

**ESQUIRE MONEY GUARANTEES LTD.**

**Annual Report - 2006**

## **ESQUIRE MONEY GUARANTEES LIMITED**

4F2, Court Chambers, 35 New Marine Lines, Mumbai 400 020

### **NOTICE**

**NOTICE** is hereby given that the Twenty First Annual General Meeting of the members of your Company **M/s Esquire Money Guarantees Limited** will be held on Wednesday the 27<sup>th</sup> September 2006 at 11.30 a.m at 4F2, Court Chamber, 35, New Marine Lines, Mumbai 400 020 to transact the following business:-

#### **Ordinary Business:-**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March 2006 and Profit & Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr.Murari Tulsian who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in the place of Mr. Mool Chand Suthar who retires by rotation and is eligible for re-appointment.
4. To appoint auditors to hold office from the conclusion of the ensuing meeting till the conclusion of the next Annual General Meeting.

**By Order of the Board**  
Sd/-

**Mool Chand Suthar**  
Director

Mumbai, 10<sup>th</sup> August 2006

#### **Notes:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend & vote instead of himself and such proxy need not be a member of the company. Proxies in order to be effective must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Book of the company shall remain closed on 27<sup>th</sup> September 2006.
3. Members/Proxy holders must bring the Attendance slip to the meeting and hand it over at the entrance duly signed.
4. Members are requested to quote their folio number in all correspondence with the Company and notify the Company immediately of change, if any, in their address and/or of their mandate.

**ESQUIRE MONEY GUARANTEES LIMITED**  
4F2, Court Chambers, 35 New Marine Lines, Mumbai 400 020

**DIRECTORS' REPORT**

**To the Members,**

Your directors take this opportunity to present their report on the business and operations of your company for the year ended March 31, 2006.

**PERFORMANCE**

<b>Year ended</b>	<b>March 31, 2006</b>	<b>March 31, 2005</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Net Profit / (Loss) for the year	<b>9891.18</b>	<b>4241.79</b>
Add: Surplus brought forward from previous year	<b>(55,35,534.19)</b>	<b>(55,39,775.98)</b>
<b>Balance carried forward</b>	<b>(69,60,992.01)</b>	<b>(5,5,35,534.19)</b>

**DIVIDEND:**

Keeping in view the need to conserve the company's resources and to meet the enhanced working capital requirements, your directors have decided not to recommend any dividend for the year under report.

**FIXED DEPOSITS**

Your company has not accepted any deposit under the provisions of Section 58A of the Companies Act, 1956 and the Rules made there under and therefore the provisions of Section 58A have no application.

**DIRECTORS**

Mr. Murari Tulsian and Mr. Mool Chand Suthar, Directors of the Company retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for reappointment

**DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the requirements of Section 217(2AA) of the Companies Act, 1956, your Directors wish to confirm the following:

- i) That the applicable accounting standards have been followed in the preparation of the annual accounts;
- ii) That appropriate accounting policies have been selected and applied consistently and have 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 as at 31<sup>st</sup> March 2006 and the profit incurred by the Company for the year ended on that date.
- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) That the annual accounts have been prepared on a going concern basis.

### **CORPORATE GOVERNANCE**

A report on Corporate Governance has been included separately in the Annual Report.

### **PARTICULARS OF EMPLOYEES**

Your company recognises employees as its most valuable resources and lays considerable emphasis on their training and development with a view to create a culture of learning, trust, safety and fairness.

No employee of the company, whether employed for the whole year or part of the year, was drawing remuneration exceeding the limits prescribed in Section 217(2A) of the Companies Act, 1956.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, the particulars relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is annexed to this report.

### **AUDITORS**

The Auditors of the Company M/s J. K. Shah & Associates., Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. You are requested to appoint the auditors for the current year to hold office until the conclusion of the next Annual General Meeting and fix their remuneration.

The observations made in the Auditors Report are self-explanatory and therefore, do not call for any further comments u/s 217 of the Companies Act, 1956.

## **ACKNOWLEDGEMENTS**

Your directors place on record their sincere appreciation for the continued support from members, customers, vendors, bankers and other business associates. A particular note of thanks to employees at all levels for their hard work, competence, commitment, dedication and solidarity.

