

TO THE MEMBERS OF MORNING GLORY LEASING & FINANCE LIMITED

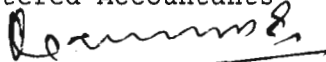
AUDITORS' REPORT

1. We have audited the attached Balance Sheet of MORNING GLORY LEASING & FINANCE LIMITED as at 31st March, 2011 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section(4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
 - iii. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of account;
 - iv. In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;



- v. On the basis of the written representations received from the Directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011;
 - (b) In the case of the Profit & Loss Account, of the Profit for the year ended on that date; and
 - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Rattan Gupta & Co.
Chartered Accountants



(Rattan Gupta)
Partner
Membership No. :- 17542

Place: New Delhi
Dated: 27-May-2011



ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in our report of even date on the accounts for the year ended 31st March, 2011.)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) The Company does not have inventory and hence the provisions of paragraph 4(ii)(a) to 4(ii)(c) are not applicable to the company.
- (iii) (a) As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 ('the Act'). Accordingly, clauses 4(iii)(b), (c) and (d) of the order are not applicable to the company.
- (e) As informed to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses 4 (iii)(f) and (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. During the course of our audit, no major weakness has been noticed in the internal control system in these areas.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no particulars of contracts or arrangements referred to in Section 301 of the Act, that need to be entered into the register maintained under section 301 of the Act.

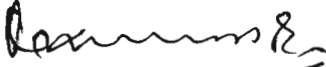


- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) Undisputed statutory dues including income-tax, wealth-tax, service-tax and any other statutory dues have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service-tax and any other statutory dues were outstanding, at the year end for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues outstanding of income tax, wealth tax, service-tax or any other statutory dues on account of any dispute.
- (x) The Company did not have any accumulated losses as at 31st March, 2011. It has also not incurred cash losses during the current financial year covered by our audit and the immediately preceding financial year.
- (xi) There are no dues to bank or financial institution.
- (xii) According to the information and explanations given to us, and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) The Company is maintaining proper records of the transactions and contracts and timely entries have been made therein in respect of its dealings in shares, securities, debentures and other investments. The shares, securities, debentures and other securities are held by the company in its own name.



- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from a bank or financial institution.
- (xvi) Since the Company has not obtained any term loans, the provision of this clause won't be applicable to the company.
- (xvii) Since the Company has not raised any funds, the provision of this clause won't be applicable to the company.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Rattan Gupta & Co.
Chartered Accountants


(Rattan Gupta)
Partner

Membership No. :- 17542

Place: New Delhi
Dated: 27-May-2011



MORNING GLORY LEASING & FINANCE LTD
BALANCE SHEET AS AT 31st MARCH, 2011

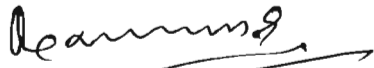
SOURCES OF FUNDS	Schedule	As at		As at
		31.03.2011		31.03.2010
SHARE CAPITAL	1	2,490,000		2,490,000
RESERVE & SURPLUS	2	3,638,721		3,124,133
Total		<u>6,128,721</u>		<u>5,614,133</u>
 APPLICATION OF FUNDS				
Fixed Assets	3			
Gross Block		2,558,330	2,558,330	
Less :Depreciation		<u>2,391,233</u>	<u>167,097</u>	<u>2,365,985</u>
				192,345
Investments	4	5,778,032		5,238,688
Current Assets,Loans & Advances	5	269,408	371,719	
Less: Current Liabilities & Provisio	6	<u>85,817</u>	<u>183,591</u>	<u>188,619</u>
Total		<u>6,128,721</u>		<u>5,614,133</u>

SIGNIFICANT ACCOUNTING POLICIES &
NOTES ON ACCOUNTS: 8

NOTE: Schedules 1 to 8 form an integral part of the accounts.

As per our report of even date attached

For Rattan Gupta & Co.
Chartered Accountants



(Rattan Gupta)
Partner
Membership No.: 17542

For Morning Glory Leasing and Finance Ltd.


Director


Director

Place: New Delhi
Dated: 27-05-2011



MORNING GLORY LEASING & FINANCE LTD
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	Schedule	Year Ended 31.03.2011	Year Ended 31.03.2010
INCOME			
Dividend received		409,373	311,546
Consultancy Charges (TDS Rs.30000/- (Prev. Year Rs.31996/-)		300,000	300,000
Interest Received on Tax Refund		1,581	2,137
Rent Received		52,140	52,140
Profit on Sale of Investment		-	156,098
		763,094	821,921
EXPENDITURE			
Admn.& other expenses	7	163,563	173,493
Depreciation		25,248	29,231
		188,811	202,724
Profit Before Taxation		574,283	619,197
Less:Provision for Taxation		60,000	55,000
Less:Provision for FBT		-	-
Income Tax for Earlier years		305	669
Profit After Taxation		514,588	564,866
Add:Profit/(Loss) brought forward		3,124,133	2,559,267
Net Profit carried forward		3,638,721	3,124,133
BASIC AND DILUTED EARNINGS PER SHARE (Rs.)		2.07	2.27

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS: 8

NOTE: Schedules 1 to 8 form an integral part of the accounts.
As per our report of even date attached

For Rattan Gupta & Co.
Chartered Accountants

(Rattan Gupta)
Partner

Membership No.: 17542
Place: New Delhi
Dated: 27-05-2011



For Morning Glory Leasing and Finance Ltd.

