



30th

ANNUAL REPORT

2017-18



**ESCORTS
FINANCE
LIMITED**



COMPANY INFORMATION

Board of Directors

Mr. Pritam Narang, Whole-time Director

Mr. Sumit Raj

Ms. Preeti Chauhan

Company Secretary

Mr. Vicky Chauhan

Chief Financial Officer

Mr. Donald Fernandez

Statutory Auditors

M/s Kapish Jain & Associates

Secretarial Auditors

M/s Jayant Gupta & Associates

Internal Auditors

M/s Jain Aarushi & Associates

Registered Office

SCO-64-65, Third Floor,
Sector - 17A, Chandigarh - 160017

CIN: L65910CH1987PLC033652

Website: www.escortsfinance.com

E-mail: escortsfinance@escorts.co.in

**NOTICE**

Notice is hereby given that the **Thirtieth Annual General Meeting (AGM)** of Escorts Finance Limited will be held on **Friday, September 28, 2018 at 3.00 P.M.** at Hotel K C Residency, SCO 377- 380, Sector-35 B, Chandigarh-160035 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt:
 - a. the audited standalone financial statement of the Company for the financial year ended March 31, 2018, the reports of the Board of Directors and Auditors thereon; and
 - b. the audited consolidated financial statement of the Company for the financial year ended March 31, 2018.
2. To appoint a Director in place of Mr. Pritam Narang (DIN: 00982418) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. **To appoint Mr. Sumit Raj (DIN 07171298) as an Independent Director and in this regard, to consider and if thought fit, to pass the following resolution as an "Ordinary Resolution":**

"Resolved That pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 {including any statutory modification(s) or re-enactment(s) thereof for the time being in force}, Mr. Sumit Raj (DIN 07171298), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, who qualifies for being appointed as a Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a period of 3 (three) consecutive years upto the conclusion of the 33rd Annual General Meeting of the Company to be convened in the calendar year 2021."

NOTES:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY MAY BE SENT IN THE ENCLOSED FORM AND IN ORDER TO BE EFFECTIVE MUST REACH AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED AND SIGNED ATLEAST 48 HOURS BEFORE THE COMMENCEMENT OF AGM.**

A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

- 2) A copy of Annual Report containing Audited Financial Statements for the financial year ended March 31, 2018 together with the Reports of the Board of Directors and Auditors' thereon are enclosed. Members are requested to bring their copies of Annual Report at the AGM.
- 3) **Green Initiative:** The Ministry of Corporate Affairs (MCA), Government of India has allowed companies to send documents to the shareholders electronically as part of its green initiatives. Accordingly, the Company is sending documents like the Notice of General Meeting, Financial Statements, Directors' Report, Auditors' Report and other Communication etc., to the e-mail address as registered with the Company/ your depositories. We request you to update your e-mail address with your Depository Participant(s) to ensure that the Annual Report and other documents reach you on preferred e-mail address and the shareholders holding shares in physical mode may inform their e-mail address to the Company.



- 4) The Register of Members and Share Transfer Books of the Company will remain closed from September 21, 2018 to September 28, 2018 (both days inclusive).
- 5) Shareholders/ Proxy holders are requested to produce at the entrance attached attendance slip duly completed and signed, for admission to the AGM hall.
- 6) Members are informed that Share Transfer and related activities are being carried out by Alankit Assignments Limited, Registrar and Share Transfer Agents (Alankit RTA), from the following address: -