**For and on behalf of the Board**

Mumbai, 10<sup>th</sup> August 2006

**Sd/-  
Mool Chand Suthar  
Director**

## ANNEXURE TO THE DIRECTORS' REPORT

Particulars pursuant to Companies (Disclosure of particulars in the report of board of directors) Rules, 1988

### CONSERVATION OF ENERGY

The operations of your company are not energy intensive. Sufficient measures have, however, been taken to reduce energy consumption by using energy efficient computer terminals and by the procurement of energy efficient equipments incorporating the latest technology. Energy cost forms a very small part of the total cost, the impact on cost is not material.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

The company had no foreign exchange earnings/outgo during the year under review. However, the company has been making continuous efforts to explore and penetrate overseas market.

### TECHNOLOGY ABSORPTION

Current Year

Previous Year

NIL

NIL

For and on behalf of the Board

Sd/-

Mool Chand Suthar

Director

Mumbai, 10<sup>th</sup> August 2005

Ref: \_\_\_\_\_

Date: \_\_\_\_\_

## **Esquire Money Guarantees Limited**

4F2, Court Chambers, 35, New Marine Lines, Mumbai 400 020

### **CORPORATE GOVERNANCE REPORT**

This report on Corporate Governance forms part of the report of the Directors to the members. This report complies with the requirements of Clause 49 of the Listing Agreement entered into with the Stock Exchanges and also provides a window through which you can view the constitution and functioning of the organization in its march to achieve its stated objectives.

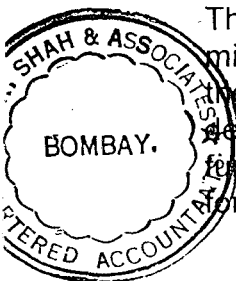
#### **Company's Philosophy on Corporate Governance:**

The Company's philosophy on Corporate Governance envisages the attainment of the highest level of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders including members, employees, the government and lenders. Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time. The Company's Corporate Governance policies recognize the Company's commitment to good and efficient Corporate Governance. The Board of Directors - the Company's high policy making body is committed in its responsibility for all decisions to all constituents, including investors, employees and regulatory authorities. The Company recognizes that the members are ultimately the persons who are catalysts to the economic activities and also the ultimate beneficiaries thereof.

#### **Composition of Board**

The Board, currently has, five members (who are suitably qualified, experienced, and competent), and periodically reviews the need for its expansion. As per the current Articles of Association of the Company, the Board can have a maximum up to 12 (Twelve) members.

The Board has been constituted in a manner, which will result in appropriate mix of executive and independent directors. This has been done to preserve the independence of the Board and to separate the board functions of policy decisions and governance and the day-to-day management. The board functions either as a full-fledged board or through committee. Policy formulation, setting up the goals, evaluation of the performance and control



function vest with the board while the committee oversees operational issues. The current Board has three independent directors and two executive directors.

Fourteen meetings of the Board of Director were held during the year on 18.04.2005,24.05.2005,23.06.2005,04.07.2005,21.07.2005,10.08.2005,14.09.2005,10.10.2005,16.11.2005,14.12.2005,18.01.2006,01.02.2006,15.02.2006 and 29.03.2006

The name of members of the Board of Directors, their attendance at fourteen board meeting and the number of their directorship are set out below:

<b>Name of the Board Member</b>	<b>Board meeting attended during the year</b>	<b>Attendance at Last AGM</b>	<b>Number of other directorship (Indian &amp; foreign)</b>
Mr. M. D. Dalal	12	Present	8
Mr. S. K. Jajodia	14	Present	2
Mr. Jai Bothra	12	Present	2
Mr. Murari Tulsian	11	Absent	2
Mr. Mool Chand Suthar	15	Present	-

### **Committee of Directors**

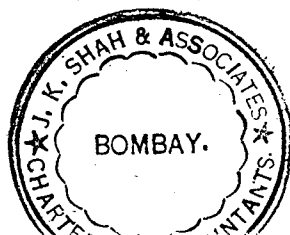
The board of Directors provides guidance to operating management on policy matters as well as in the monitoring of the action of operating management. This involvement is formalized through the constitution of designated committee of Board. The committees are intended to provide regular exchange of information and ideas between the Board and operating management.

### **Appointment of Directors, Re-appointment of directors at the forthcoming Annual General Meeting**

Mr.Murari Tulsian and Mr. Mool Chand Suthar, Directors of the Company retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for reappointment

### **Audit Committee**

To provide assistance to the Board of Directors of the Company the Audit committee was constituted. It consists of Chairman and two other members. The Chairman of the Audit Committee is independent Non-Executive Director. The Audit Committee provides direction to and oversees the Audit and the Risk Management functions, reviews the financial accounts, interacts with statutory auditors and reviews matters of special interest.





