



MARGO FINANCE LIMITED



ANNUAL REPORT
2016 - 2017


CORPORATE INFORMATION

Board of Directors	Mr. Anil Kumar Jain Ms. Rekha Tukaram Bolkar Mr. Govind Prasad Agrawal Mr. Anilkumar Indralal Gulati Mr. Venkiteswaran Venkitaswaran Parlikad Mr. Amitkumar Rampal Singh Mr. Sushilkumar Krishna Agrawal	Chairman Managing Director Independent Director Independent Director Independent Director Director Director
Chief Financial Officer	Mr. Shri Dass Maheshwari	
Company Secretary	Miss Jyotsna Jindal (w.e.f. 13.11.2014)	
Auditors	M/S AVK & Associates Chartered Accountants 101-102, Express Arcade, H-10 Netaji Subhash Place, Pitampura, Delhi-110034	
Bankers	Karnataka Bank Limited Canara Bank	
Registered Office	Office No. 3, Plot No. 266, Village Alte, Kumbhoj Road, Taluka: Hatkanangale, Dist. Kolhapur - 416 109 Maharashtra	
Corporate Office	2nd Floor, 15/76, Old Rajinder Nagar, New Delhi-110060	
Registered and Share Transfer Agent	Link Intime India Private Limited 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-I, Near PVR Cinema, New Delhi-28	

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**BOARD'S REPORT****Dear Members,**

On behalf of the Board of Directors ("the Board"), it gives me pleasure to present the 26th Annual Report on the business and operations of your Company together with the Audited Financial Statements and the Auditors' Report for the financial year ended 31st March, 2017.

Financial Results

The Company's financial performance, for the year ended 31st March, 2017 is summarized below:

(Rs. In Lakhs, except EPS)

Particulars	2016-2017	2015-2016
Total Income	62.14	36.28
Profit before depreciation	32.25	4.43
Less : depreciation	0.89	1.39
Profit before tax & extraordinary items	31.36	3.04
Less : exceptional items	0.40	--
Less : extraordinary items	—	—
Less: Tax Expenses	(0.10)	—
Profit after tax	31.06	3.04
Balance carried to the Balance Sheet	31.06	3.04
EPS (Rs.)	0.68	0.07

Operations and the state of Company affairs

During the financial year under review, the Company has achieved Net Profit of Rs. 31,06,290/- as compared to Rs. 3,03,391/- in the previous year. The Company is looking for an opportunity to make a suitable expansion/ diversification.

As per the Memorandum of Association, your Company can be engaged in the business of leasing, financing, purchasing and selling of all kind of properties, equipments and vehicles etc., and can undertakes the business of portfolio investment in securities, bonds and other financial investments schemes. However, there is no change in the nature of business and state of the Company during the Financial Year 2016-17.

Dividend

In order to conserve the resources, the Board of Directors of the Company has not recommended any dividend on the equity shares of the Company for the financial year under review.

Reserves

During the financial year ended on 31st March, 2017 Rs. 6,21,258/- has been transferred to Special Reserve Fund of the Company.

Subsidiary, Joint Ventures and Associate Companies

During the year under review, your Company does not have any subsidiaries or joint ventures or associate companies as defined under Companies Act, 2013.

Risk Management

Pursuant to Section 134(3)(n) of the Companies Act, 2013 & Regulation 17(9) of SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015 ("Listing Regulation, 2015"), the Company has implemented an integrated risk management system through which it takes care of risk identification, assessment and mitigation. The Audit Committee has additional oversight in the area of financial risk and control. At present the Company has not identified any element of risk which may threaten the existence of the Company.

**Internal Control Systems and their adequacy**

The Company maintains adequate internal control system and procedures commensurate with its size and nature of operations. The internal control system are designed to provides reasonable assurance over reliability in financial reporting, ensure appropriate authorisation of transactions, safeguarding the assets of the Company and prevent minuses/losses and legal compliances.

The Internal Auditor reports are periodically reviewed by the management and the Audit Committee and necessary improvement are undertaken, if required.

Directors and Key Managerial Personnel

Pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company approved the appointment of Mr. Sushilkumar Krishna Agrawal (DIN: 00400892) as an Non-Executive, Non-Independent Director and Additional Director with effect from 11th August, 2016. The resolution for his appointment is also being placed for the approval of members of the Company at the ensuing Annual General Meeting.

