



NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Shareholders of MARGO FINANCE LIMITED will be held on Tuesday, the 2nd August, 2011 at 11.00 A.M. at the Registered Office of the Company i.e. at Village Alte, Taluka : Hatkanangale, Dist. Kolhapur – 416 109, Maharashtra to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, the Profit and Loss Account for the year ended on that date and the Reports of Directors` and Auditors` thereon.
2. To appoint a Director in place of Shri G. P. Agrawal, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Sushil Kumar Agarwal, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint auditors and fix their remuneration.

By Order of the Board
For **MARGO FINANCE LIMITED**

Place : Mumbai
Date : 17th May, 2011

ANIL KUMAR JAIN
CHAIRMAN

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Register of Members and the Share Transfer Books of the Company will remain closed from 22.07.2011 to 02.08.2011 (both days inclusive).
3. Members are requested to :
 - i) Intimate immediately changes, if any, in their registered addresses.
 - ii) Quote Ledger Folio No. / DP ID / Client ID No. in all their correspondence to the Company's Registrar & Share Transfer Agent.
 - iii) Intimate about consolidation of folios, if shareholdings are under multiple folios.
 - iv) Members / proxies should bring the attendance slip duly filled in for attending the aforesaid meeting.
 - v) Members are requested to send their queries, if any, at least 14 days in advance of the meeting addressed to Margo Finance Limited at 506, Pragati Tower, 26, Rajendra Place, New Delhi – 110 008 so that information can be made available at the meeting.
 - vi) Trading in Equity Shares of the Company are compulsorily in de-mat form w.e.f. 26.03.2001.
 - vi) This is with reference to the compliance of Ministry of Corporate Affairs with regard to "green initiative" in the corporate governance, we hereby request you to update your E-mail ID with your Depository Participant so that we may be able to dispatch the Annual Reports etc.

By Order of the Board
For **MARGO FINANCE LIMITED**

Place : Mumbai
Date : 17th May, 2011

ANIL KUMAR JAIN
CHAIRMAN



MARGO FINANCE LIMITED

ADDITIONAL INFORMATION

Brief Profile of Shri G. P. Agrawal, who retires by rotation, and is eligible for re-appointment :

Shri G. P. Agrawal is a Law Graduate and a Fellow Member of the Institute of Company Secretaries of India. He has a rich experience of over 31 years in the fields of Corporate Affairs, Project Financing, Capital Market, Company Law & legal matters in the Private Sector and has been associated with the Company since its incorporation.

Outside Directorships :

- (i) Almondz Capital & Management Services Ltd.
- (ii) Almondz Finanz Ltd.
- (iii) Almondz Insurance Brokers Pvt. Ltd.
- (iv) Rama Vision Ltd.
- (v) Yartex Exports Ltd.

Brief Profile of Shri Shushil Kumar Agarwal, who retires by rotation, and is eligible for re-appointment :

Shri Shushil Kumar Agarwal is a Chartered Accountant by profession and has a rich experience of over 41 years in the area of auditing and taxation etc.

Outside Directorship :

- (i) Pranavadiya Spinning Mills Limited

By Order of the Board
For **MARGO FINANCE LIMITED**

Place : Mumbai
Date : 17th May, 2011

ANIL KUMAR JAIN
CHAIRMAN

Note :

This is with reference to the compliance of Ministry of Corporate Affairs with regard to “green initiative” in the corporate governance, we hereby request you to update your E-mail ID with your Depository Participant so that we may be able to dispatch the Annual Reports etc. through



DIRECTORS' REPORT

Your Directors present their 20th ANNUAL REPORT along with the Audited Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS :

The Financial Results for the year ended on 31st March, 2011 are as under :

Particulars	2010-2011 (Rs. in lacs)	2009-2010 (Rs. in lacs)
Total Income	31.10	38.22
Gross Profit Before Depreciation	11.26	20.11
Less : Depreciation	0.93	1.15
Profit Before Tax	10.33	18.96
Less : Provision for Taxation	1.82	2.23
Net Profit After Tax	8.51	16.73
Less : Transfer to Special Reserve	1.70	3.35
Add : Profit brought forward from Previous year	68.98	55.60
Balance carried to Balance Sheet	75.79	68.98

OPERATIONS :

The Company has earned a Net Profit of Rs. 8.51 lacs during the year under review against the Net Profit of Rs. 16.73 lacs in the Previous Year. Company is looking for an opportunity to make a suitable expansion / diversification.