**Composition, Name of Members, Chairman and other Details \***

1. Mr. M. D. Dalal, Chairman
2. Mr. S. K. Jajodia
3. Mr. Murari Tulsiyan
4. Mr. Mool Chand Suthar

**Meeting and Attendance during the Year**

Members	Meeting Held During the Tenure of Directors	Meetings Attended
Mr. M.D. Dalal	4	3
Mr. S. K. Jajodia	4	4
Mr. Murari Tulsiyan	4	2
Mr. Mool Chand Suthar	4	4
Mr. Jai Bothra	4	3

**General Body Meeting**

Location and time for the last three Annual General Meetings:

Description of Meeting	Location	Date	Time
18 <sup>th</sup> AGM	Bombay Chambers, 32/34, Anandilal Poddar Marg, Mumbai 400 002	30 <sup>th</sup> September, 2003	10.00 A.M
19 <sup>th</sup> AGM	4F2, Court Chambers, 35, New Marine Lines, Mumbai-400 020	30 <sup>th</sup> September, 2004	10.30 A.M
20 <sup>th</sup> AGM	4F2, Court Chambers, 35, New Marine Lines, Mumbai-400 020	28 <sup>th</sup> September, 2005	11.00 A.M.

No postal ballots were used / invited for voting at the above meetings. There were no special resolutions to be passed. There is no proposal to pass any special resolution by Postal Ballots at the ensuing Annual General Meeting.

**General shareholder Information**

Compliance Officer : Mr. Moolchand Suthar

- a) **Twenty First Annual General Meeting**  
Date : 28<sup>th</sup> September, 2006  
Time : 11.30 A.M.  
Venue : 4F2, Court Chambers,  
35, New Marine Lines  
Mumbai 400 020



(b) **Financial Calendar**

**Publication of Unaudited Results:**

Quarter ending	3 <sup>rd</sup> / 4 <sup>th</sup> week of
June 30, 2005	July, 2005
September 30, 2005	October, 2005
December 31, 2005	January, 2006
March 31, 2006	April, 2006

(c) **Book Closure Date** : 27<sup>th</sup> September 2006

(d) **Listing on Stock Exchanges**

The Equity Shares of the Company are listed on the Stock Exchange, Mumbai. The Company confirms that it has paid annual listing fees to the Stock Exchange, Mumbai for the year 2005-06.

(e) **Stock Code**

The stock code of the shares listed at the Stock Exchange, where the shares of the Company is listed is given below:

Name of the Company	Code
(i) The Stock Exchange, Mumbai	512439

(f) **Market Price Data**

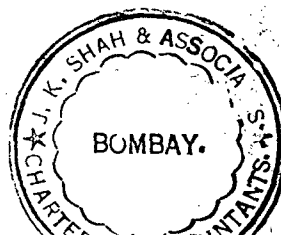
The high & low of the share price of the Company during each month in the last financial year at the Stock Exchange, Mumbai are as follows:

Month	High	Low
April 2005	-	-
May 2005	-	-
June 2005	-	-
July 2005	-	-
August 2005	-	-
September 2005	-	-
October 2005	-	-
November 2005	-	-
December 2005	-	-
January 2006	-	-
February 2006	-	-
March 2006	-	-

(g) **Name of depository with whom the Company has entered into Agreement**

The Company has yet to sign the Agreement with National Securities Depository Limited and Central Depository Services (India) Limited. The matter is being pursued vigorously.

(h) **Distribution of Shareholding**



The Distribution of shareholding as on 31<sup>st</sup> March, 2006, is as follows:

No. of Shares From To		No. of Shareholders	%	No. of Shares	%
0	5000	1042	97.00	221090	10.00
5001	10000	1	0.00	7800	0.00
10001	20000	9	1.00	178500	8.00
20001	30000	-	-	-	-
30001	40000	-	-	-	-
40001	50000	-	-	-	-
50001	100000	24	2.00	1797610	82.00
100001	Above	-	-	-	-
<b>Total</b>		<b>1076</b>	<b>100.00</b>	<b>2205000</b>	<b>100.00</b>

(i) **Shareholding pattern as on 31<sup>st</sup> March, 2006**

Category	No. of Shares	%
Nationalized Banks	-	-
Mutual Funds	-	-
NRIs / OCBs	-	-
Directors & Relatives and Bodies Corporate	153120	6.94
Other Bodies Corporate	1833210	83.14
Public	218670	9.92
<b>Total</b>	<b>2205000</b>	<b>100.00</b>

(j) **Dematerialisation of Shareholding**

The Company is yet to sign the agreement with the Registrar, NSDL and CDSL. Hence none of the shares was dematerialized as on date. Your Company hopes that the dematerialisation process will be over within a shortest possible time.

