	(848.11)
Net Increase in Cash and Cash Equivalents	(A+B+C) 22.62	(28.62)
Cash and Cash equivalents at the beginning of the year	83.38	112.00
Cash and Cash equivalents at the end of the year	106.00	83.38
Notes: Figures in brackets represent cash outflows		

As per our report attached
For N.M. Raiji & Co
 Chartered Accountants

For and on Behalf of the Board of Directors

S.N. Shivakumar
Partner
M.No. 88113
Firm Regn. No. 108296W

Sd/
 P.K. Marwah
 Manager

Sd/
 Pritam
 Narang
 Director

Sd/
 Inder Mohan
 Sakhuja
 Chairman

Place: Faridabad
Date: 11th August, 2010

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 lacs)	
Particulars			
LIABILITIES SIDE:			
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued there on but not paid:	Amount Outstanding	Amount Overdue
(a)	Debtures : Secured	Nil	Nil
	: Unsecured	Nil	Nil
	(Other than falling within the Meaning of public deposits)*		
(b)	Deferred Credits	Nil	Nil
(c)	Term Loans	Nil	Nil
(d)	Inter-corporate loans and borrowings	Nil	Nil
(e)	Commercial Paper	Nil	Nil
(f)	Public Deposit*	**14832.86	**14832.86
(g)	Other Loans WCDL, CC, LOC, etc Security Deposit from Borrowers	Nil 2.54	Nil Nil
* Please see Note 1 below			
** Includes Rs 1335.14 lacs grouped under "Current Liabilities"			
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued there on but not paid):		
(a)	In the form of Unsecured debtures		Nil
(b)	In the form of partly secured debtures i.e. debtures where there is a shortfall in the value of security		Nil
(c)	Other public deposits		14,832.86
ASSETS SIDE :			
(3)	Break-up of Loans and Advances including bills receivables other than those included in (4) below:	Amount Outstanding	
(a)	Secured	-	
(b)	Unsecured		405.22#
# Net of Bills Rediscounted of Rs. Nil lacs			
(4)	Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities:		
(i)	Lease assets including lease rentals under sundry debtors:		
(a)	Financial Lease	-	
(b)	Operating Lease	-	
(ii)	Stock on hire including hire charges under sundry debtors:		
(a)	Asset on hire	1.65#@	
(b)	Repossessed Assets		4.15
(iii)	Hypothecation loans counting towards EL/HP activities:		
(a)	Loans where assets have been repossessed	Nil	
(b)	Loans other than (a) above		Nil
# Includes Loan cum Hypothecation Agreements.			
@ Net of provisions for Doubtful Debt.			
(5)	Break-up of Investments :		
Current Investments :			
1	Quoted :		
(i)	Shares : (a) Equity	1.16	
	(b) Preference		Nil
(ii)	Debtures and Bonds		Nil
(iii)	Unit of mutual funds		Nil
(iv)	Government Securities		Nil
(v)	Other (Please specify)		Nil
2	Unquoted :		
(i)	Shares : (a) Equity	0.01#	
	(b) Preference		Nil
(ii)	Debtures and Bonds		Nil
(iii)	Unit of mutual funds		Nil

