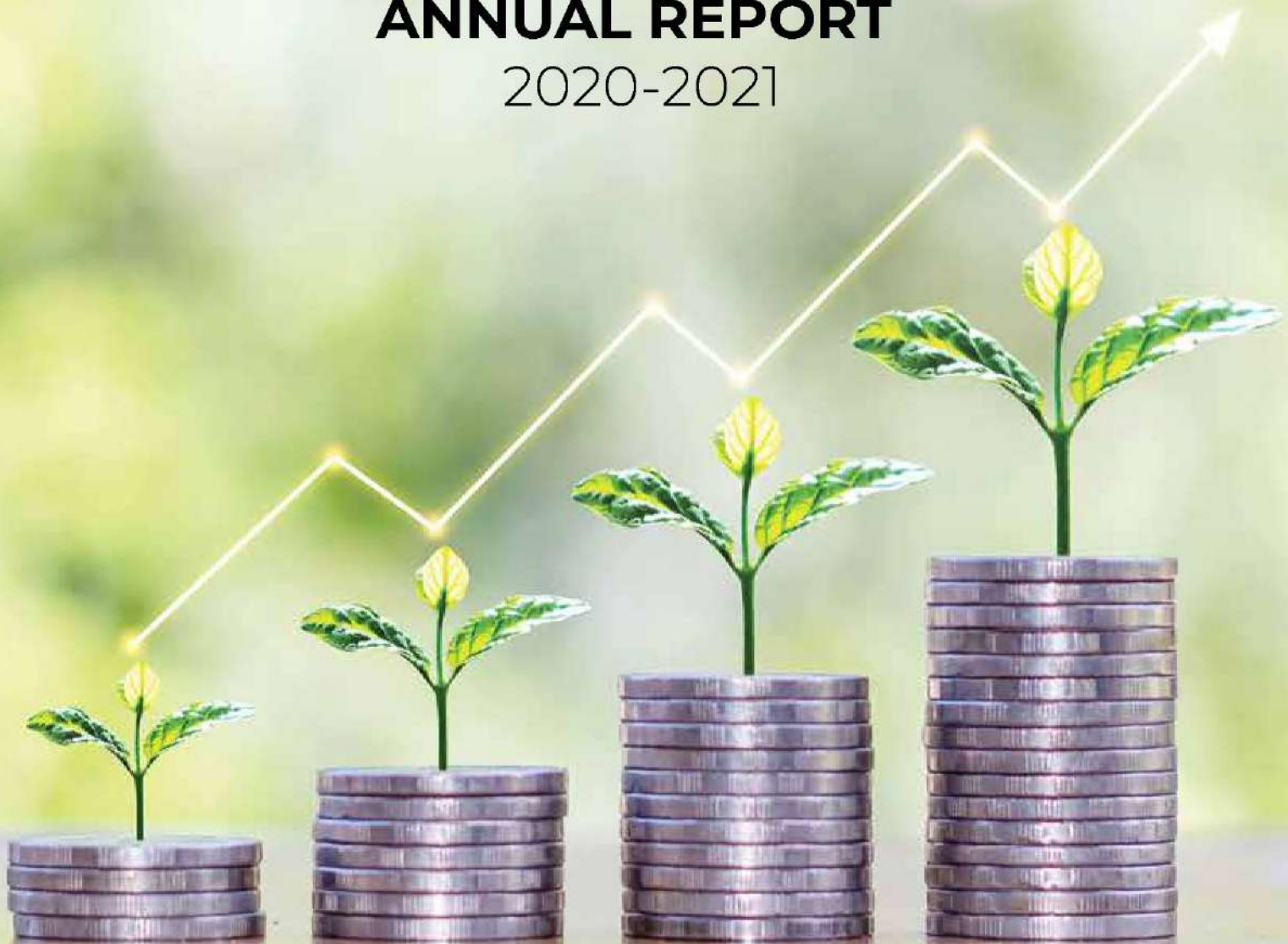




MARGO FINANCE LIMITED



ANNUAL REPORT 2020-2021





CORPORATE INFORMATION

Board of Directors	Mr. Anil Kumar Jain	Chairman (Non-Executive)
	Mr. Shri Dass Maheshwari	Whole Time Director- Finance and Chief Financial Officer
	Mr. Govind Prasad Agrawal	Independent Director
	Mr. Ambarish Ratilal Sodha	Independent Director
	Mr. Sushilkumar Krishna Agrawal	Non-Executive Director
	Ms. Smita Kulkarni	Independent Director
	Mr. V.V. Parlikad	Independent Director
		(Ceased to be Director w.e.f. August 22, 2020)
Company Secretary	Mrs. Archisha Tyagi	
Auditors	M/s. Pawan Shubham and Co. Chartered Accountants 603, Laxmi Deep Building, 9, District Centre, Laxmi Nagar, Delhi 110092	
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	2 nd Floor, 15/76, Old Rajinder Nagar, New Delhi-110060	
Registrar and Share Transfer Agent	Link Intime India Private Limited Noble Heights, 1 st floor, Plot No NH-2, C- 1Block,LSC, Near Savitri Market, Janakpuri, New Delhi - 110058	
Corporate Identification Number	L65910MH1991PLC080534	
Website	www.margofinance.com	