(m) **Address for Correspondence  
Registered Office:**

4F2, Court Chambers,  
35, New Marine Lines  
Mumbai 400 020

**Disclosures**

The Company has entered into certain transaction with Companies in which the Directors or the Management or their relatives, etc., have interest. However, these transactions are of routine nature and do not have any potential conflict with the interest of the Company at large.

There is neither any non-compliance with any of the legal provision of law by the Company nor any penalty or stricture imposed by the Stock Exchange / SEBI / any other statutory authority, on matter related to the capital markets, during the last three years.

**Means of communication**

Information like Quarterly Financial Results and press releases on significant developments in the Company has been made available from time to time to the press and has also been submitted to the Stock Exchange to enable them to put on their Web Sites. The quarterly Financial Results are published in English and Vernacular newspapers.



**AUDITORS' CERTIFICATE TO THE MEMBERS OF**  
**M/S. ESQUIRE MONEY GUARANTEES LIMITED.**

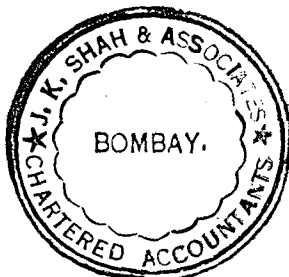
We have examined the compliance of conditions of Corporate Governance by Esquire Money Guarantees Limited, for the year ended 31<sup>st</sup> March 2006, as stipulated in clause 49 of the listing agreement of the said company with Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the aforesaid Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that on the report issued by the Registrars of the Company to the Share holders/ Investor Grievance Committee, as on 31<sup>st</sup> March 2006, there were no investor grievance matters against the Company remaining unattended / pending for more than 30 days.

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



For J. K. Shah & Associates .  
Chartered Accountants

*Shah*

**Jay Kumar K. Shah**  
Proprietor

Mumbai  
10<sup>th</sup> Day of August 2006

Ref: \_\_\_\_\_

Date: \_\_\_\_\_

AUDITOR'S REPORT

To  
The Members,  
M/s. Esquire Money Guarantees Ltd.

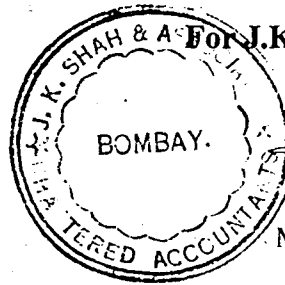
We have audited Balance Sheet of M/s. **ESQUIRE MONEY GUARANTEES LIMITED** as at March 31, 2006 and also the Profit and Loss Account for the period ended on that date and the Cash Flow Statement annexed there to. These financial statements are the responsibility of the company management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India terms of Section (4A) of the Companies Act, 1956, we enclose, in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 3 above, we state that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion proper books of account as required by Law have been kept by the Company so far as appears from our examination of the books;
  - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
  - d) In our opinion Profit and Loss Account & the Balance Sheet comply with the mandatory accounting Standards referred to in sub-section (3C) of Section 211 of the Companies act, 1956.
  - e) On the basis of the written representations received from the Directors as on March 31, 2006 and taken record by the Board of Directors, we report that none of them is disqualified as on March 31, 2006 from being appointed as a Director in terms of clause (g) of sub-section 274 of the Companies Act, 1956.

- f) In our opinion; and to the best of our information and according to the explanation given to us, the said accounts, and read together with other notes there on give the information required by the Companies Act, 1956 in manner so requires and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) In the case of the Balance Sheet, of the state of affairs of the Company as on, March 31 2006
- (ii) In the case of the Profit and Loss Account, of the profit of the Company for the period ended on that date.