ALANKIT ASSIGNMENTS LIMITED

Alankit House

1E/13, Jhandewalan Extension,

New Delhi – 110 055

Tel.- +91-11-42541953

Fax: +91-11-23552001

E-mail id: rta@alankit.com

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

- 7) The Equity shares of the Company can only be traded in electronic mode w.e.f. June 26, 2000 as per SEBI guidelines. The Company has already entered into agreements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for the same. Interested members may opt to convert physical shares of the Company in electronic mode after sending request for dematerialisation through their Depository Participant.
- 8) Members of the Company who are holding shares in physical form and 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).
- 9) Section 72 of the Companies Act, 2013 and Rule 19 of the Companies (Share Capital & Debenture) Rules, 2014 has extended nomination facility to individual shareholders holding shares in physical form. Shareholders are requested to avail the above facility by submitting prescribed **Nomination Form SH-13** to the Alankit RTA. This form is also available on the Company's website **www.escortsfinance.com**.
- 10) Please send all correspondence including requests for transfer/ transmission of shares & change of address etc. to Alankit RTA.
- 11) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary at least ten days before the date of the meeting, so that the required information may be made available at the meeting.
- 12) Members who have not yet paid their "Allotment Money" are advised to send the same along with interest calculated @ 17% p.a. for delayed period i.e. from May 7, 1995 till the date of payment, through demand draft/ cheque payable at Delhi in favour of the Company, to avoid forfeiture.
- 13) Pursuant to the requirements of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations") on Corporate Governance and Secretarial Standard, the information required to be given in case of appointment or reappointment of Director, is given in the Corporate Governance Report forming part of this Annual Report.
- 14) Electronic copy of the Notice of AGM of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose e-mail IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their e-mail address, physical copies of the Notice is being sent in the permitted mode.
- 15) Members may also note that the Notice of the AGM and the Annual Report for the financial year ended on March 31, 2018 will also be available on the Company's website **www.escortsfinance.com**. The physical copies of the aforesaid documents along with all documents referred to in the accompanying Notice will also be available at the Company's Registered Office in Chandigarh for inspection during normal business hours on



working days between 11.00 A.M. to 3.00 P.M. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's e-mail id **escortsfinance@escorts.co.in**.

- 16) Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its RTA or the concerned Depository Participant, as the case may be, immediately of:-
- The change in the residential status on return to India for permanent settlement.
 - The particulars of the NRE Account with a Bank in India, if not furnished earlier.
- 17) The Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company/ RTA a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

18) Voting through electronic means:-

- In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Listing Regulations {including any statutory modification(s) or re-enactment(s) thereof, for the time being in force}, the Company is pleased to provide to Members facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means i.e. Remote e-voting. The Company has appointed CDSL as the Authorised Agency to provide Remote e-voting facility for casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("Remote e-voting").
- The facility for voting through Ballot Paper shall be made available at the venue of AGM and the Members who have not cast their vote by Remote e-voting shall be eligible to exercise their right at the AGM through Ballot Paper.
- The Members who have already cast their votes by Remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again. It is hereby clarified that it is not mandatory for a Member to vote using the Remote e-voting facility.
- The process and manner for Remote e-voting are as under:

Instruction for Voting:-

- In case of members receiving e-mail:
 - Log on to the e-voting website **www.evotingindia.com** during Remote e – voting period.
 - Click on "Shareholders" tab.
 - Now, select the Electronic Voting Sequence Number – "EVS" 180901047 along with "Escorts Finance Limited" from the drop down menu and click on "SUBMIT".
 - Now, enter your User ID:
 - For NSDL: 8 Character DP ID followed by 8 digits Client ID
 - For CDSL: 16 digits beneficiary ID
 - For Members holding shares in Physical Form should enter Folio Number Registered with the Company
 - Next enter the image Verification as displayed and click on Login.
 - In case you are holding shares in Demat form and had logged on **www.evotingindia.com** and voting on an earlier voting of any Company then your existing password is to be used.



- vii. If you are a first time user, please follow the steps given below and fill up the following details in the appropriate boxes.

For Member holding shares in Demat and physical form:	
PAN*	Enter your 10 digit alpha-numeric *Permanent Account Number (PAN) issued by Income Tax Department when prompted by the system while e-voting
DOB#	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Bank Details#	Enter the Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

*Members who have not updated the PAN with the Company/Depository Participant can enter in the PAN field the 10 characters as First 2 Alphabets of First Holder Name followed by 8 Characters consisting of Folio No. prefix by "0" (or 8 Characters from the right BO-ID) No special characters will be taken from the Name and Folio No.

Please enter any one of the details in order to login. In case either of the details are not recorded with the depository/ Company, please enter the no. of shares held by you as on September 21, 2018 in the Bank Details field.

- viii. Members holding shares in physical form will then directly reach the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password shall be used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix. For members holding shares in physical form, the details can be used for only e-voting on the resolutions contained in this Notice.
- x. Click on the relevant EVSN on which you choose to vote.
- xi. On the voting page, you will see Resolution Description and against the same the option YES/ NO for voting. Select the option YES or NO as desired. The option "YES" implies that you assent to the Resolution and option "NO" implies that you dissent to the Resolution.
- xii. Click on the "Resolutions File Link" if you wish to view the entire Resolution(s).
- xiii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi. If Demat account holder has forgotten the changed password then enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- xvii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to **www.evotingindia.com** and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have authorised to vote on their behalf, in PDF format in the system for the scrutinizer to verify the vote.



