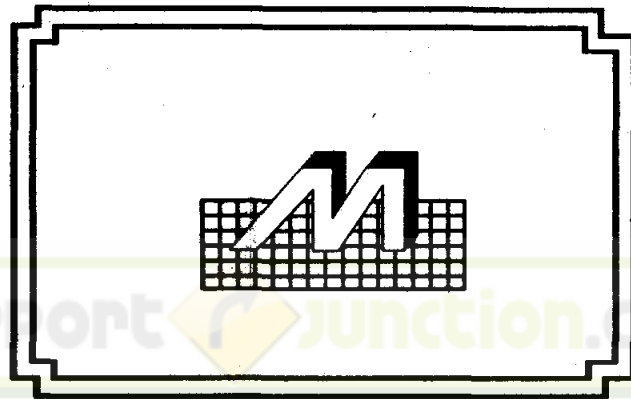


19th ANNUAL REPORT 2000-2001



Mega Fin (India) Ltd.

MEGA FIN (INDIA) LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr.Ajay Mittal	- Director
Mr.Ashok Mittal	- Director
Mr.Sanjay 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.

AUDIT COMMITTEES OF DIRECTORS

Mr.Ajay Mittal	- Director
Mr.Ashok Mittal	- Director
Mr.Sanjay Mittal	- Director

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.
E/2, 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 19th Annual General Meeting of the Members of Mega Fin (India) Ltd will be held on Friday, 28th September, 2001 at 10.30 a.m. at the Registered Office of the Company at Twin Arcade, "C" Building, 5th Floor, Military Road, Marol Maroshi, Andheri (E), Mumbai - 400 059 to transact the following business.

1. To receive and adopt the Directors Report and audited Profit and Loss Account for the year ended 31st March, 2001 and Balance Sheet as at the 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.

NOTES :

- a) **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.**
- b) 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 Exchange due on 1st April, 2001.
- c) The Register of Members and the Transfer Books of the Company will remain closed from 22nd September, 2001 to 28th September, 2001 (both days inclusive).
- d) 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 :-

**E/2, Anza Industrial Estate,
Saki-Vihar Road, Mumbai - 400 072.**

Place : Mumbai

Date : 27th August, 2001

**For and on behalf of the Board
Sd/-**

**Ajay Mittal
Director**

19th Annual Report 2000-2001

MEGA FIN (INDIA) LIMITED

DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 19th Annual Report of the Company together with Audited Statement of account for the year ended 31st March,2001.

1. FINANCIAL RESULTS

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

	Year ended 31.03.2001 Rs.	Year ended 31.03.2000 Rs.
Gross Income	88,848	3,474,780
Profit/ (Loss) Before Depreciation	(8,395,280)	(10,080,772)
Depreciation	495,442	1,441,757
Profit/ (Loss) Before Tax	(8,890,722)	(11,522,529)
Provision for Tax	NIL	NIL
Profit/ (Loss) After Tax	(8,890,722)	(11,522,529)
Add : Excess Provision of earlier year written back	2,264,500	NIL
Transferred from Reserves	NIL	474,251
Prior year Income	54,681	NIL
Bad Debts written back	NIL	NIL
Less : Sundry Balance written off	NIL	18,648
Taxes paid under Kar-Vivad Samadhan	NIL	NIL
Prior year item	NIL	78,800
Short Income Tax provision of earlier years	1,300,000	NIL
Balance Carried to Balance Sheet	(7,871,541)	(11,145,726)

2. DIVIDEND

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

3. FIXED DEPOSITS

As mentioned in our reports for the year ended 31st March,98 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 Reserves Bank of India. In review of the repayment of all deposits, it is not incumbent on the Company to obtain credit rating.

4. WORKING RESULTS

During the year under review, your company's gross income was Rs.0.89Lacs against Rs. 34.75 lacs for the previous year. The loss after tax is Rs.88.91 Lacs after providing depreciation of Rs.4.95 Lacs. The unprecedented liquidity crunch which had set in, in the earlier years continued unabated during the current year, resulting in corporate borrowers 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 preceeding financial years.

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

5. PROFORMANCE Vs PROJECTIONS.

Since your Company had not given projection 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 the report.

7. DIRECTORS

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

8. CORPORATE GOVERNANCE

Your Company has initiated steps toward good Corporate Governace and has already constituted as Audit Committee of Directors for periodical review of the Internal Control Systems and Financial Statements.

9. DIRECTOR'S RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, your Directors confirm that ;

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b) 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 and of the profit or 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.

10. AUDITORS

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

11. STATUTORY INFORMATION

Since there are no employees drawing remuneration in excess of the limits specified u/s 217 (2A) of the Companies Act, 1956, the Companies (Particulars of employees) Rules 1975 are not applicable. Since the company is not a manufacturing company, the companies (Disclosure of particulars in the report of Board of Directors) Rules, 1998 regarding conservation of energy, Technology Absorption are not applicable. The Company had no inflow/outflow of foreign currency during the year under review.

The outgo of Foreign Exchange Travelling amounted to NIL. The Company had no earnings in foreign exchange during the year under review.

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

**13. AUDITORS REPORT**

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

14. 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/-

**Ajay Mittal
Chairman.**

Place : Mumbai

Dated : 27th August, 2001.

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S. K. SHETH & CO.
CHARTERED ACCOUNTANTS

C-110, Borivli Shopping Center,
Chandavarkar Road,
Borivli (W), 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, 2001 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) As per the representation made by the Company and all its directors taken on record, no director is disqualified from being appointed as director under Sec. 274 (1) (g) under Companies Act, 1956.
- 6) *With respect to Loans & Advances of Rs. 164.83 lacs and sundry debtors of Rs. 190.66 which are 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.*
- 7) *Attention is drawn to Note No. "N" regarding non confirmation of balances of loans and advances, sundry debtors, Assets given on lease.*
- 8) *Attention is invited to Note No. "O" regarding the shares, which are neither transferred in the name of the Company nor the Company is holding the shares with valid transfer deed.*
- 9) *Attention is invited to Note No. "Q" regarding appointment of Company Secretary and Managing Director as required by Section 383A and Section 269 respectively of Companies Act, 1956.*



- 10) *We further report that observation made by us in paragraph 6 to 8 above could not be determined and accordingly cannot be commented upon by us.*
- 11) 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, 2001 and
 - ii) in the case of the Profit and Loss account of the loss for the year ended on that date.
- 12) 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 :
- i) The Company is maintaining proper records/details 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 sent 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. 146.11 lacs 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.

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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. 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 procedures 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.
- x) During the year under review, due to lower business operations there was no formal internal audit system. However, Company's control procedure ensures reasonable internal checking of its financial and other records.
- xi) As there are no employees during the year the Company has not deducted any provident fund. As explained to us, the provision of the Employees State Insurance Act is not made applicable to the Company.
- xii) As per records of the Company and according to the information and the explanation given to us there are no undisputed amounts in respect of Income tax, wealth tax, sales tax, Customs duty and Excise duty as at 31.3.2001 which were due for more than six months from the date they became payable.
- xiii) According to the information and the explanation given to us, no expenses of the personal nature which have been charged to revenue account other than those payable under the contractual obligation or in accordance with normally accepted business practices.
- xiv) Being a finance Company, the provisions of clause (0) of sub section 1 of section 3 of The Sick Industrial Company's (Special Provisions) Act, 1985 are not applicable to the Company.