DIVIDEND :

Due to inadequate profits the Board of Directors do not recommend any dividend for the year.

DEPOSITS :

The Company has not accepted any fixed deposits from the Public.

DIRECTORS :

In accordance with the provisions of Companies Act, 1956, Shri G. P. Agrawal and Shri Sushil Kumar Agarwal, Directors of the Company, retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS :

The Auditors, M/s AVK & Associates, Chartered Accountants, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished a certificate to the effect under Section 224 (1-B) of the Companies Act, 1956.

The Observations of the Auditors as referred in their report are suitably explained in the Notes to Accounts and therefore do not call for any further comments.

PERSONNEL :

Particulars of employees in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, are not given, as none of the employees qualify for such disclosure.



MARGO FINANCE LIMITED

DISCLOSURE :

Being a Non-Banking Financial Company, inclusion of particulars with respect to conservation of energy and technology absorption as required under Companies (Disclosure of Particulars in the Report of Directors) Rules, 1998 is not required.

CORPORATE GOVERNANCE :

The Corporate Governance Report together with a Certificate from a Practicing Company Secretary confirming compliance of guidelines is made part of this Report as per Clause 49 of the Listing Agreement entered into with the Stock Exchange(s).

DIRECTORS' RESPONSIBILITY STATEMENT :

Your Directors confirm :

- a) that in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2011 and of the Profit of the Company for that year.
- c) that the Directors had taken proper and sufficient care for maintenance of adequate accounting records for the year ended 31st March, 2011 in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities.
- d) that the Directors had prepared the Annual Accounts ended 31st March, 2011 on a "going concern" basis.

ACKNOWLEDGEMENTS :

Your Directors place on record their appreciation of the support made by the employees at all levels, Bankers, Shareholders and Customers of the Company.

On behalf of Board of Directors
For **MARGO FINANCE LIMITED**

Place : Mumbai
Date : 17th May, 2011

ANIL KUMAR JAIN
CHAIRMAN



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY AND BUSINESS OUTLOOK

The growth in the Indian economy together with the growth in the Capital markets will have better future for your Company. Non Banking Finance Companies play major role in financing, inspite of presence of large number of Foreign as well as Nationalised Banks in this field, the role of NBFCs is established.

Due to growing economy of the country there is a scope of NBFCs. The economic indicators for the future are also strong. Your Company hope to explore the opportunities thrown up by the economy.

RISKS & CONCERNS

Risk is synonym with NBFCs which is inherent part of their business. Your Company is also subjected to various types of such risks. Your Company has identified these risks and guarded itself by adopting a range of strategies and measures to reduce the impact of such risks.

Credit risks considered to be major risk being faced by NBFCs. Your Company has evolved various policies and systems for credit risk to closely monitor the same. Your Company is having appropriate pre disbursal and post disbursement monitoring and regular follow up of the collection process. A low level of NPA proportion in the assets of your Company reflects its sound risk management policies. Your Company also follow provisioning norms of RBI.

OPPORTUNITIES AND THREATS

Business Opportunities for Finance Companies are enormous as the new areas and segments are being explored. There is a large scope of small size NBFCs like ours, for certain segment of customers, which remain unserved by Banks and large size NBFCs.

The major threat being faced by NBFCs are from aggressive marketing of Banks and low rates of financing being offered by them.

INTERNAL CONTROL AND THEIR ADEQUACY

Foundation of your Company's control mechanism vests in Management Information Systems (MIS). Your Company has devised effective systems so that assets and business of the company are safeguarded. The internal control is regularly reviewed and augmented by the Audit Committee. The management feels that the system of internal controls are adequate considering the size of operations of the Company.

HUMAN RESOURCES

Operating in the service industry, your Company's performance is heavily dependent on the knowledge and expertise of its personnel. The Company is having dedicated team of persons.

CAUTIONERY STATEMENT

Statement in this Management Discussion describing the Company's objectives, estimates, expectations may constitute "Forward Looking Statement" within the meaning of applicable laws. Actual results might differ materially from those either expressed or implied. Important factors that could make a difference to the Company's operations include demand and supply conditions, cyclical demand, changes in Government regulations, tax regimes, economic development within India.