Director

Director

MORNING GLORY LEASING AND FINANCE LTD.
SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Schedule No.

SHARE CAPITAL	1	Amount (Rs.) As at 31.3.2011	Amount (Rs.) As at 31.3.2010
Authorised :			
3,00,000 Equity Shares of Rs.10/- each		3,000,000	3,000,000
10,000 Non Cumulative redeemable Preference Shares of Rs.100/- each		1,000,000	1,000,000
		<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed & paid up:			
2,49,000 Equity shares of Rs.10/- each fully paid up		2,490,000	2,490,000
Total:		<u>2,490,000</u>	<u>2,490,000</u>
 RESERVE & SURPLUS	 2		
Profit & Loss Account (As per Account annexed)		3,638,721	3,124,133
		<u>3,638,721</u>	<u>3,124,133</u>
 CURRENT ASSETS, LOANS AND ADVANCES	 5		
CURRENT ASSETS :			
(i) Cash & Bank Balances			
- Cash in hand (As certified)		910	142
- Syndicate Bank, New Delhi		145,248	120,049
- Advance Tax		25,750	77,334
- Tax Deducted at source		30,000	105,765
- Cheques in hand		-	-
Total:		<u>201,908</u>	<u>303,290</u>
 LOANS AND ADVANCES :			
FBT Receivable		-	929
-Orient Ceramics & Ind. Ltd.		67,500	67,500
Total:		<u>67,500</u>	<u>68,429</u>
 TOTAL:		<u><u>269,408</u></u>	<u><u>371,719</u></u>



Handwritten signature

Handwritten signature

MORNING GLORY LEASING AND FINANCE LTD.

SCHEDULE - 3 FIXED ASSETS

PARTICULARS	GROSS BLOCK		DEPRECIATION				As at	As at
	As at 1.4.2010	Addition Deduction/ Adjustments	Total 31.03.2011	Up to 31.3.2010	For the Year	Adjust- ments	Total 31.03.2011	31.03.2010
Building	566,133	-	566,133	494,021	7,212	-	501,233	72,112
Motor cars	1,992,197	-	1,992,197	1,871,964	18,036	-	1,890,000	120,233
Total:	2,558,330	-	2,558,330	2,365,985	25,248	-	2,391,233	192,345
Previous Year	2,558,330	-	2,558,330	2,336,754	29,231	-	2,365,985	221,576

For Morning Glory Leasing and Finance Ltd.

Director

Director



MORNING GLORY LEASING AND FINANCE LTD.
SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE - 4 INVESTMENT (At cost)
(Annexed to and forming part of the Balance Sheet as at 31st March, 2011)

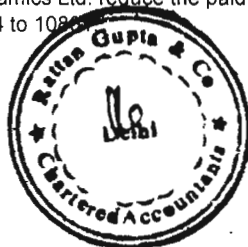
Particulars	Opening Stock As on 1.4.2010		Purchases		Sale/Adjust. during the year		Closing Stock As on 31.03.2011	
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
QUOTED								
Equity Shares of Rs.10/- each fully paidup of Triveni Engg. & Ind. Ltd.	5550	928,638	-	-	-	-	5,550	928,638
Equity Shares of Rs.10/- each fully paidup of Coal India Ltd.			89	21,805			89	21,805
Equity Shares of Rs.10/- each fully paidup Aditya Birla Nuvo Ltd. (formerly Indian Rayon & Ind. Ltd.)	241	44,234					241	44,234
Equity Shares of Rs.10/- each fully paidup of Axis Bank Ltd.	-	-	150	198,156			150	198,156
Equity Shares of Rs.10/- each fully paidup of Hindustan Dorr Oliver Ltd.			2,600	298,592			2,600	298,592
Equity Shares of Rs.10/- each fully paidup of Freesia Investments & Trading Co. Ltd.	129000	473,205					129,000	473,205
Equity Shares of Rs.10/- each fully paidup of State Bank Of India.	123	46,570					123	46,570
Equity Shares of Rs.10/- each fully paidup of Orient Ceramics & Ind. Ltd.	201909	3,330,059					201,909	3,330,059
Equity Shares of Rs.10/- each fully paidup of Sunearth Ceramics Ltd.	400	15,000					400	15,000
# Equity Shares of Rs.10/- each fully paidup of Bell Ceramics Ltd.	32404	316,182			#21603		10,801	316,182
Equity Shares of Rs.10/- each fully paidup of Power Grid Corp.of India Ltd.			231.00	20,790			231	20,790
UNQUOTED								
Equity Shares of Rs.10/- each fully paidup of IRIS Designs Pvt. Ltd.	8480	84,800					8,480	84,800
Total:	378107	5,238,688	32404	539,343	-	-	359,574	5,778,032

