

**17<sup>TH</sup>**  
**ANNUAL REPORT**  
**1998 - 99**

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***Mega Fin (India) Ltd.***

## **CORPORATE INFORMATION**

### ***Board of Directors***

|                   |                     |
|-------------------|---------------------|
| Mr. Ajay Mittal   | - Managing Director |
| Mr. Ashok Mittal  | - Director          |
| Mr. Sanjay Mittal | - Director          |
| Mr. Sunil Mittal  | - Director          |

### ***Registered & Corporate Office***

Twin Arcade, C-Building, 5th Floor,  
Military Road, Marol Maroshi,  
Andheri(E), Mumbai - 400 059.

### ***Banker***

The Federal Bank Limited  
Fort, Mumbai.

### ***Auditors***

M/s S. K. Sheth & Company  
C-110, Borivli Shopping Centre,  
Chandavarkar Lane, Borivli(W)  
Mumbai - 400 092

### ***Share Transfer Agent***

Bigshare Services Pvt.Ltd.  
J/12, Ansa Industrial Estate,  
Sakivihar Road, Mumbai - 400 072.

### ***Compliance Officer***

Mr.P.K.B.Nambiar



## Mega Fin (India) Limited

### NOTICE

Notice is hereby given that 17th Annual General Meeting of the Members of Mega Fin (India) will be held on Friday 24th September, 1999 at 10.30 a.m. at the Registered Office of the Company at Twin Arcade, C-Building, 5th Floor, Marol Maroshi, Andheri (E), Mumbai - 400 059 to transact the following business:-

1. To receive and adopt the Directors Report and Audited Profit & Loss Account for the year ended 31st March, 1999 and Balance Sheet as at that date.
2. To appoint a Director in place of Mr. Sanjay Mittal, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

#### Special Business :

4. To consider and if thought fit to pass, with or without modification, the following resolution as an ordinary Resolution:  
RESOLVED THAT Pursuant to the provisions of Section 257 of the Companies Act, 1956 Mr. Sunil P. Mittal be and is hereby appointed as a director of the company.
5. To consider and if thought fit to pass, with or without modification, the following resolution as a Special Resolution:  
RESOLVED THAT pursuant to Section 163 of the Companies Act, 1956 the members hereby approves that Register of Members, Indices, Return and the copies of Certificate/Document instead of being kept at the registered office the company be kept at the office of the company's Share Transfer Agent, M/s Bigshare Services Pvt. Ltd. at J/12, Anza Industrial Estate, Saki Vihar Road, Sakinaka, Mumbai - 400 0720 where the necessary register, indices as mentioned above shall remain open from 25.09.1999 for inspection during business hours of the company from 10 A.M. to 5 P.M. except Saturday and Sunday.
6. To consider and if thought fit to pass, with or without modification, the following resolution as an ordinary Resolution:  
RESOLVED THAT pursuant to Section 198, 269, 309 & 314 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 Mr. Ajay Mittal be and is hereby appointed as Managing Director of the Company w.e.f. 1st January, 1999 for a period of 5 years.

#### NOTES :

- (a) The relative Explanatory Statments pursuant to Section 173 of the Companies Act, 1956 in regard to the business as set out in Item Nos.4 to 6 above, is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- (c) Shares of the Company's are listed at Mumbai & Ahmedabad Stock Exchange. The Company has not paid Annual Listing Fee to Mumbai and Ahmedabad Stock Exchanges due on 1st April 1999.
- (d) The Registrar of Members and the Transfer Books of the Company will remain closed from 17th September 1999 to 24th September, 1999 both days inclusive.
- (e) Members are requested to notify immediately any change in their addresses including PINCODE to the Company's share transfer agent M/s. Bigshare Services Pvt. Ltd. at their office at :

J/12, Ansa Industrial Estate,  
Sakivihar Road, Mumbai-400 072

For and on behalf of the Board  
Sd/-

Ajay Mittal  
Managing Director

Place: Mumbai.  
Date : 18.06.1999

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***Explanatory Statement pursuant to the Section 173 of the Companies Act, 1956.*****Item No. 4**

Mr. Sunil P. Mittal was appointed as an Additional Director at the Board Meeting held on 01.04.1999 to hold office till conclusion of the Annual General Meeting. The Company has received a notice from a member alongwith a fee of Rs. 500/- signifying his intention to sponsor the candidature of Mr. Sunil P. Mittal as a Director. Mr. Sanjay P. Mittal being related to Mr. Sunil P. Mittal is concerned in the resolution alongwith Mr. Sunil P. Mittal.