Place: Mumbai  
Date: 10.08.2006



**For J.K.Shah & Associates**  
Chartered Accountants

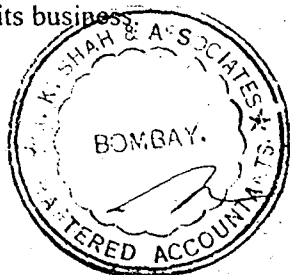
*Shah*

**Jaykumar K.Shah**  
(Proprietor)

Membership No.42545

**ANNEXURE REFERRED TO IN PARAGRAPH 4 OF THE AUDITOR'S REPORT TO THE MEMBERS OF M/s. ESQUIRE MONEY GUARANTEES LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2006**

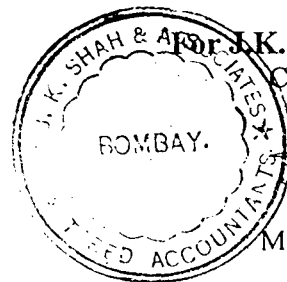
- i.) In respect of fixed assets :
- a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Fixed assets of the company have been physically verified by the management at the end of the year and we are informed that no discrepancies between book records and the physical Inventory has been noticed.
  - c) In our opinion, and according to the information and explanation given to us, the company has not made any substantial disposals during the year Concern assumption.
- ii.) (a). Inventories have been physically verified during the year by the management and in our opinion, the frequency of verification is reasonable.
- (b). The Procedure of physical verification of stock followed by the management are adequate in relation to the size of the company and the nature of its business.
  - (c). The company is maintaining proper record of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account
- iii.) (a). The company has not accepted / granted any loans, during the year from the parties covered in the register maintained under section 301 of the companies Act, 1956.
- (b). It is not prejudicial to the interest of the Company.
  - (c). There is regularity in the terms of payment of interest and principals.
- iv.) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- v.) As the information received from management, there are no transaction with the parties covered under section 301 of the companies Act 1956.
- vi.) In our opinion as per the explanation given to us the Company has not complied with the provisions of section 58A and 58AA of the companies Act, 1956 and The Companies (Acceptance of deposits) rules, 1975 with regards to the deposits accepted from the shareholders, friends, relatives of directors and business associates.
- vii.) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.





- viii.) As inform to us no cost audit under section 209(1)(d) of the companies Act, 1956 have been prescribed.
- ix.) The company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, custom duty, excise duty, cess and other statutory dues with the appropriate authorities if any
- x.) The company has not incurred cash loss in the current year and in the immediately preceding financial year and there are accumulated losses in the balance sheet as on 31<sup>st</sup> March 2006, but net worth of the company has not been eroded by more than 50%.
- xi.) The company has not defaulted during the year in repayment of dues to any financial institutions, banks.
- xii.) No loans and advances given against pledge of share, debenture and other securities.
- xiii.) As the company in not a chit fund, nidhi, mutual benefit fund or society the provisions of clause 4(xiii) of the companies (Auditors report) order, 2003 is not applicable to the company.
- xiv.) Adequate documents are maintained for transaction and contracts in shares / securities and shares and securities are held by the company in its own name unless exempted under section 49 of the companies Act
- xv.) The company has not given any guarantee for loans to others
- xvi.) According to the information and explanations received, the company has not applied short terms borrowings for long term use and vice versa.
- xvii.) The company has not made any preferential allotment of shares during the year.
- xviii.) The company has not issued any debentures during the year.
- xix.) The company has not raised any money by way of public issue during the year.
- xx.) As per the information and explanation given to us, no material fraud on or by the company has been noticed during the year

Place: Mumbai  
Date: 10.08.2006



For J.K. Shah & Associates  
Chartered Accountants  
*Shah*  
Jaykumar K. Shah  
(Proprietor)  
Membership No.42545

