



A detailed report on Corporate Governance practices followed at Escorts Finance Limited for the period April 1, 2011 to March 31, 2012 is given below:

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

II. BOARD OF DIRECTORS

Composition and Category of Directors

The composition of the Board is in conformity with Clause 49 of the Listing Agreement. The Board of Directors alongwith its Committees provide leadership and guidance to the Company's management and direct, supervises and controls the performance of the Company. As on March 31, 2012, the Company's Board comprised of Two Independent Non-Executive Directors. Chairman of the Board is also non-executive. All Independent Non-Executive Directors are compliant with the requirements of the Listing Agreement for being an Independent Director and have confirmed that they meet the 'Independence' criteria as mentioned under the Clause 49 of the Listing Agreement. Apart from reimbursement of expenses incurred in the discharge of their duties and the payment of sitting fees, none of these Directors has any other material pecuniary relationships or transactions with the Company, its Directors or its Senior Management, which in their judgment would affect their independence.

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

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



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

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

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

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

Note: 1) None of the Directors is representing a Lender or Equity Investor.

2) None of the Directors hold any shares in the Company.

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

In compliance with Clause 49 of the Listing Agreement, the Board of Directors met 4 (Four) times during the year on 04.05.2011, 12.08.2011, 08.11.2011 and 09.02.2012.

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

Name	No. of Board meetings held during tenure	No. of Board meetings attended	Attendance at the last AGM
Mr. Inder Mohan Sakhuja	4	4	NO
Mr. Pritam Narang	4	4	YES
Mr. Hans Raj Sachdeva*	2	2	YES
Ms. Babita Tewari	4	4	NO
Mr. Rochak Puri**	2	2	N.A

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

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

Code of Conduct

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

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

Declaration by CEO

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

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the code of conduct for Directors and Senior Management in respect of the Financial Year ended on 31st March, 2012.

Place: Faridabad
Dated: 13th August, 2012

Sd/-
P.K. Marwah
(Manager)

III. AUDIT COMMITTEE

Composition

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



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

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

Director	Designation	Category
Mr. Rochak Puri	Chairman	Independent Director
Ms. Babita Tewari	Member	Independent Director
Mr. Pritam Narang	Member	Non Independent Director

Terms of Reference

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

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



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

The Audit Committee is also endowed with the following powers:

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

Meeting & Attendance during 2011-12

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

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

Name	No. of meetings held during tenure	No. of meetings attended
Mr. Hans Raj Sachdeva*	2	2
Mr. Pritam Narang	4	4
Ms. Babita Tewari	4	4
Mr. Rochak Puri**	2	2

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

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

Mr. Vicky Chauhan, Company Secretary acts as Secretary to the Audit Committee. The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 15.07.2011.

IV. REMUNERATION COMMITTEE

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

Remuneration of Directors

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



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

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

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

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

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

Shareholding of Non Executive Directors of Company

As on 31st March, 2012, None of the Directors of the Company held any share in the Company.

V. SHAREHOLDERS GRIEVANCE COMMITTEE

Constitution

Your Company's Shareholders' Grievance Committee was originally constituted on 31.01.2002.

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

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

Director	Designation	Category
Mr. Rochak Puri	Chairman	Independent Director
Mr. Inder Mohan Sakhuja	Member	Non Independent Director
Mr. Pritam Narang	Member	Non Independent Director

Terms of Reference

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

Meetings and Attendance

During the financial year 2011-12, 4 (Four) meetings of the Shareholders' Grievance Committee were held on 04.05.2011, 12.08.2011, 08.11.2011 and 09.02.2012.

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

Name	No. of meetings held during tenure	No. of meetings attended
Mr. Inder Mohan Sakhuja	4	4
Mr. Hans Raj Sachdeva*	2	2
Mr. Rochak Puri**	2	2
Mr. Pritam Narang	4	4

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

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

Compliance Officer

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



Complaints received / resolved

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

Pending Share Transfer

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

VI. OTHER COMMITTEES OF BOARD

SHARE TRANSFER COMMITTEE

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

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

As on 31.03.2012, the Committee comprised of three Directors namely Mr. Inder Mohan Sakhuja, Mr. Pritam Narang and Mr. Rochak Puri. The Committee meets twice in a month.