**Item No. 5**

The Board of Directors of the Company at the Meeting held on 01.06.1999 appointed M/s Bigshare Services Pvt.Ltd. as Share Transfer Agent of the Company. The Board has decided to keep the Register of Members, Indices, Returns and copies of certificates / documents at the office of Registrar & Share Transfer Agent as above. In terms of Section 163 of the Companies Act, 1956 approval of members by a Special Resolution is required to be obtained for keeping above register at a place other than the registered office of the Company. None of the Directors are interested in the Resolution.

**Item No. 6**

The appointment of Mr. Ajay Mittal as Managing Director expired on 31.12.1998. The Board has appointed Mr. Ajay Mittal as Managing Director with effect from 01.01.1999 for a period of five years on the following terms and conditions;

1. Period of Appointment: 5 years with effect from 01.01.1999
2. Mr. Ajay Mittal as Managing Director, shall not be entitled to any salary, perquisites, commissions.
3. Entertainment Expenses : He shall be entitled to reimbursement of expenses incurred and properly accounted for in the course of legitimate business of the company.
4. Other Terms:
  - a. The Managing Director shall not be entitled to any sitting fees for attending meeting of the Board of Directors of the Company and Committee thereof. He shall not, so long as he functions as Managing Director, become interested or otherwise concerned with directly or through his wife and / or children in any selling agency of the Company.
  - b. He shall not be entitled to supplement his earning with any buying or selling commission.
  - c. The appointment can be terminated by either party giving to the other party three months notice in writing.

Place: Mumbai.  
Date : 18.06.1999

For and On behalf of the Board  
Sd/-

Ajay Mittal  
Managing Director



## MEGA FIN (INDIA) LIMITED

### DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 17th Annual Report of the Company together with Audited Statement of account for the year ended 31st March, 1999.

#### 1. FINANCIAL RESULTS

The summarised financial results of your company for the year ended under review are as under :

|                                   | Year ended<br>31.03.99<br>Rs. | Year ended<br>31.03.98<br>Rs. |
|-----------------------------------|-------------------------------|-------------------------------|
| Gross Income                      | 24,70,130                     | 2,90,45,641                   |
| Profit/(Loss) Before Depreciation | (2,28,58,754)                 | (1,17,54,829)                 |
| Depreciation                      | 21,06,224                     | 47,24,638                     |
| Profit/ (Loss) Before Tax         | (2,49,64,978)                 | (1,64,79,467)                 |
| Provisions For Tax                | Nil                           | Nil                           |
| Profit/(Loss) After Tax           | (2,49,64,978)                 | (1,64,79,467)                 |
| Appropriations :                  |                               |                               |
| 1. General Reserves               | Nil                           | Nil                           |
| 2. Proposed Dividend              | Nil                           | Nil                           |
| Balance Carried to Balance Sheet  | (4,16,85,492)                 | (1,72,48,774)                 |

#### 2. DIVIDEND

The Directors of your Company do not recommend any dividend for the year under review.

#### 3. FIXED DEPOSITS

As mentioned in our report for the year ended 31.03.1998, your company has repaid all its deposits to the holders of fixed deposit. No fresh deposits were accepted during the year under review.

The Board of your company have resolved that no fresh fixed deposits shall be accepted without the prior permission of Reserve Bank of India. In view of the of repayment of all deposits, it is not incumbent on the Company to obtain credit rating.

#### 4. WORKING RESULTS

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During the year under review, your company's gross income was Rs. 24.70 lacs against Rs. 290.45 lacs for the previous year. The loss after tax is Rs. 249.65 lacs after providing depreciation of Rs. 21.06 lacs. The unprecedented liquidity crunch which had set in, in the previous year continued unabated during the current year; resulting in corporate borrowers were dishonouring their commitments to banks in general and to non banking financial companies in particular. This had serious impact on the availability of funds to the non banking financial companies. Therefore, your company being a non banking finance company, had no option but to stop their fund based activities and concentrate only on efforts to step up recovery of funds disbursed in the preceding financial years.