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BOARD'S REPORT

Dear Members,

On behalf of Board of Directors ("The Board"), it gives me immense pleasure to present the Thirtieth (30th) Annual Report on the business and operations of your Company together with the Audited Financial Statements for the year ended March 31, 2021.

Financial Results

The Company's financial performance, for the year ended 31st March, 2021 is summarized below:

(Rs. In Lakhs, except EPS)

Particulars	2020-2021	2019-2020
Total Income	57.45	30.26
Total Expenses	32.65	31.94
Profit/(Loss) before Tax	24.80	(1.68)
Less: Tax Expenses/ Credit	(8.11)	1.73
Profit/(Loss) after tax	16.69	0.05
EPS (Rs.)	0.37	0.00

During the financial year under review, the Company earned Total Income of Rs. 57.45 lakhs mainly comprising of Dividend, interest, fees & commission and gain on sale of Investments. The Company achieved Net Profit of Rs. 16.69 Lakhs for the year ended 31st March, 2021 as compared to Rs. 0.05 Lakhs in the previous year. More details on operational and financial performance are provided in Management Discussion and Analysis Report.

Accounting Method

NBFCs were required to comply with the Indian Accounting Standards (IND AS) for the preparation of the Financial Statements. Accordingly, the annual financial statements for the year ended 31st March, 2021 are prepared as per IND AS.

Dividend

The Board of Directors of the Company has not recommended any dividend on the equity shares of the Company for the Financial year 2020-21 due to conservation of profits.

Reserves

The Board of Directors has decided to retain the entire amount of profit for FY 2020-21 in the statement of profit & loss.

Share Capital

There was no change in capital structure of your Company during the year under review. As on 31st March, 2021, the paid up equity share capital of the Company is Rs. 4,57,00,000/- comprising of 45,70,000 Equity shares of Face Value of Rs. 10/- each. During the financial year 2020-21, your Company has not issued any equity shares with differential rights as to dividends, voting or otherwise, or any convertible securities, warrants or Sweat Equity shares. Your Company does not have any Employee Stock Option Scheme or Employee Stock Purchase Scheme.

Directors and Key Managerial Personnel

During the Financial year 2020-21, following changes took place in the composition of the Board & Key Managerial Personnel (KMP):

Mr. V. V. Parlikad (DIN: 07006240), Non-Executive Independent Director of the Company ceased to be a Director w.e.f. 22nd August, 2020 due to expiry of his first term as the Independent Director of the Company and not seeking for re-appointment.



for the second term due to personal reasons. The Board places on record its appreciation for the valuable guidance and contributions made by Mr. V. V. Parlikad as a Board Member during his association with the Company.

Pursuant to the recommendation of Nomination and Remuneration Committee (NRC), Mr. Ambarish R. Sodha (DIN: 00489489) was appointed by the Board as an Additional Director in the category of Non-Executive Independent Director of the Company for a first term of five consecutive years w.e.f. September 11, 2019. His appointment as an Independent Director was duly approved by the members of the Company at the Annual General Meeting ("AGM") of the Company held on September 29, 2020.

Pursuant to the provision of Section 152 of the Companies Act, 2013, ("Act") and articles of association of the Company, 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 for consideration at the ensuing AGM. As per Secretarial Standard – 2 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), brief profile and other related information of Mr. Anil Kumar Jain, Director retiring by rotation is provided in the Notice of ensuing AGM.

Mr. Kailash resigned from the position of Company Secretary of the Company w.e.f. December 20, 2020. Pursuant to the recommendation of NRC Committee, Mrs. Archisha Tyagi was appointed as the Company Secretary of the Company w.e.f. February 9, 2021 under Section 203 of the Companies Act, 2013.

Pursuant to the recommendation of Nomination and Remuneration Committee (NRC) and subject to the approval of the members of the Company in the ensuing annual general meeting, the Board of Directors of the Company, re-appointed Mr. Shri Dass Maheshwari (DIN: 00181615) as a Whole Time Director designated as "Whole Time Director- Finance & CFO" of the Company for a further period of 2 years with effect from April 30, 2021. The resolution for his re-appointment is included in the Notice of ensuing Annual General Meeting and members are requested to refer Notice and Explanatory Statement for further details.