Pursuant to the provision of Section 152 of the Companies Act, 2013, Mr. Anil Kumar Jain (DIN: 00086106) Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offer himself for re-appointment. The Board recommended his re-appointment. As required under the provision of the Listing Regulations, 2015 and Companies Act, 2013 and Secretarial Standards on General Meeting, resolution for his re-appointment is also being placed for the approval of members of the Company at the ensuing Annual General Meeting. Further, brief profile and other details of Mr. Anil Kumar Jain are provided in the Notice of the Annual General Meeting.

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independent director under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations, 2015.

Further during the year under review, Mr. Amitkumar Rampal Singh, who was the Non-Executive, Independent Director of the Company, was elevated from the position of Non-Executive & Independent Director to Non-Executive, Non-Independent Director of the Company with effect from 11th August, 2016.

During the year under review, the Non-Executive Independent Directors of the Company had no pecuniary relationship or transactions with the Company.

As on 31st March, 2017, pursuant to Section 203 of the Companies Act, 2013, Mr. Shri Dass Maheshwari, Chief Financial Officer and Ms. Jyotsna Jindal, Company Secretary are the Key Managerial Personnel (KMP) of the Company.

Directors' Responsibility Statement

In terms of Section 134 (3) (c) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief and according to the information and explanation obtained by them, state and confirm that:

- (a) In the preparation of the Annual Financial Statements for the year ended 31st March, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures. If any;
- (b) The Directors had selected such accounting policies and applied them consistently and made judgments 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 and of the profit and loss of the Company for that period;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors had prepared the annual accounts on a going concern basis; and
- (e) The Directors, in the case of a listed Company, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Extract of Annual Return**

Pursuant to the provision of Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, Extract of Annual Return of the Company as on 31st March, 2017 in Form No. MGT-9 is annexed as **Annexure-1** to this report.

Number of Board Meetings

The Board met 4 (four) times during the financial year 2016-17 i.e. on 02nd May, 2016; 11th August, 2016; 11th November, 2016 and 7th February, 2017, the details of which are given in the Corporate Governance Report. The maximum interval between any two consecutive Board meetings did not exceed 120 days.

Company's Policy on appointment and remuneration of Directors

The Company has laid down policy on appointment and remuneration of Directors, KMP and Senior Management Personnel.

The appointment of the Directors is made pursuant to the recommendation of the Nomination and Remuneration Committee (NRC).

The remuneration of the Non-Executive Directors is comprise of sitting fees in accordance to the provision of the Companies Act, 2013 and reimbursement of the expenses incurred in connection with attending the Board Meetings, Committee Meetings, General Meetings and in relation to the business of the Company.

A brief extract of the Nomination and Remuneration Policy on appointment and remuneration of Directors, KMP Senior Management Personnel is provided as **Annexure-2** to this report.

Performance Evaluation of Board, Committee and Directors

Criteria of performance evaluation of the Board of Directors including Independent Directors are laid down by Nomination and Remuneration Committee of the Company. Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, 2015, the Board has carried out the annual performance evaluation of the entire Board, committees and all the Directors on the parameters specified in the Corporate Governance Report. The parameters of performance evaluation were circulated to the Directors in the form of questionnaires.

Disclosure relating to Remuneration of Directors, Key Managerial Personnel and Particulars of Employees

During the year 2016-17, there are no employees who draw the remuneration in excess of the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel), Amendment Rules 2016. The information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) and 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment, Rule 2016 is provided in "Annexure-3" to this report relating to remuneration of Directors, Key Managerial Personnel and particulars of employees.

Audit Committee

During the year under review there was no change in the composition of the Audit Committee of the Company. However, the category of Mr. Amitkumar Rampal Singh has been changed from Non Executive Independent Director to Non Executive Non Independent Director w.e.f. 11th August, 2016.

As on 31st March, 2017 the Audit Committee comprise of 5 (five) members viz., Mr. Anilkumar Indralal Gulati (Chairman), Mr. Govind Prasad Agrawal and Mr. Venkiteswaran Venkitaswaran Parlikad, as Independent Directors and Mr. Amitkumar Rampal Singh, as Non Executive Non Independent Director and Ms. Rekha Tukaram Bolkar as Managing Director.

All the recommendations made by the Audit Committee were accepted by the Board. Further details on the committee are given in the Corporate Governance Report.