COMMITTEE OF BANKING AND LEGAL MATTERS

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

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

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

VII. GENERAL BODY MEETINGS

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

Year	Venue	Date	Time	No. of Special Resolution passed at AGM
2010-11	The Executive Club', 439, Village Shahoopur, P.O. Fatehpur Beri, New Delhi – 110074	Friday, 15 th July, 2011	4.00 P.M.	One
2009-10	The Executive Club', 439, Village Shahoopur, P.O. Fatehpur Beri, New Delhi – 110074	Thursday, 30 th September, 2010	3.00 P.M.	None
2008-09	The Executive Club', 439, Village Shahoopur, P.O. Fatehpur Beri, New Delhi – 110074	Wednesday, 30 th September, 2009	12.00 Noon	One

Postal Ballot

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



VIII. DISCLOSURES

Disclosure on materially significant related party transactions:

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

Details of any non-compliance by the Company:

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

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

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

Compliance with the requirements of Clause 49

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

IX. MEANS OF COMMUNICATION

Quarterly Results

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

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

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

X. GENERAL SHAREHOLDER INFORMATION

A. Annual General Meeting

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

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

C. Appointment/ Reappointment of Directors

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

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

Name	Qualification	Area of Expertise	Other Directorships	Committee Memberships
Pritam Narang	B.Com (Hons) from Delhi University, M.Com from Rajasthan University, Intermediate (Group – 1) of ICWA	44 Years of work Experience in Accounts & Finance, Export & Import, Third Country International Trade, Corporate Aviation Management, Corporate Administration, Projects and Travel Trade. He is also governing Board Member of Business Aircraft Operator Association.	1. Escorts Consumer Credit Limited 2. Sumatri Bima Distributors Private Limited	Escorts Finance Limited <ul style="list-style-type: none"> • Audit Committee – Member • Shareholders' Grievance Committee – Member • Share Transfer Committee – Member • Committee of Banking & Legal Matters - Member



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

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

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

D. Financial Calendar 2012-13 (tentative)

Board meeting to take on record financial results:

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

E. Dates of Book Closure

The Company will close its register of members and share transfer books from 22nd September, 2012 to 28th September, 2012 (both days inclusive) for the purpose of Annual General Meeting.

F. Dividend

The Board recommends no dividend for the year.

G. Listing:

The Securities of the Company are listed on the following Stock Exchange:

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

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

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

H. Registrar & Share Transfer Agent

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

I. Share Transfer System

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



J. Market Price Data

Monthly high and low prices of Company's Shares at BSE during each month between April 01, 2011 to March 31, 2012 are given in the table below:-

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

K. Distribution of share holding as on 31.03.2012: -

a) On the basis of shares held:

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

b) On the basis of category

Category	No. of Shareholders	No. of Shares held	%
Promoter & Promoter Group			
a) Indian	8	28003178	69.574
b) Foreign	NIL	NIL	NIL
Public Shareholding			
Institutions :			
a) Mutual Funds & UTI	1	200	0.00
b) Banks / FIs	2	878904	2.184
c) FIIs / VCs etc.	NIL	NIL	NIL
Non Institutions :			
a) Private Bodies Corporate	181	5979669	14.856
b) Indian Public	25529	5383430	13.375
c) NRIs / OCBs etc.	12	4619	0.011
TOTAL	25733	40250000	100



L. Dematerialisation of Shares

The Equity shares of the Company are compulsorily traded and settled only in demat mode. As on 31.03.2012, approximately 95.43% of the shares of the Company are held in demat form.

M. Outstanding GDRs/ADRs/Warrants etc.

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

N. Plant Location:

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

O. Address for correspondence:

The Company Secretary
Escorts Finance Limited
Escorts Corporate Centre
15/5, Mathura Road
Faridabad – 121 003
Tel:(0129) 2564116
Fax:(0129) 2250060

P. Registrar and Transfer Agents:

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

XI. CEO/CFO CERTIFICATION

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

Place: Faridabad

Dated: 13th August, 2012

On behalf of the Board

**Sd/-
Inder Mohan Sakhuja
(Chairman)**

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

To the Members of
Escorts Finance Limited,

We have examined the compliance of the conditions of Corporate Governance by Escorts Finance Limited ("the Company") for the year ended 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

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

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

Place: Faridabad
Dated: 13th August, 2012

For N.M. Rajji & Co.
Chartered Accountants
(Registration No. 108296W)
S.N. Shivakumar
Partner
M.No. 88113