Your Board has returned to SEBI the Category I Certificate issued for carrying on Merchant Banking activities for cancellation

**5. PERFORMANCE Vs PROJECTIONS**

Since your Company had not given projections for future in the prospectus of the issue of 40,00,000 Equity Shares of Rs. 10/- each offered to the public in September 1996, as the same was not required to be mentioned, the details of Performance Vs Projections are not applicable in respect of your Company.

**6. SUBSIDIARIES**

The enclosed statement under Section 212 of the Companies Act 1956 relating to the subsidiaries forms part of this report.

**7. DIRECTORS**

Mr. Sunil F. Mittal was appointed as an Additional Director under Section 260 of the Companies Act, 1956 on the Board of the Company. He holds the office of Directors till the conclusion of the ensuing Annual General Meeting.

The Company has received a notice from a shareholder under Section 257 of the Companies Act, 1956 intending to propose the candidature of Mr. Sunil Mittal as a Director along with a Fee of Rs. 500/-

Mr. Sanjay P. Mittal, Director retires by rotation and being eligible offer himself for re-appointment.

**8. AUDITORS**

M/s. S. K. SHETH & CO., Chartered Accountants, the retiring auditors being eligible offer themselves for re-appointment.

**9. STATUS ON Y2K PREPAREDNESS**

The Company is taking effective steps to resolve the Y2K problems relating to Systems / Softwares used and aims to be Y2K compliant by October 1999. The expenses on such Y2K compliance is not likely to be significant

**10. STATUTORY INFORMATION**

The information required under section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 annexed to this report forms part of the directors report. None of the employee is a relative of any Director of the Company. The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, Technology Absorption are not applicable as the company is not a Manufacturing Company.

The outgo on Foreign Exchange Travelling amounted to Nil-. The company had no earnings in foreign exchange during the year under review.

11. Your Company does not have any outstanding amounts payable to small scale industrial undertakings.

**12. AUDITORS REPORT**

The notes to the accounts are self explanatory in respect of comments of the auditors.

**13. ACKNOWLEDGMENT**

The Board wishes to place on record its appreciation for the performance of the personnel, co-operation from its Shareholders, Bankers, Clients and Auditors for their sustain support.



**For and on behalf of the Board**

**Sd/-**

**Place: Mumbai**

**Dated: 18th June, 1999**

**Chairman.**

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## ANNEXURE TO DIRECTORS REPORT

## PARTICULARS OF EMPLOYEES

Statement pursuant to section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule 1975 and forming the part of the Directors Report for the year ending March 31, 1999.

| Sr. No. | Name of the Employee | Age (Years) | Qualification | Exps. (Years) | Date of joining | Designation | Remuneration received (in Rs.) | Particulars of Previous Employment. |
|---------|----------------------|-------------|---------------|---------------|-----------------|-------------|--------------------------------|-------------------------------------|
|---------|----------------------|-------------|---------------|---------------|-----------------|-------------|--------------------------------|-------------------------------------|

**EMPLOYED FOR THE WHOLE YEAR**

|   |                  |    |   |    |          |  |          |   |
|---|------------------|----|---|----|----------|--|----------|---|
| 1 | Mr. V. Shivkumar | 45 | B.Sc.(Hons).<br>I.L.B. (B.U.)<br>A.C.S.<br>Diploma in<br>Admn. Mgmt. (B.U.) | 25 | 31.03.94 | Vice President<br>& Company<br>Secretary | 7,51,000 | Comet Steels Ltd.<br>Company<br>Secretary |
|---|------------------|----|---|----|----------|--|----------|---|

**EMPLOYED FOR PART OF THE YEAR**

|   |                    |    |                                     |    |          |                            |          |   |
|---|--------------------|----|-------------------------------------|----|----------|----------------------------|----------|---|
| 1 | Mr. Y. D. Parasnis | 40 | B. Tech.(IT)<br>PGDM-IIM<br>B'lore. | 14 | 23.08.93 | Chief Executive<br>Officer | 4,75,766 | Bank of America<br>2 years-Asst. VP-<br>(Head - Capital<br>Markets) |
|---|--------------------|----|-------------------------------------|----|----------|----------------------------|----------|---|

**Notes :**

- 1) Remuneration received includes Salary, Company's contribution to Provident Fund, Leave Travel Assistance, House Rent Allowance, and Other allowances.
- 2) None of the above employee is a relative of any of the Directors of the Company.