Statutory Auditors :

Pursuant to the provisions of Section 139 of the Companies Act, 2013 M/s. AVK & Associates, Chartered Accountants (Firm Registration No. 002638N) were appointed as the Statutory Auditors of the Company to hold office for a period of 3 years i.e. from the conclusion of the 23rd Annual General Meeting (AGM) of the Company held on 23rd August, 2014 till the conclusion of the 26th AGM of the



Company. The tenure of M/s. AVK & Associates, Chartered Accountants as the Statutory Auditors ends at the ensuing AGM of the Company.

In view of the provisions of the Companies Act, 2013 ("the Act"), pertaining to the mandatory rotation of the Statutory Auditors of the Company and on recommendation of Audit Committee, M/s. Pawan Shubham & Co., Chartered Accountants (Firm Registration No. 011573C) are proposed to be appointed as Auditors in place of M/s. AVK & Associates, Chartered Accountants, retiring auditors for a period of 5 years commencing from the conclusion of 26th AGM till the conclusion of the 31st AGM of the Company, subject to ratification by members at every Annual General Meeting.

M/s. Pawan Shubham & Co., Chartered Accountants, have consented to the said appointment, and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) & (3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors of the Company recommend to the members of the Company, the appointment of M/s. Pawan Shubham & Co., Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of the 26th AGM till the conclusion of the 31st AGM of the Company. The resolution for their appointment as the Statutory Auditors of the Company has been included in the Notice of the 26th Annual General Meeting.

Auditors' Report

The Auditors' Report on Standalone Financial Statements forms a part of the Annual Report. The Auditors' Report does not contain any qualification, reservation, adverse remark, disclaimer or emphasis of matter. Notes to the Financial Statement are self explanatory and do not call for any further comments.

The Statutory Auditors of the Company have not reported any fraud as specified under the second proviso of Section 143(12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment for the time being in force).

Internal Auditor

M/s Vijay Bhatia & Co., Chartered Accountants are appointed as an Internal Auditors of the Company and their report is reviewed by the Audit Committee from time to time.

On recommendation of Audit Committee, the Board has appointed M/s. Vijay Bhatia & Co., Chartered Accountants as the Internal Auditors of the Company for the Financial Year 2017-2018.

Secretarial Auditor and Secretarial Audit Report

Pursuant to provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s Ashu Gupta & Co., Practising Company Secretary to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Report issued by her in Form No. MR-3 is annexed as, "Annexure 4". The Secretarial Auditor Report does not contain any qualification, reservation, disclaimer and adverse remark.

Public Deposits

During the year under review, Your Company has not accepted any deposit within the meaning of Section 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force).

Vigil Mechanism/Whistle Blower Policy

Pursuant to the provision of Section 117(10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, 2015, the Board of Directors of the Company have established Vigil Mechanism/Whistle Blower Policy. The details of the Vigil mechanism/Whistle Blower are provided in the Corporate Governance Report. The Vigil Mechanism and Whistle Blower policy can be accessed on the website of the Company and the web-link thereto is <http://www.margofinance.com/upload/Whistle%20Blower%20Policy%20&%20Vigil%20Mechanism%20Clean.pdf>.



Corporate Governance Report

Pursuant to the Listing Regulation, 2015 a Corporate Governance Report alongwith the certificate from the Practising Company Secretary confirming its compliance for the year ended 31st March, 2017 is provided separately and forms an integral part of this Annual Report.

Related Party Transactions

All related party transactions entered into during the financial year were on arm's length basis and were in the ordinary course of the business and in compliance with the provisions of the Companies Act, 2013 and the Listing Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large, so there is no Shareholders approval is required.

In terms of Section 188(1) of the Companies Act, 2015 in FORM AOC-2 (Pursuant to clause (h) of sub section (3) of Section 134 of the Companies Act, 2015 and Rule 8(2) of the Companies (Accounts) Rules, 2014, no transactions to be reported in form AOC-2 and detailed related party transactions as per the Accounting Standard-18 are set out in note no. 2.25 of the Financial Statements.

The Board has approved a policy for the related party transactions and which has been uploaded on the website of the Company and the web-link thereto is www.margofinance.com/upload/Related%20Party%20Transaction-Policy.pdf.