**ESQUIRE MONEY GUARANTEES LIMITED**

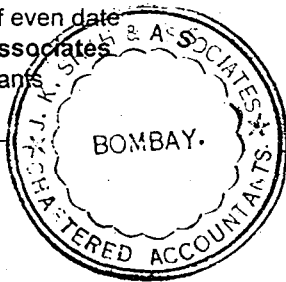
**BALANCE SHEET AS AT 31ST MARCH 2006**

	SCH NO	Rupees As at March 31, 2006	Rupees As at March 31, 2005
<b>I SOURCES OF FUNDS</b>			
<b>1 Shareholders' Funds</b>			
Share Capital	A	22,050,000.00	22,050,000.00
Reserves & Surplus	B	39,200,000.00	39,200,000.00
		<u>61,250,000.00</u>	<u>61,250,000.00</u>
<b>II APPLICATION OF FUNDS</b>			
<b>1 Fixed Assets</b>			
Gross Block	C	13,560,393.00	13,473,338.00
Less : Depreciation		<u>13,164,673.00</u>	<u>13,040,356.00</u>
Net Block		395,720.00	432,982.00
<b>2 Investments</b>	D	4,012,550.00	4,012,550.00
<b>3 Current Assets, Loans and Advances</b>			
Inventories	E	906,493.97	610,593.97
Sundry Debtors		5,328,118.36	5,404,029.84
Cash & Bank Balances		97,202.77	137,822.74
Other Current Assets, Loans & Advances		<u>53,477,037.85</u>	<u>55,843,329.85</u>
		<u>59,808,852.95</u>	<u>61,995,776.40</u>
Less : Current Liabilities & Provisions	F		
Liabilities		9,878,150.96	10,332,130.59
Provisions		49,964.00	414,712.00
		<u>9,928,114.96</u>	<u>10,746,842.59</u>
Net Current Assets		49,880,737.99	51,248,933.81
<b>4 Miscellaneous Expenditure</b> (To the extent not written off)	G	-	20,000.00
Profit & Loss Account		6,960,992.01	5,535,534.19
		<u>61,250,000.00</u>	<u>61,250,000.00</u>
Accounting Policies & Notes to Accounts	I		

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

As per our report of even date  
For J.K.Shah & Associates  
Chartered Accountants

Jaykumar K.Shah  
Proprietor  
M.No.42545  
Place : Mumbai  
Date : 10.08.2006



Signature to the schedules A to H & I  
For and on behalf of the Board of Directors

S.K. Jadia  
Director

Moolchand Suthar  
Director

**ESQUIRE MONEY GUARANTEES LIMITED**

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2006**

	SCH NO	Rupees For the year ended March 31, 2006	Rupees For the year ended March 31, 2005
<b>INCOME</b>			
Misc Income		1,650.00	1,860.00
Sales		804,850.00	861,540.00
Closing Stock		906,493.97	610,593.97
		<u>1,712,993.97</u>	<u>1,473,993.97</u>
<b>EXPENDITURE</b>			
Opening Stock		610,593.97	241,493.97
Purchases		780,500.00	652,490.00
Operating & Establishment Expenses	H	187,691.82	421,983.21
Depreciation		124,317.00	153,785.00
		<u>1,703,102.79</u>	<u>1,469,752.18</u>
<b>Profit before Taxation</b>		<u>9,891.18</u>	<u>4,241.79</u>
Provision for Taxation		-	-
<b>Profit after Taxation</b>		<u>9,891.18</u>	<u>4,241.79</u>
Previous Year Adjustments		1,435,349.00	-
		<u>(1,425,457.82)</u>	<u>4,241.79</u>
Balance brought forward from previous year		<u>(5,535,534.19)</u>	<u>(5,539,775.98)</u>
Balance carried to Balance Sheet		<u>(6,960,992.01)</u>	<u>(5,535,534.19)</u>

Accounting Policies & Notes to Accounts

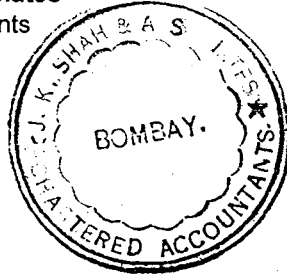
I

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

As per our report of even date  
For J.K.Shah & Associates  
Chartered Accountants

*Shah*

Jaykumar K.Shah  
Proprietor  
M.No.42545  
Place : Mumbai  
Date : 10.08.2006



Signature to the schedules A to H & I  
For and on behalf of the Board of Directors

*S.K. Jajodia*  
S.K. Jajodia  
Director

*Moolchand Suthar*  
Moolchand Suthar  
Director

ESQUIRE MONEY GUARANTEES LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2006

	Rupees March 31, 2006	Rupees March 31, 2005
<b>SCHEDULE A : SHARE CAPITAL</b>		
<b>Authorised</b>		
10,00,000 Equity Shares of Rs. 10/- each.	70,000,000.00	70,000,000.00
<b>Issued, Subscribed &amp; Paid up</b>		
2,05,000(1225000) Equity Shares of Rs. 10/- each fully paid	22,050,000.00	22,050,000.00
	<u>22,050,000.00</u>	<u>22,050,000.00</u>

<b>SCHEDULE B : RESERVES &amp; SURPLUS</b>		
<b>Share Premium</b>		
2,05,000 Equity Shares of Rs. 10/- each at premium of Rs. 40/- per Share	39,200,000.00	39,200,000.00
	<u>39,200,000.00</u>	<u>39,200,000.00</u>