For and on behalf of the Board

Sd/-

Place: Mumbai

Dated: 18th June, 1999

Chairman.





**S. K. Sheth & Co.**  
Chartered Accountants

C-110, Borivli Shopping Centre,  
Chandavarkar Road,  
Borivli (West), Mumbai-400 092

## **AUDITORS REPORT**

### **TO THE MEMBERS OF MEGA FIN (INDIA) LIMITED**

We have audited the attached Balance Sheet of the **MEGA FIN (INDIA) LIMITED** as at 31st March, 1999 and also the Profit and Loss Account annexed thereto, for the year ended on that date, and report that

- 1) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- 2) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books.
- 3) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account.
- 4) In our opinion, the Balance Sheet and the Profit and Loss account dealt with by the report are in compliance in all material aspect with the accounting standard referred to in Section 211 (3C) of the Companies Act, 1956.
- 5) With respect to Loans & Advances of Rs. 203.82 lacs and sundry debtors of Rs. 181.39 were outstanding for a long period where there are no repayments/ interest recovery as explained in Note No. L, we are unable to formulate an opinion on the recoverability of the amount due.
- 6) Attention is drawn to Note No. "M" regarding non confirmation of balances of balances of loans and advances, sundry debtors, Assets given on lease.
- 7) Subject to above, in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
  - i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1999 and
  - ii) in the case of the Profit and Loss account of the loss for the year ended on that date.
- 8) We are unable to comment on the Company's readiness to tackle Year two thousand problem.
- 9) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and in our opinion and on the basis of such checks as we considered appropriate we further report that :

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- i) The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets. We have been informed by the management that all the fixed assets excluding the leased assets have been physically verified by the management during the year at regular intervals which in our opinion are reasonable having regards to the size of the company and the nature of fixed Assets. We have also been informed that no serious discrepancies were noticed on such verification. In respect of Leased assets, the Company has a procedure of collecting confirmation from lessees as to physical existence and working condition of leased assets. During the year, the Company has not send confirmation to any of the lessee. In the absence of confirmations, we are unable to comment upon the existence and discrepancies if any, in respect of these leased assets.
- ii) None of the fixed assets have been revalued during the year.
- iii) As the Company is not a manufacturing company, clause (iii), (iv), (v), (vi), (xii) and (xiv) of clause A of the paragraphs 4 of the aforesaid order are not applicable and hence not commented upon.
- iv) According to the information and explanation given to us the Company has not taken any unsecured loans from Companies, firms and other parties as listed in the register maintained under section 301 of the Companies Act, 1956. We have been informed that there is no Company under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
- v) The Company has granted interest free loan of Rs.3,13,282/- to Companies, firms, or other parties listed in the Register maintained u/s 301 of the Companies Act, 1956 without any stipulation as to the repayment of the principal amount. In our opinion and according to information and explanation given to us, other terms and conditions are not prejudicial to the interest of the Company. We have been informed that there is no Company under the management as defined under Sub-sec. (1-B) of Sec. 370 of the Companies Act, 1956.
- vi) The Company has given loans and advances in the nature of loans, which are interest free and without stipulation as to the repayment of principal and interest (Refer note L) including loans to employees where in certain cases adhoc recoveries are made. The Board of Directors has certified that all loans and advances in the nature of loans are good and receivable. The company has started proceeding against defaulted party by filing suit in the court of law.
- vii) In our opinion, and according to the information and explanations given to us, there are generally adequate internal control procedure commensurate with the size and nature of its business with regard to purchase of other assets and for sale of services.
- viii) According to the information and explanations given to us, the Company has not entered into any transaction of purchase of goods and materials and sale of goods, materials and services aggregating during the year to Rs.50,000/- or more in pursuance of any contract or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956.
- ix) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public during the year.