Particulars of Loans given, Investments made, Guarantees given and Securities provided

During the year under review, pursuant to Section 186 of the Companies Act, 2013, no loans were given nor were guarantees or securities provided. Details of Investments made by the Company are provided in note no. 2.10 and particulars related to loan and advance are provided under note no. 2.11 and 2.15 to the Financial Statements for the financial year ended on 31st March, 2017.

Familiarization of Independent Directors

The details of programme for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the www.margofinance.com and the web-link thereto is <http://www.margofinance.com/upload/Familiarization%20Programme%20for%20ID-07.02.2017.pdf>

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Being a Non-Banking Financial Company, the Company is not carrying on any manufacturing activities, however necessary actions has been taken by the Company from time to time for optimum utilization of energy.

- Since, the conservation is very minimal therefore its impact on cost cannot be stated accurately.
- Since, no outside technology is being used, therefore no technology absorption is required.
- During the year under review there was no foreign exchange inflow or Outflow.

Management Discussion & Analysis Report

Management Discussion and Analysis Report for the year under review, as stipulated under the Listing Regulations, 2015 is presented in a separate section forming part of the Annual Report.

Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at workplace

In order to prevent the sexual harassment of women at workplace, the Company has adopted a policy sexual harassment of women at workplace. In terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, during the year under review no complaints pertaining to sexual harassment were received.

Significant or Material orders passed by Regulators / Courts

During the year under review, no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

**Material Changes and Commitments affecting the Financial Position of the Company**

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2016-17 and the date of this report.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme ESOS.
3. Provision of money by Company for purchase of its own shares by employees or by trustees for the benefit of employees
4. Bonus Shares
5. Cost Audit & Cost Auditors
6. Corporate Social Responsibility

Acknowledgements and Appreciation

Your Directors take this opportunity to thank Central and State Governments, customers, shareholders investors and bankers for their consistent support and co-operation to the Company. We place on record sincere appreciation for the contribution and commitment by all the employees of the Company.

**For and on behalf of the Board of Directors
For Margo Finance Limited**

**Place : Mumbai
Date : 11th May, 2017**

**ANIL KUMAR JAIN
CHAIRMAN
DIN: 00086106**



EXTRACT OF ANNUAL RETURN

Form No. MGT-9

As on the financial year ended 31st March, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L65910MH1991PLC080534
ii)	Registration Date	:	08-10-1991
iii)	Name of the Company	:	Margo Finance Limited
iv)	Category/Sub-Category of the Company	:	Public Company/Limited by Shares
v)	Address of the Registered office and contact details	:	Office No.3, Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanangale, Kolhapur-416109, Maharashtra Telephone No. 011-41539444 & 011-25767330 E-mail: info@margofinance.com
vi)	Whether Listed Company	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer	:	Link Intime India Pvt. Ltd. 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-I, Near PVR Cinema, New Delhi – 110 028 Telephone No. 011-41410592 to 594 Fax No. 01141410591 E-mail: delhi@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Financing Activity	649 - Other financial service activities, except insurance and pension funding activities	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
	NIL	NA	NA	NA	NA


IV. SHAREHOLDING PATTERN (Equity Share Capital Breakings Percentage of Total Equity)
i) Category -wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year(As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				%change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(I) Indian									
a) Individuals/HUF	871215	0	871215	19.06	871215	0	871215	19.06	0.00
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	1569416	0	1569416	34.34	1569416	0	1569416	34.34	0.00
e) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total(A)(1):-	2440631	0	2440631	53.41	2440631	0	2440631	53.41	0.00
(2) Foreign									
a) NRIs- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total(A)(2):-	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter									
(A)= (A)(1)+(A)(2)	2440631	0	2440631	53.41	2440631	0	2440631	53.41	0.00
(B) Public Shareholding									
1. Institutions									
(a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
(b) Banks/FI	100	0	100	0.00	100	0	100	0.00	0.00
(c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(1):	100	0	100	0.00	100	0	100	0.00	0.00
2. Non- Institutions									
(a) Bodies Corp.									
(i) Indian	59320	30250	89570	1.96	25150	30250	55400	1.21	-0.75
(ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b) Individuals									
(i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	821096	1074160	1895256	41.47	849698	1055260	1904958	41.68	+0.21
(ii) Individual shareholders holding nominal share capital in excess of Rs.1Lakh.	70133	0	70133	1.53	96578	0	96578	2.11	+0.58
(c) Others									
i) Director & their Relatives	2000	10	2010	0.04	2000	10	2010	0.04	0.00