Particulars	Gross Block			Depreciation			Net Block	
	As at	Additions/ Deletion	As at	Upto	For the year	Upto	As at	As at
	April 01,2005		March 31,2006	March 31,2005		March 31,2006	March 31,2006	March 31,2005
Computer	11,720,464	87,055	11,807,519	11,519,173	85,919	11,605,092	202,427	288,346
Machine	20,000	-	20,000	11,591	1,050	12,647	7,353	8,409
Equipments	145,904	-	145,904	76,241	6,931	83,172	62,732	69,663
Furniture & Fixture	488,140	-	488,140	334,521	30,411	364,932	123,208	153,619
Motor Car	20,000	-	20,000	20,000	-	20,000	-	-
Total	13,473,338	87,055	13,560,393	13,040,356	124,317	13,164,673	395,720	520,037
Previous Year	13,382,288	91,050	13,473,338	12,886,571	153,785	13,040,356	432,982	586,767

<b>SCHEDULE D : INVESTMENTS</b>		
Equity Shares		
(Quoted Shares)	74,650.00	74,650.00
Other Investments	3,937,900.00	3,937,900.00
(Quoted Shares)		
	<u>4,012,550.00</u>	<u>4,012,550.00</u>

<b>SCHEDULE E : CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
Inventory	906,493.97	610,593.97
undry Debtors		
Debts outstanding for a period exceeding six months :		
unsecured, considered good	5,328,118.36	5,404,029.84
Other debts : unsecured, considered good	-	5,404,029.84
Cash and Bank Balances		
Cash on hand(As Certified by the manager)	55,275.99	114,959.99
Balance with schedule banks		
Current accounts	41,926.78	22,862.75
Loans and Advances		
(unsecured and Considered Good)		
Loans	550,000.00	550,000.00
Advances	39,213,137.42	39,253,429.42
Deposit	9,374,250.00	9,374,250.00
Share Application Money	4,202,250.00	4,202,250.00
Income Tax Paid	105,864.43	2,419,425.43
Pre-Paid Expenses		
Income Tax Deducted at source	31,536.00	43,975.00
	<u>59,808,852.95</u>	<u>61,995,776.40</u>



**ESQUIRE MONEY GUARANTEES LIMITED**

**SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2006**

	Rupees		Rupees
	March 31, 2006		March 31, 2005
<b>SCHEDULE F : CURRENT LIABILITIES AND PROVISIONS</b>			
<b>Current Liabilities</b>			
Sundry Creditors	9,863,290.96		10,278,120.59
Outstanding Liabilities	<u>14,880.00</u>	9,878,150.96	<u>54,010.00</u> 10,332,130.59
<b>Provisions</b>			
Provision for Taxation		<u>49,964.00</u>	<u>414,712.00</u>
		<u><b>9,928,114.96</b></u>	<u><b>10,746,842.59</b></u>

<b>SCHEDULE G</b>			
<b>MISCELLANEOUS EXPENDITURE</b>			
(To The extent not written off or adjusted)			
Public Issue Expenses		-	20,000.00
		<u>-</u>	<u>20,000.00</u>

**SCHEDULE H :  
OPERATING & ESTABLISHMENT EXPENSES**

Advertisement	7,948.00		-
Audit Fees	5,510.00		5,510.00
Bank Charges	837.45		1,310.84
Capital Market Transaction Charges	-		-
Conveyance	1,417.00		976.00
Demat Charges	1,503.00		1,748.37
Electricity Expenses	-		-
Filing Fees	1,500.00		26,000.00
Income Tax Paid	2,525.00		-
General Expenses	-		-
Interest Paid	17,250.00		-
Sq. Up Accounts	(1,884.63)		4.00
Legal Charges	51,250.00		32,110.00
Lisung Fees	10,000.00		10,000.00
Office Expenses	2,161.00		2,179.00
Postage & Courier	1,141.00		763.00
Printing & Stationary	3,487.00		4,500.00
Profession Tax	-		-
Public Issue Expenses W/off	20,000.00		155,714.00
Rent	-		-
Salary	27,515.00		31,590.00
SEBI Fees	1,000.00		5,000.00
Share Issue Expenses W/off	-		-
Share Transfer Expenens	2,000.00		-
Subscription Fees	-		-
Travelling	10,127.00		117,111.00
Telephone Charges	22,405.00		27,467.00
	<u>187,691.82</u>		<u>421,963.21</u>



# ESQUIRE MONEY GUARANTEES LIMITED

## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE I : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