Aggregate value of Shares:-

	Book Value		Market Value	
	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
Quoted	5,693,232	5,153,888	13,423,671	12,536,287
Unquoted	84,800	84,800	84,800	84,800
	<u>5,778,032</u>	<u>5,238,688</u>	<u>13,508,471</u>	<u>12,621,087</u>

Note:

1. Market value of Quoted Shares have been taken as per BSE/NSE.
2. In case of unquoted shares, cost has been taken as Market value.
- # 3. During the year Bell Ceramics Ltd. reduce the paid up face value of share from Rs. 10 to Rs.3.33 therefore, holdin become from 32404 to 10801



[Handwritten signature]

[Handwritten signature]

MORNING GLORY LEASING AND FINANCE LTD.
SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	Schedule No.	Amount (Rs.) As at 31.3.2011	Amount (Rs.) As at 31.3.2010
CURRENT LIABILITIES & PROVISIONS	6		
CURRENT LIABILITIES :			
Other Liabilities		12,782	12,440
Security Deposit received		13,035	13,035
		<u>25,817</u>	<u>25,475</u>
CURRENT PROVISION :			
For Taxation		60,000	163,144
		<u>60,000</u>	<u>163,144</u>
Total:		<u><u>85,817</u></u>	<u><u>188,619</u></u>
ADMINISTRATIVE & OTHER EXPENSES	7		
Salary & Bonus		45,764	51,275
Printing & Stationery		2,480	3,740
Postage & General Charges		1,620	1,975
Professional Charges		13,250	25,350
Listing Fees		5,515	5,515
Bank Charges		1,035	885
Car running & Maintenance exps.		10,169	8,140
Filing Fees		1,520	2,550
Meeting Fees		18,000	15,000
Rent, Rates & Taxes		36,223	28,282
Auditors' Remuneration:			
Audit Fee	5,618		5,618
Company law matters	1,685		1,685
Income Tax Matters	1,124	8,427	8,427
Staff Welfare Expenses		2,861	2,370
Electricity Charges		10,000	10,000
Miscellaneous Expenses		526	1,296
Securities Transaction Tax		-	599
Conveyance Expenses		6,173	8,089
TOTAL		<u><u>163,563</u></u>	<u><u>173,493</u></u>



[Handwritten signature]

[Handwritten signature]

MORNING GLORY LEASING & FINANCE LTD.
SCHEDULE "8" ACCOUNTING POLICIES & NOTES ON ACCOUNTS

(Annexed to and forming part of the Balance Sheet as at 31st March, 2011 and Profit & Loss account for the year ended on that date.)

A. SIGNIFICANT ACCOUNTING POLICIES

- i. Accounting conventions:
The financial statements are prepared under the historical cost convention. Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.
- ii. Revenue Recognition:
Expenses and income considered payable and receivable respectively are accounted for on accrual basis.
- iii. Fixed Assets:
Fixed assets are stated at their original cost less depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.
- iv. Depreciation:
The company follows the rates and method prescribed under the Income Tax Act, 1961 for providing depreciation in respect of all fixed assets.
- v. Stocks:
Stock of shares are valued at cost. Cost of acquisition is inclusive of transfer expenses & other incidental expenses & at the time of sale, cost is determined on the basis of purchase price paid for each share identified through its distinctive no(s), in case of shares held in physical form and on the basis of FIFO method in case of shares held in dematerialized form. The market value of stock of quoted investments is also disclosed in the Balance Sheet.
- vi. Income from stock of investments and loans:
Income from stock of investments in interest bearing securities and loans & advances is accounted for on accrual basis. Dividend income from stock of investments in shares is recognised accruing as income of that year in which dividend is declared by the companies in their respective Annual General Meetings.
- vii. Contingent Liabilities:
Contingent liabilities are not provided for and are disclosed by way of notes.



A handwritten signature in black ink, appearing to be 'JG'.

A handwritten signature in black ink, appearing to be 'Rajendra'.