(iv)	Government Securities		Nil
(v)	Other (Please specify)		Nil
# Net of provisions			
Long Term Investments			
1	Quoted :		
(i)	Shares: (a) Equity		19.60
	(b) Preference		Nil
(ii)	Debtures and Bonds		Nil
(iii)	Unit of mutual funds		1.25
(iv)	Government Securities		316.00
(v)	Other (Please specify)		Nil
2	Unquoted :		
(i)	Shares: (a) Equity		Nil
	(b) Preference		Nil
(ii)	Debtures and Bonds		Nil
(iii)	Unit of mutual funds		Nil
(iv)	Government Securities		Nil
(v)	Other (Please specify)		Nil
(6) Borrower group-wise classification of all leased assets, stock on hire and loans and advances:			
Please see Note 2 below			
Amount net of provisions			
	Category	Secured	Unsecured Total
1	Related Parties**		
(a)	Subsidiaries	Nil	Nil Nil
(b)	Companies in the same group	Nil	Nil Nil
(c)	Other related parties	Nil	Nil Nil
2	Other than related parties	5.80	405.22 411.02
	Total	5.80	405.22 411.02
** As per Accounting Standard of ICAI (Please see Note 3)			
(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):			
Please see Note 3 below			
	Category	Market Value/ Break-up or fair value or NAV	Book Value (net of Provisions)
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	347.90	338.02
	Total	347.90	338.02
** As per Accounting Standard of ICAI (Please see Note 3)			
(8) Other Informations			
Particulars			
(i)	Gross Non-Performing Assets		
(a)	Related Parties		Nil
(b)	Other than related parties		81.95
(ii)	Net Non-Performing Assets		
(a)	Related Parties		Nil
(b)	Other than related parties		0.02
(iii)	Assets acquired in satisfaction of debt		196.71
Notes :			
1	As defined in Paragraph 2(1)(xii) of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.		
2	Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.		
3	All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debts. However, market value in respect of quoted investments and break-up/ fair value/ NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.		

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(As per Schedule VI, Part IV of the Companies Act, 1956)



I. Registration Details

Registration No.

2 6 9 4 2

State Code

5 5

Balance Sheet Date

3 1 0 3 1 0
Date Month Year

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

Public Issue

N I L

Right Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

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

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

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

Turnover	3 6 1 7 0	Total Expenditure	3 9 9 3 1
Profit/Loss (-) before Tax	(-) 3 7 6 1	Profit/Loss (-) after Tax	(-) 3 7 6 1
Earning per Share (Rs.)	(-) 0 . 0 9	Dividend Rate (%)	N I L

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

Item Code No. (ITC Code)	N A
Product Description	H I R E - P U R C H A S E L E A S I N G
Item Code No. (ITC Code)	N A
Product Description	F I X E D D E P O S I T
Item Code No. (ITC Code)	N A
Product Description	B I L L - D I S C O U N T I N G

As per our report attached
For N.M. Raiji & Co
Chartered Accountants

S.N. Shivakumar
Partner
M.No. 88113
Firm Regn. No. 108296W

Place: Faridabad
Date: 11th August, 2010

For and on Behalf of the Board of Directors

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

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

**ESCORTS FINANCE LIMITED****Registered Office:
N-6, PRATAP BUILDING,
CONNAUGHT CIRCUS, NEW DELHI-110001.**I/We hereby record my/our presence at the **22nd Annual General Meeting** of the Company being held at 3.00 PM on Thursday, **30th September, 2010** at 'The Executive Club', 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi 110074.

DPID	<input type="text"/>	Folio No.	<input type="text"/>
Client ID	<input type="text"/>	No. of Shares	<input type="text"/>

(in demat form)

(in physical form)

Name: _____

Father's/Husband's Name: _____

Jointly with 1. _____

2. _____

Address _____

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

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

Tear Here

PROXY FORM**ESCORTS FINANCE LIMITED****Registered Office:
N-6, PRATAP BUILDING,
CONNAUGHT CIRCUS, NEW DELHI-110001.**

DP ID	<input type="text"/>	Folio No.	<input type="text"/>
Client ID	<input type="text"/>	No. of Share(s)	<input type="text"/>

(in demat form)

(in physical form)

I/We _____ of _____
being a member (s) of Escorts Finance Limited hereby appoint

_____ of _____

(or failing him/her) _____ of _____
(or failing him/her) _____ of _____as my/our proxy to attend and to vote for me/us on my/our behalf at the **22nd Annual General Meeting** of the Company to be held at 3.00 PM on Thursday, **30th September, 2010** at 'The Executive Club', 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi 110074.

Signed this _____ day of _____ 2010

Signature of Member

15 Paise
revenue
stamp

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

Name _____

Jointly with 1. _____ 2. _____

Address _____

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

BOOK-POST

If undelivered, please return to:
The Company Secretary
ESCORTS FINANCE LIMITED
15/5, Mathura Road,
Faridabad - 121 003,
Haryana, INDIA