As on 31st March, 2021, Mr. Shri Dass Maheshwari, Whole Time Director & Chief Financial Officer and Mrs. Archisha Tyagi, Company Secretary are the Key Managerial Personnel (KMP) of the Company in terms of Section 203 of the Companies Act, 2013.

All the Independent Directors of the Company have given declarations that they meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge duties with an objective independent judgment and without any external influence. The said declarations were taken on record by the Board after assessing due veracity of the same. In the opinion of the Board, all Independent Directors are independent of the management.

Pursuant to Rule 6 of Companies (Appointment and qualification of Directors) Rules, 2014 as amended w.e.f. 1st December, 2019, all Independent Directors of the Company have registered themselves in the Independent Directors databank maintained with the Indian Institute of Corporate Affairs (IICA). In the opinion of the Board of Directors of the Company, all Independent Directors possess high integrity, expertise and experience including the proficiency required to discharge the duties and responsibilities as Directors of the Company.

Number of Board Meetings

During the financial year 2020-21, Four (4) Board Meetings were held on June 29, 2020, August 27, 2020, November 6, 2020 and February 9, 2021 through Video conferencing in accordance with the aforesaid MCA Notifications and SEBI circulars. More details on Board Meetings are provided in the Corporate Governance Report.

Company's Policy on appointment and remuneration of Directors and Key Managerial Personnel

Pursuant to Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee (NRC) has formulated "Nomination and Remuneration Policy" which deals inter-alia with the appointment and remuneration of Directors, Key Managerial Personnel, Senior Management and other employees. The said policy is uploaded on the website of the Company and web-link thereto is <http://www.margofinance.com/wp-content/uploads/2021/01/mfl-nomination-and-remuneration-policy.pdf>. The salient features of the policy are as under:

**I. Criteria for appointment:**

1. NRC shall identify, ascertain and consider the integrity, qualification, expertise and experience of the person for the appointment as a Director of the Company and recommend to the Board his / her appointment. The Directors shall uphold ethical standards of integrity and probity and shall exercise their duties and responsibilities in the interest of the Company.
2. A person proposed to be appointed as Director should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. They shall possess appropriate core skills/ expertise/ competencies/ knowledge in one or more fields of finance, law, management, sales and marketing, administration, research and in the context of business and/or the sector in which the company operates. The NRC has the discretion to decide whether qualifications, expertise and experience possessed by a person are sufficient/ satisfactory for the concerned position.
3. The Company shall comply with the provisions of the Act and Listing Regulations and any other laws if applicable for appointment of Director of the Company. The Company shall ensure that provisions relating to limit of maximum directorships, age, term etc. are complied with.

II. Remuneration of the Whole Time /Executive Director(s) / Managing Director:

- a. The remuneration including commission payable to the Whole Time /Executive Director(s) / Managing Director shall be determined and recommended by the NRC to the Board for approval.
- b. While determining the remuneration of the Executive Directors, following factors shall be considered by the NRC/ Board:
 - Role played by the individual in managing the Company including responding to the challenges faced by the Company
 - Individual performance and company performance so that remuneration meets appropriate performance benchmarks
 - Reflective of size of the Company, complexity of the sector/ industry/company's operations and the Company's financial position

III. Remuneration to Non- Executive / Independent Directors:

Sitting Fees: Independent Directors are entitled for sitting fees for attending meetings of the Board or Committee of the Board or for any other purposes as may be decided by the Board, of such sum as may be approved by the Board of Directors of the Company within the overall limits prescribed under the Act and the rules made there under, Listing regulations or other applicable law.

Annual Evaluation of Board Performance and its Committee and Individual Directors

Criteria of performance evaluation of the Board Committees and Directors are laid down by Nomination and Remuneration Committee (NRC) of the Company. Further, pursuant to the provisions of Section 178(2) of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017, NRC decided to continue the existing method of performance evaluation through circulation of performance evaluation sheets based on SEBI Guidance Note dated 5th January, 2017 and that only Board should carry out performance evaluation of the Board, its Committees and Individual Directors.

The performance evaluation sheets based on aforesaid SEBI Guidance Note, containing the parameters of performance evaluation along with rating scale was circulated to all the Directors. The Directors rated the performance against each criteria. Thereafter, consolidated score was arrived. Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out performance evaluation of its own, evaluation of working of the Committees and performance evaluation of all Directors in the said manner. The performance of the Board, committees and individual directors was found satisfactory.