CORPORATE GOVERNANCE REPORT

1. Company's Philosophy

The Management of the Company recognizes the importance of Corporate Governance for better transparency as well protection of Shareholder's interest.

2. Board of Directors

The Board of Directors of the Company comprises of all Non-Executive Directors headed by Non-Executive Chairman. The present strength of the board is 4 (Four) and out of which 3 (Three) are independent Directors. The Independent Directors do not have any material pecuniary relationship or transactions with the company, promoters, management which may affect their judgements in any manner. The Board meets at least once in a quarter to consider amongst other matters, the quarterly audited/unaudited financial results of the Company.

Sr. No.	Name	Category	No. of Directorship in other Public Ltd. Companies	No. of Membership in other Board Committees
1.	Shri Anil Kumar Jain	Non-Executive Chairman	4	2 Chairmanship 1 Membership
2.	Shri G. P. Agrawal	Non-Executive Director, Independent	5	2 Chairmanship 5 Membership
3.	Shri Sushil Kumar Agarwal	Non-Executive Director, Independent	1	1 Chairmanship
4.	Shri Pradeep Kantilal Shah	Non-Executive Director, Independent	NIL	NIL

During the year under review, 4 Board Meetings were held on 29th May, 2010, 14th August, 2010, 11th November, 2010 and 14th February, 2011. The gap between the two meetings was not more than 4 months. The last Annual General Meeting was held on 31st July, 2010.

The attendance of the individual directors in the aforesaid meetings was as follows :

Name of Director	Category	Meeting Date & Attendance			
		29.05.2010	14.08.2010	11.11.2010	14.02.2011
Shri Anil Kumar Jain	Chairman	✓	✓	✓	✓
Shri G. P. Agrawal	Director	X	X	X	X
Shri Sushil Kumar Agarwal	Director	✓	✓	✓	✓
Shri Pradeep Kantilal Shah	Director	✓	✓	✓	✓

3. Re-appointment of Directors

Shri G. P. Agrawal is a Law graduate and a Fellow Member of the Institute of Company Secretaries of India. He has got more than 31 years of experience in the field of Corporate Affairs, Project Finance, Capital Market, Company Law and Legal matters in Private Sector. He has handled public / rights issues for a number of companies. He has got wide experience in dealing with All Indian / State Financial Institutions and Banks and successfully raised funds for many projects in the field of Textile, Papers, and Picture Tubes etc. He has been associated with the Company since its incorporation.



MARGO FINANCE LIMITED

Shri Shushil Kumar Agarwal is a Chartered Accountant by profession and has a rich experience of over 41 years in the area of auditing and taxation etc.

Both Shri G. P. Agrawal and Shri Shushil Kumar Agarwal will hold office until conclusion of the ensuing annual general meeting, subject to however, being eligible for re-appointment.

4. Remuneration of Directors

Name	Category	Sitting Fees (Rs.)
Shri Anil Kumar Jain	Director	4000
Shri G. P. Agrawal	Director	—
Shri Sushil Kumar Agarwal	Director	4000
Shri Pradeep Kantilal Shah	Director	4000

5. Audit Committee

The Audit Committee was formed in accordance with the requirements of Clause 49 of the Listing Agreement. The broad terms of reference of the Audit Committee are :

- To review the overall financial reporting process and disclosure of financial information.
- To review the annual accounting / financial statements, policies and practice.
- To appraise the adequacy of proper internal control and internal audit systems.
- To review the Company's financials and risk management policies.
- To recommend the appointment and removal of external Auditors and fixation of audit fees.
- To approve payment to Statutory Auditor for any other services rendered by them.
- To review with the management, the quarterly financial statements before submission to the Board of Directors.

The Audit Committee comprises of three Non Executive Independent Directors, Shri Sushil Kumar Agarwal, Shri Pradeep Kantilal Shah and Shri G. P. Agrawal.

The quorum for the Audit Committee meeting is 1/3 of the total strength or 2 whichever is higher. The terms of reference of the Audit Committee are in line with Stock Exchange Listing Agreement and provisions of Section 292 A of the Companies Act, 1956.

During the Financial year 2010-2011, the Audit Committee meetings were held 4 times i.e. on 29th May, 2010, 14th August, 2010, 11th November, 2010 and 14th February, 2011. The gap between the two meetings was not more than 4 months.