- B. In case of Members receiving the **physical copy of Notice of AGM** {for members whose email IDs are not registered with the Company/ Depository Participant(s) or requesting for physical copy}, please follow all steps from sl. no. (i) to sl. no. (xvi) above, to cast vote.
- V. In case you have any queries regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at **www.evotingindia.com** under help section or write an email to **helpdesk.evoting@cDSLindia.com**.
- VI. The e-voting period commences on Tuesday, **September 25, 2018** (9:00 am IST) and ends on Friday, **September 27, 2018** (5:00 pm IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. **September 21, 2018**, may cast their vote electronically and also at the venue of AGM. The Name of Escorts Finance Limited shall be disabled by CDSL for voting thereafter from their e-voting module.
- VII. The voting rights of Members shall be in proportion to their share in the Paid-up Equity Capital of the Company as on the cut-off date i.e. September 21, 2018.
- VIII. **Members can opt for only one mode of voting i.e.** either by Remote e-voting or physically at the AGM venue through Ballot Paper. In case you are opting for Remote e-voting then do not vote by physical mode at AGM venue and vice-versa. In case members cast their vote both via physical as well as e-voting then voting done through physical mode shall not prevail and voting done by e-voting shall be considered as valid vote.
- IX. Mr. Jayant Gupta, Practicing Company Secretary (Membership No. F7288) has been appointed as the Scrutinizer to scrutinize the voting process in a fair and transparent manner.
- X. The Scrutinizer shall, within a period not exceeding 3 (three) working days from the conclusion of the e-voting period unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and make a Consolidated Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- XI. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website **www.escortsfinance.com** and on the website of CDSL at **www.evotingindia.com** immediately after the result is declared by the Chairman. The Company shall also simultaneously forward the results to BSE Limited where its shares are listed.
- 19) The Securities and Exchange Board of India (SEBI) has mandated submission of PAN by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Alankit RTA.
- 20) SEBI has decided that securities of listed companies can be transferred only in dematerialised form from December 5, 2018. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form.
- 21) SEBI has vide its Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/ 2018/73 dated April 20, 2018 read with Circular No. SEBI/HO/MIRSD/DOS3/CIR/P/2018/115 dated July 16, 2018, has mandated the Company/ RTA to obtain copy of PAN Card and Bank account details from all the shareholders holding shares in physical form. Shareholders are requested to provide the required details as per above circular in the format provided in the Annual Report.

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

**Sd/-
Vicky Chauhan
Company Secretary**

**Place: Faridabad
Dated: August 9, 2018**



EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS {PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (the "Act")}

ITEM NO. 3

In accordance with the provisions of Sections 149 and 152 read with Schedule IV of the Companies Act, 2013 ("the Act"), appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has recommended appointment of Mr. Sumit Raj as an Independent Director on the Board of the Company. The appointment of Mr. Sumit Raj shall be effective upon approval by the members of the Company.

Mr. Sumit Raj is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has received a declaration from Mr. Sumit Raj that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and under SEBI (Listing Obligations and Disclosure Requirements) Regulations ("the Listing Regulations"). In the opinion of the Board, Mr. Sumit Raj fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations. Mr. Sumit Raj is independent of the management and possesses appropriate skills, experience and knowledge.

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

Particulars of his qualification, brief resume and area of expertise etc. are annexed to this Notice.

Except Mr. Sumit Raj, being appointee, none of the Directors, Key Managerial Personnel of the Company or their relatives, is concerned or interested, financial or otherwise, in the resolution set out at Item No. 3.

The Board commends the Ordinary Resolution as set out at Item No. 3 of the Notice for approval of the members.

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

**Place: Faridabad
Dated: August 9, 2018**

**Sd/-
Vicky Chauhan
Company Secretary**

DIRECTORS' REPORT



Your Directors are pleased to present the Thirtieth Annual Report, together with the Audited Financial Statements of the Company for the financial year ended March 31, 2018 and the Auditors' Report thereon.