B. NOTES ON ACCOUNTS

1. The company has provided depreciation on fixed assets as per the method and rates prescribed under the Income-Tax Act, 1961. Schedule XIV referred to in section 205 of the Companies Act, 1956 for the purpose of declaration of dividend has not been followed. The company has not declared any dividend for the year.
2. In the opinion of Board of Directors, the value on realisation of current assets, loans and advances in the ordinary course of business will not be less than the amount at which these are stated in the Balance Sheet.
3. The office building of the company is still pending registration in the name of the company.
4. The management has confirmed that adequate provision has been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required.
5. There is no liability of the company as on 31.03.2011 in respect of retirement/ earned leave encashment benefits, if any, payable to its employees.
6. Previous year figures have been rearranged /regrouped wherever considered necessary.
7. Additional information as required under Part II of Schedule VI of the Companies Act, 1956 is given here under:

The company has not entered into any foreign dealings. Therefore, the question of any imports, exports, foreign currency earnings, expenditure in foreign currency does not arise.
8. Deferred Taxes Liability/Assets:
No Deferred Tax liability/Asset has been created as there is no timing difference between taxable income and book profit of the company.
9. Figures are rounded off to nearest Rupee.
10. As per Accounting Standard 18 "Related Party Disclosures" issued by Companies (Accounting Standard) Rules, 2006 transaction with related parties are as follows:

a) Rent Received	2010-2011	2009-10
Orient Ceramics Ltd.	52,140	52,140
b) Consultancy Charges Received		
Orient Ceramics Ltd.	3,00,000	3,00,000



A handwritten signature in black ink, appearing to be "R. Gupta".

A handwritten signature in black ink, appearing to be "R. Gupta".

11. EARNING PER SHARE

	CURRENT YEAR	PREVIOUS YEAR
(a) Net Profit	5,74,283	6,19,197
Less: Provision Taxation	60,000	55,000
: Previous year tax adjustment	305	669
Net Profit	5,14,588	5,64,866
(b) No. of Equity Shares Outstanding during the year	2,49,000	2,49,000
(c) Basic & Diluted Earnings (In Rupees)per Share	2.07	2.27

12 Additional information as required under part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. : 18872
 State Code : 55
 Balance Sheet Date : 31.03.2011

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

Public Issue : NIL
 Rights Issue : NIL
 Bonus Issue : NIL
 Private Placement : NIL

III. Position of Mobilisation and Deployment
of Funds (Amount in Rs. Thousand)

Total Liabilities : 6129
 Total Assets : 6129

Sources of Funds:

Paid-Up Capital : 2490
 Reserves and Surplus : 3639
 Secured Loans : NIL
 Unsecured Loans : NIL



(Handwritten signature)

Application of Funds:

Net Fixed Assets	:	167
Investments	:	5778
Net Current Assets	:	184
Miscellaneous Expenditure	:	NIL
Accumulated Losses	:	NIL

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

Turnover & Other Income	:	763
Total Expenditure	:	189
Profit Before Tax	:	574
Profit after Tax	:	515
Earning per share in Rs.	:	2.07
Dividend	:	NIL

V. Generic Names of Three Principal
Products/Services of Co.

(as per monetary terms)

Item Code No. : N.A.
(ITC Code)

Product Description :
i. Corporate finance
ii. Lease and Hire purchase
iii. Investment

As per our report of
even date attached.

For Rattan Gupta & Co. For Morning Glory Leasing & Finance Ltd.
Chartered Accountants



(Rattan Gupta)
Partner

Membership No.: 17542



Director



Director

Place: New Delhi
Dated: 27-May-2011



MORNING GLORY LEASING & FINANCE LIMITED

IRIS HOUSE, 16, BUSINESS CENTRE, NANGAL RAYA, NEW DELHI-110046
PAN NO. AAACM0210D **Co. Ward 5(4),NEW DELHI**

PREVIOUS YEAR ENDED ON : 31st March, 2011

COMPUTATION OF TAXABLE INCOME & TAX THEREON FOR ASSESSMENT YEAR 2011-12

<u>PARTICULARS</u>		<u>AMOUNT (Rs.)</u>
INCOME FROM BUSINESS AND PROFESSION		
Profit as per Profit & Loss A/c		574,283
Add: Depreciation for separate consideration		<u>25,248</u>
		599,531
Add : Disallowed 0.5% of average Investment of Rs. 5508360/- as per Rule 8D		<u>27,542</u>
		627,073
Less: Depreciation as per Income-tax Act	25248	
Dividend (being exempt) U/S 10(34)	409373	
Long Term Capital Gain on listed shares exempted u/s 10(38)	-	<u>434,621</u>
GROSS TOTAL INCOME		<u>192,452</u>
ROUNDED OFF		192,450
Tax thereon @30%		57,735
Add: Edu. Cess		<u>1,732</u>
TAX DUE		<u>59,467</u>
Less: TDS and Advance tax		<u>55,730</u>
TAX DUE		3,737

DETAIL OF TAX PAID:

Advance tax	25,730
TDS Interest	0
TDS on Contract	<u>30000</u>
	<u>55,730</u>

for Morning Glory Leasing & Finance Ltd.


Director