A meeting of the Independent Directors of the Company was held on March 11, 2021, in which Independent Directors inter-alia reviewed performance of Non-Executive Independent Chairman and other Non-Independent Directors and the Board as a whole through performance evaluation sheets.

Directors' Responsibility Statement

Pursuant to the provisions of Section 134(3)(c) and 134(5) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, state and confirm that:

- in the preparation of the annual accounts for the year ended 31st March, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- such accounting policies as mentioned in the notes to the Financial Statements for the year ended 31st March, 2021, have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2021 and of the Profit of the Company for the year ended on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual financial statements for the year ended 31st March, 2021, have been prepared on a going concern basis;
- internal financial controls to be followed by the Company have been laid down and that the said financial controls were adequate and were operating effectively;
- proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and operating effectively.

Audit Committee

During the year under review, Mr. V. V Parlikad ceased to be a member of Audit Committee w.e.f. 22nd August, 2020 due to cessation of his Directorship of the Company and the Audit Committee was re-constituted.

As on 31st March, 2021, the Audit Committee comprises of 4 members viz. Mr. Ambarish Ratilal Sodha, Independent Director as Chairman, Mr. Govind Prasad Agrawal, Ms. Smita Kulkarni, Independent Directors and Mr. S. K Agrawal, Non-Executive Non-Independent Director. More details on the Audit Committee are given in Corporate Governance Report. All the recommendations made by the Audit Committee during the year under review were accepted by the Board.

Statutory Auditors

In accordance with the provisions of Section 139 of the Act, at the Annual General Meeting ("AGM") held on 21st August, 2017, M/s. Pawan Shubham & Co., Chartered Accountants (Firm Registration No. 011573C) were appointed as the Statutory Auditors of the Company for a period of 5 years to hold office from the conclusion of the 26th AGM till the conclusion of 31st AGM, subject to the ratification by members at every AGM.

The requirement to place the matter relating to appointment of Auditors for ratification by Members at every Annual General Meeting was omitted vide notification dated 7th May, 2018, issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of appointment of Statutory Auditors in ensuing AGM of the Company.

The Company has received a letter from M/s. Pawan Shubham & Co., Chartered Accountants confirming that they are eligible for continuing as Statutory Auditors of the Company.



Auditors' Report

The Auditors' Report on the standalone financial statements of the Company for the year ended 31st March, 2021 forms part of this Annual Report. The Auditors' Report does not contain any qualifications, reservations, adverse remarks or disclaimer. In terms of the provisions of Section 143(12) of the Act, no frauds have been reported by the Statutory Auditors in their report for the year under review. Notes to the Financial Statements are self-explanatory and do not call for any further comments.

Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Act, read with rules thereunder, the Board at its meeting held on February 9, 2021 has appointed M/s. Ashu Gupta & Co, Practicing Company Secretaries to conduct Secretarial Audit of the Company for the year ended 31st March, 2021. The Secretarial Audit Report issued by them in Form No. MR-3 is provided as an “**Annexure 1**” to this Report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

Further, in terms of the provisions of the Circular No. CIR/ CFD/CMD1/27/2019 dated 8th February, 2019 issued by Securities and Exchange Board of India (SEBI), M/s. Ashu Gupta & Co, Practicing Company Secretaries have issued the Annual Secretarial Compliance Report for the financial year ended 31st March, 2021, thereby confirming compliance of the applicable SEBI Regulations and circulars / guidelines issued thereunder by the Company.

Internal control systems and their adequacy

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

The internal control system includes a well-defined delegation of authority and a comprehensive Management Information System coupled with quarterly reviews of operational and financial performance, a well-structured budgeting process and Internal Audit. The Internal Audit reports are periodically reviewed by the management and the Audit Committee and necessary improvements are undertaken, if required.

Public Deposits

Your Company being a Non-deposit taking Non-Systemically Important NBFC has not accepted or renewed any deposit as covered under Chapter V of the Act read with the Companies (Acceptance of Deposit) Rules, 2014, as amended, from its members or the public during the year under review.

Subsidiaries

During the year under review, your Company does not have any subsidiaries or joint ventures or associate companies as defined under the Act. However, the Company has framed a policy for determining material subsidiaries, which can be <http://www.margofinance.com/wp-content/uploads/2021/01/margo-policy-on-material-subsiidiaries.pdf>

Corporate Governance Report

Your Company has adopted best practices of Corporate Governance and complied with all the requirement of Corporate Governance laid down by SEBI. As per Regulation 34(3) read with Schedule V of the Listing Regulations, a Corporate Governance Report along with Statutory Auditors' Certificate confirming compliance of corporate governance for the year ended 31st March, 2021 is provided separately and forms integral part of this Annual Report.