Financial Results

(Rs. In Lacs)

Particulars	Financial Year ended March 31, 2018	Financial Year ended March 31, 2017
Gross Income	16.42	30.47
Profit/ (Loss) before write off, provisions & tax	(276.27)	(5.82)
Tax adjustment for earlier years	-	-
Profit/ (Loss) after Tax	(97.47)	(5.82)

The Gross Income comprises of amount(s) received on recovery of delinquent assets through settlement/ compromise/ legal action.

Dividend

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

Fixed Deposits

An amount of Rs. 37.44 Lacs has been paid to the Fixed Deposit holders during the financial year ended March 31, 2018. As on the said date, there is an unclaimed/ unpaid fixed deposit liability of Rs. 1095.13 Lacs.

Management Discussion and Analysis

(i) Industry Structure and Development & Opportunities and Threats

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 region focus, primarily engaged in hire purchase financing, investments, corporate loans, IPO funding, venture capital and other non-fund based activities. The Reserve Bank of India (RBI) regulates and supervises these NBFCs.

The Company has surrendered its Certificate of registration and RBI also through its Order dated April 16, 2016 has cancelled Company's Certificate Registration No- A- 14.01690.

(ii) Opportunities and threats

The NBFCs are facing stiff competition from Banks and Financial Institutions, due to the ability of Banks & FII's to raise a low cost fund which enables them to provide funds at more favorable rates. More stringent capital adequacy norms have been stipulated by RBI for NBFCs which results in inability to give cheaper finance.

(iii) Segment-wise or Product-wise Performance

The Company has been primarily engaged in the business of hire purchase, leasing, 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 provided in the Indian Accounting Standard on Segment Reporting (IND AS - 108) issued by The Institute of Chartered Accountants of India.

(iv) Future Outlook

The Company is presently engaged in recovery of delinquent loan assets and settlement of old legal cases filed by/ against the Company. Your directors are exploring the possibilities of venturing into new business areas.

(v) Risks and Concerns

High interest regime in the economy may act as a dampener for the financing business. There is also stiff competition due to entry of large players in the market.

(vi) Internal Control Systems and their adequacy

The Internal Control Systems are in place to serve the existing operations of the Company.



(vii) Financial Performance

The loss for the year after write offs/ provisions etc. and tax amounts to Rs. 97.47 Lacs.

(viii) Human Resource and Industrial Relations

The Company is having three employees as on the date of this report. Your Directors relation at all levels with employees were cordial.

Cautionary Statement

Statements in this Management Discussion and Analysis section 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 related costs.

Directors

In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Pritam Narang, Director retires by rotation at the ensuing Annual General Meeting of your Company, and being eligible, offers himself for re-appointment.

Your Directors recommend the re-appointment of Mr. Pritam Narang at the ensuing Annual General Meeting.

Mr. Rochak Puri, Independent Director of the Company has resigned from the Board of the Company w.e.f. May 16, 2018. The Board places on record its appreciation for the valuable guidance and services rendered by Mr. Rochak Puri during his tenure with the Company.

The Company has on the recommendation of Nomination and Remuneration Committee and in accordance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 co-opted Mr. Sumit Raj as an Additional Independent Director on the Board of the Company w.e.f. May 16, 2018 subject to approval of members at the AGM. He shall hold office as Director of the Company upto the date of ensuing AGM and is eligible for appointment as a Director.

Pursuant to the provisions of Section 149 and other applicable provisions of the Act, your directors are seeking appointment of Mr. Sumit Raj as an Independent Directors for a period of 3 years.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and Listing Regulations.

The policy for Appointment and Remuneration of Director's, Key Managerial Personnel and Other Employees is attached as **Annexure – A** and forms an integral part of this report.

The Company has devised the criteria for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the non-executive directors. Evaluation was done by the Board for its own performance and that of its Committees and individual Directors.

The brief resume and other details relating to the Director(s) proposed to be appointed/ re-appointed, as required to be disclosed under Listing Regulations are provided as under:

Particulars	Mr. Pritam Narang	Mr. Sumit Raj
Director Identification Number	00982418	07171298
Date of Birth	08/02/1949	18/08/1986
Date of Appointment	14/01/2008	16/05/2018
Qualifications	B.Com (Hons) from Delhi University, M.Com from Rajasthan University, Intermediate (Group – 1) of ICWA	B.Com, CS & LLB