All the Audit Committee meetings were attended by Shri Sushil Kumar Agarwal and Shri Pradeep Kantilal Shah. Shri Sushil Kumar Agarwal, Chairman of the Audit Committee, was present at the Annual General Meeting of the Company to answer the shareholders queries.

6. Share Transfer and Share Holders' Grievance Committee

At present the Share Transfer and Share Holders / Investor grievances committee comprises of Shri Anil Kumar Jain, Shri G. P. Agrawal and Shri Pradeep Kantilal Shah. The Chairman is elected amongst members of the Committee. Quorum of the Committee Meeting is two Directors.

During the year under review 15 Share transfer and share holders / Investor grievance committee meetings were held. Gap between two meetings was more than statutory period of 14 days in the absence of transactions and the same was being conducted on as and when required basis.



MARGO FINANCE LIMITED

The various issues addressed in connection with Shareholders and Investor services & grievance are :

a) **Share transfer :**

- i) Approve and effect transfer and transmission of shares.
- ii) Issue of new Share Certificates in lieu of lost / mutilated share certificates.
- iii) Consolidation of folios / transposition of names.

b) **Shareholders / Investors complaints :**

- i) Non receipt of shares after transfer / transmission.
- ii) Non receipt of Annual Report.
- iii) Other matters including change of address etc.

The minutes of the committee are placed in the subsequent board meeting held after the committee meeting. The Compliance Officer of the Company attends every meeting and closely supervises the shareholders grievances and coordinates with the regulatory Authorities and other agencies.

7. **Disclosure**

Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large.

There is no material transaction with any related party which may have potential conflict with the interests of the Company at large. However, the Company has annexed to the accounts, a list of related parties as per Accounting Standard 18 and the transactions entered into with them.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange(s) or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

Neither any non-compliance with any of the legal provisions of law has been made by the Company nor has any penalty, stricture been imposed by the Stock Exchange(s) or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

8. **Remuneration Committee**

The Board has not constituted any remuneration Committee.

9. **Compliance**

The Company has complied with the requirement of Stock Exchanges, SEBI and other Statutory authorities during the preceding financial year on all matters related to Capital Market and no penalty / strictures, have been imposed on the Company.

10. **Means of Communication**

Quarterly Results are faxed / couriered to the Stock Exchanges immediately after the Board Meeting as required under the listing agreement. Quarterly Results are also published in English / Hindi / Marathi Newspapers.

The Annual Report is posted to every shareholder of the Company.

Management Discussion & Analysis Report forms part of this Annual Report.



GENERAL SHAREHOLDER'S INFORMATION

	Day	Date	Time	Venue
Annual General Meeting :	Tuesday,	the 2nd August, 2011	11.00 A.M.	Village Alte, Taluka : Hatkanangale, Dist. Kolhapur - 416 109 (Maharashtra)

Financial Year : 31st March, 2011

Book Closure Dates : 22nd July, 2011 to 2nd August, 2011 (Both days inclusive)

Date, Time & Venue of the Last Three AGMs :

Financial Year Ended	Date	Time	Venue	Special Resolution Passed, If any	Dividend Payment Details
31.03.2010	31.07.2010	12.45 p.m.	Village Alte, Hatkanangale, Dist. Kolhapur - 416 109	No	N.A.
31.03.2009	29.09.2009	11.00 a.m.	Village Alte, Hatkanangale, Dist. Kolhapur - 416 109	No	N.A.
31.03.2008	27.09.2008	2.00 p.m.	Hotel Shalini Palace, Rankala, Kolhapur - 416 010	No	N.A.

No Special Resolution was passed and no item was considered for adoption by postal ballot in the preceding three Annual General Meetings of the Company.

Listing on Stock Exchanges : The Stock Exchange, Mumbai
25th Floor, Phiroze Jejeebhoy Towers
Dalal Street, Mumbai - 400 001
Stock Code : 500206

Depositories	: The National Securities Depository Ltd., 4th floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013	Central Depositories Services (India) Ltd. Phiroze Jejeebhoy Towers 17th floor, Dalal Street Mumbai - 400 001
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Registrar & Share Transfer Agent's and Address for Correspondence : Link Intime India Pvt. Ltd.,
A-40, 2nd Floor, Near Batra Banquet Hall,
Naraina Industrial Area, Phase - II,
New Delhi - 110 028.
Telephone No. 011-41410592 to 594
Fax No. 011 - 41410591
E-mail : delhi@linkintime.co.in