#### SIGNIFICANT ACCOUNTING POLICIES

- 1 Basis of Accounting :  
The financial statements are prepared under the historical cost convention and comply with the mandatory accounting standards and statements issued by The Institute of Chartered Accountants of India and The Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognised on accrual basis.
- 2 Fixed Assets:  
Fixed Assets are valued at Cost Less Depreciation
- 3 Depreciation:  
Depreciation on Fixed Assets is provided at Straight Line Method in Accordance with Schedule XVI to the Companies Act, 1956 but restricted to the period of use during the year.
- 4 Investments :  
Investments are stated at cost.
- 5 Inventories :  
Inventories are valued at cost.
- 6 Miscellaneous Expenditure :  
Public Issue Expenses & Share Issue Expenses are being proportionately written off over a period of Ten Years

#### NOTES ON ACCOUNTS

For the year ended  
March 31, 2006

For the year ended  
March 31, 2005

- 1 Expenditure on employees getting remuneration not less than Rs. 12,00,000/- per year if employed through the year or Rs. 1,00,000/- per month if employed for the part of the year. Nil Nil
- 2 Earning & Expenditure in Foreign Currency Nil Nil
- 3 Estimated amount of contracts remaining to be executed on capital accounts and not provided for Nil Nil
- 4 Previous year's figure have been re-arranged and re-grouped wherever considered necessary, to make them comparable to those of the current year.
- 5 Quantitative Information of Opening Stock, Purchases, Sales & Closing Stock :

Particulars	Opening Stock		Purchases		Sales		Closing Stock	
	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount
Equity Shares	87,435	610,594	87,500	780,500	57,910	804,850	117,025	906,494
Previous Year	50,525	241,494	68500	652,940	31,590	861,540	87,435	610,594




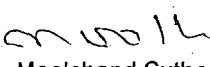
**ESQUIRE MONEY GUARANTEES LIMITED**  
**Cash Flow Statement for the year ended March 31, 2006**

	Rupees For the year ended March 31, 2006	Rupees For the year ended March 31, 2005
<b>A Cash Flow from Operating Activities</b>		
Net Profit before tax	9,891.18	4,241.79
Adjustments for :		
Depreciation	124,317.00	153,785.00
Income Tax Adjustments	(1,435,349.00)	-
Miscellaneous Expenses W/off	20,000.00	155,714.00
<b>Operating Profit before Working Capital Changes</b>	<b>(1,281,140.82)</b>	<b>313,740.79</b>
Adjustments for :		
Trade and other Receivables	75,911.48	76,255.87
Inventories	(295,900.00)	(369,100.00)
Trade and other Payables	(818,727.63)	(198,618.00)
Loans and Advances	2,366,292.00	1,715,007.00
Deposits	-	-
<b>Cash generated from Operations</b>	<b>46,435.03</b>	<b>1,537,285.66</b>
Share Issue Expenses	-	-
<b>Net Cash (used in)/from Operating Activities</b>	<b>46,435.03</b>	<b>1,537,285.66</b>
<b>B Cash Flow from Investing Activities</b>		
Purchases of Assets	(87,055.00)	(91,050.00)
Sale of Investments	-	(1,429,400.00)
<b>Net Cash (used in)/from Investing Activities</b>	<b>(87,055.00)</b>	<b>(1,520,450.00)</b>
<b>C Cash Flow from Financing Activities</b>		
Share Capital(including Premium)	-	-
<b>Net Cash (used in)/from Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net changes in cash &amp; cash equivalen (A+B+C)</b>	<b>(40,619.97)</b>	<b>16,835.66</b>
Cash & cash equivalents - Opening Balance	137,822.74	120,987.08
<b>Cash &amp; cash equivalents - Closing Balance</b>	<b>97,202.77</b>	<b>137,822.74</b>

For and on behalf of the Board of Directors

Place : 10.08.2006  
Date : Mumbai

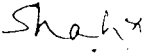
  
S. K. Jaiswal  
Director

  
Moolchand Suthar  
Director

**Auditors' Certificate**

We have examined the above Cash Flow Statement of Esquire Money Guarantees Ltd for the year ended 31st March, 2006. The Statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 of the listing agreements with various Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated 10.08.2006 to the Members of the Company.

**J.K.Shah & Associates**  
Chartered Accountants

  
Jaykumar K. Shah  
Proprietor  
M.No.42545  
Place : Mumbai  
Date : 10.08.2006