Management and Discussion Analysis Report

Pursuant to Regulation 34 of the Listing Regulations, Management Discussion and Analysis Report containing information inter-alia on industry trends, your Company's performance, future outlook, opportunities and threats for the year ended 31st March, 2021, is provided in a separate section forming integral part of this Annual Report.



Annual Return

Pursuant to the amendments in Section 92(3) of the Companies Act, 2013 read with Rules thereunder and provisions of Section 134(3)(a) of the Act, Annual Returns of the Company for FY 2019-20 and FY 2020-21 are hosted on the website of the Company <http://www.margofinance.com> and web-links thereto are given below:

Annual Return for FY 2019-20: http://www.margofinance.com/wp-content/uploads/2021/08/annual-return_mgt-7_fy_2019-20.pdf

Annual Return for FY 2020-21: http://www.margofinance.com/wp-content/uploads/2021/08/annual-return_mgt-7_fy-2020-21.pdf

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 has 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 www.margofinance.com and the web-link <http://www.margofinance.com/wp-content/uploads/2021/01/whistle-blower-policy-vigil-mechanism-investor-complaint-report-31.03.2019-.pdf>

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.

During the year under review, the Company has not entered into any material related party transactions as defined in Companies Act, 2013 and Listing Regulations. Hence, Form AOC -2 is not required to be attached in this Annual Report. Further, the related party transactions are also provided in the notes to the financial statements

Prior approval of Audit Committee is obtained for all Related Party Transactions. A statement of all Related Party Transactions is reviewed by the Audit Committee and Board on quarterly basis. Your Company has adopted a policy on Related Party Transactions and is uploaded on the website of the Company at <http://www.margofinance.com/wp-content/uploads/2021/01/policy-on-related-party-transactions-mfl.pdf>

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

The provisions of Section 186 of the Act pertaining to investment and lending activities is not applicable to the Company, since the Company is a Non-Banking Financial Company whose principal business is acquisition of securities. During the year under review, there were no Guarantee & security issued in connection with the loans to other body corporates or persons.

Risk Management

The Company has formulated a Risk Management Policy. The Company identifies, evaluates, analyses and prioritise risks in order to address and minimize such risks. This facilitates identifying high level risks and implement appropriate solutions for minimizing the impact of such risks on the business of the Company.

Conservation of Energy, Technology Absorption & Foreign Exchange Earning & Outgo

The Company Operates in a Service Sector as a Non-Banking financial Company (NBFC) and therefore energy consumption is only limited to electricity required for office functioning for administration functions. However, necessary initiatives have been taken by the company from time to time for optimum utilization of energy. Since the conservation impact is minimal, it cannot be quantified.

- A) Technology Absorption- NIL
- B) Foreign Exchange earnings and Outgo- NIL

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

Under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the constitution of ICC (Internal Complaints Committee) is not mandatory to the Company as the company has less than 10 (ten) employees.

However, in order to prevent sexual harassment of women at workplace, your Company has adopted a policy for prevention of Sexual Harassment of Women at workplace under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to look into the complaints relating to sexual harassment at workplace of any woman employee. During the year under review, your Company has not received any complaint pertaining to sexual harassment and no complaint was pending as on 31st March, 2021.

Particulars of Employees and related disclosures

The information required pursuant to Section 197 read with Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 is provided as "Annexure 2-(I)" and "Annexure 2-(II)" to this report regarding remuneration of Directors, Key Managerial Personnel and other related disclosure.

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 2020-21 and the date of this report.

Secretarial Standards

During the year under review, your Company has complied with all the applicable secretarial standards issued by the Institute of Company Secretaries of India. The same has also been confirmed by Secretarial Auditors of the Company in the Secretarial audit Report.

General

1. There was no change in the general nature of business of the Company.
2. The provisions of Cost Records and Cost Audit as prescribed under Section 148 of the Companies Act, 2013 are not applicable to the Company.
3. The provisions pertaining to Corporate Social Responsibility (CSR) were not applicable to the Company during the year under review.
4. As required in terms of Secretarial Standard (SS)-4, it is hereby confirmed that there is no corporate insolvency resolution process initiated under the Insolvency and Bankruptcy Code, 2016.

Acknowledgements and Appreciation

Your Directors take this opportunity to thank Central and State Governments, customers, suppliers, shareholders and bankers for their consistent support and co-operation to the Company. Your directors also 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**

ANIL KUMAR JAIN
CHAIRMAN
DIN: 00086106

Date : 14th June, 2021
Place: Mumbai