

24th
ANNUAL REPORT
2005-2006



Mega Fin (India) Limited

MEGA FIN (INDIA) LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr.Ajay S Mittal	- Director
Mr.Sanjay P Mittal	- Director
Mr.Anil S Mittal	- Director
Mr.Amit Sheth	- Independent Director
Mr.Sanjay Parchani	- Independent Director

Registered & Corporate Office

7th Floor, Twin Arcade, "C" Building,
Military Road, Marol Maroshi,
Andheri (E), Mumbai - 400 059.

Banker

The National Co.op. Bank Limited
Nariman Point, Mumbai.

AUDIT COMMITTEES OF DIRECTORS

Mr.Ajay Mittal	- Director
Mr.Sanjay Mittal	- Director
Mr.Anil Mittal	- Director
Mr.Amit Sheth	- Director
Mr.Sanjay Parhani	- Director

MANAGEMENT COMMITTEE

Mr.Ajay Mittal	- Director
Mr.Sanjay Mittal	- Director
Mr.Anil Mittal	- Director

INVESTORS GRIEVANCE COMMITTEE

Mr.Ajay Mittal	- Director
Mr.Sanjay Mittal	- Director
Mr.Anil Mittal	- Director
Mr.Amit Sheth	- Director
Mr.Sanjay Parhani	- 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.

MEGA FIN (INDIA) LIMITED

Regd. Office :- 7th Floor, Twin Arcade, C-Wing, Military Road, Marol-Maroshi, Andheri (East),
Mumbai - 400 059.

NOTICE

Notice is hereby given that Twenty Fourth Annual General Meeting of the Members of Mega Fin (India) Ltd will be held on 30th September, 2006 at 11.30 a.m. at the Registered Office of the Company at 7th Floor, Twin Arcade, "C" Building, Military Road, Marol Maroshi, Andheri (E), Mumbai - 400 059 to transact the following business.

ORDINARY BUSINESS:

1. To receive and adopt the Directors Report and audited Profit and Loss Account for the year ended 31st March, 2006 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.

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 Section 257 of the Companies Act 1956, Mr. Amit Sheth be and is hereby appointed as a Director on the Board of the Company".
5. To Consider and if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution.
"RESOLVED THAT, pursuant to Section 257 of the Companies Act 1956, Mr. Sanjay Parchani be and is hereby appointed as a Director on the Board of the Company".

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) Explanatory Statement as per the provisions of Section 173(2) of the Companies Act, 1956 is annexed hereto
- c) Shares of the Company's are listed at Mumbai & Ahmedabad Stock Exchange.
- d) The Register of Members and the Transfer Books of the Company will remain closed from Saturday the 23rd September to Saturday the 30th September, 2006 (both days inclusive).
- e) The proxy form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the meeting.
- f) 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, Ansa Industrial Estate, Saki-Vihar Road, Mumbai - 400 072.

For and on behalf of the Board

Place : Mumbai
Date : 30th August, 2006

sd/-
Ajay S Mittal
Director

MEGA FIN (INDIA) LIMITED
7th Floor, Twin Arcade, C-Bldg., Military Road,
Marol-Maroshi, Andheri (East), Mumbai – 400 059.

**EXPLANATORY STATEMENT PURSUANT TO SEC. 173 OF THE COMPANIES
ACT, 1956**

ITEM No.4

Mr. Amit Sheth was appointed as an additional Director on the Board to hold office upto the conclusion of this Annual General Meeting. He is also the Chairman of the Audit Committee . He is the Managing Director of Aurionpro Solutions Limited. He is a Production Engineer & Management graduate from Mumbai University. He has over 12 years of experience in finance, equity and technologies. He has worked with organisation such as 20th Century and Lloyd Securities before co-founding Aurionpro Solutions Limited.

The Company has received a notice from a member along with a fee of Rs.500/- signifying his intention to sponsor candidature of Mr. Amit Sheth for appointment as Director at the ensuing Annual General Meeting. None of the Directors is concerned or interested in the resolution except Mr.Amit Sheth as it concerns his own appointment.

The Board commends the resolution for your acceptance.

ITEM NO. 5

Mr. Sanjay Parchani aged 33 years is a graduate in Arts with Post Graduate Diploma in Computer and Software and has experience in IT, Analysis, Accounts, Administration & Recruitment with Aurionpro Solutions Limited since its inception. He was appointed as an additional Director on the Board of the Company to hold office upto the conclusion of this Annual General Meeting. He is also an independent Director on the Board of the Company.

The Company has received a notice from a member along with a fee of Rs.500/- signifying his intention to sponsor candidature of Mr. Sanjay Parchani for appointment as Director at the ensuing Annual General Meeting. None of the Directors is concerned or interested in the resolution except Mr. Sanjay Perchani as it concerns his own appointment.

The Board commends the resolution for your acceptance.

For and on behalf of the Board

Place : Mumbai
Date : 30th August, 2006

sd/-
Ajay S Mittal
Director

MEGA FIN (INDIA) LIMITED

7th Floor, Twin Arcade, C-Wing, Military Road, Marol-Maroshi, Andheri (East), Mumbai – 400 059

DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Twenty fourth Annual Report together with Audited Statement of Account for the year ended 31st March, 2006.

1. FINANCIAL RESULTS

	Year ended 31.03.2006 Rs.	Year ended 31.03.2005 Rs.
Gross Income	9,607,720	284,033
Profit/ (Loss) Before Depreciation	(9,435,971)	(1,511,323)
Depreciation / Impairment	8,637	1,816,037
Profit/ (Loss) Before Tax	(9,427,334)	(3,327,360)
Provision for Tax	Nil	Nil
Profit/ (Loss) After Tax	(9,427,334)	(3,327,360)
Add / (Less) Extra Ordinary Item		
- Waiver of Interest	Nil	1,298,979
- Tax Adjustment of Earlier Years	(47,170)	Nil
Profit / (Loss) for the current year	9,380,164	(2,028,381)
Add : Brought forward from previous year	(65,677,444)	(63,649,063)
Balance Carried to Balance Sheet	(56,297,280)	(65,677,444)

1. WORKING RESULTS

The gross income of your Company during the year was Rs.9,607,720/- as against Rs.284,033/- in the previous year and the Loss Before Tax is Rs.94,27,334 (Rs.33,27,360 previous year).

As was reported in previous year, your Company had stopped the business of funding with more attention on recovery of loans disbursed in the preceding years.

2. DIVIDEND

Your Directors are unable to recommend any dividend for the year ended 31st March, 2006 because of the losses.

3. FIXED DEPOSITS

Your Company has not accepted any deposits during the year under review falling within the purview of Section 58(A) of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 nor is there any deposits outstanding for repayment.

Your Directors have resolved that no fresh fixed deposits will be accepted without the prior permission of Reserve Bank of India. In review of the repayment of all deposits, it is not incumbent upon the Company to obtain credit rating.

4. SUBSIDIARIES

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

5. DIRECTORS

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

Mr. Amit Sheth and Mr. Sanjay Parchani were appointed as an Additional Director on the Board of the Company with effect from 28th December 2005. Mr. Amit Sheth and Mr. Sanjay Parchani are independent Directors on the Board of the Company and they hold office up to the conclusion of the next Annual General Meeting of the Company.

Notice from some share holders was received pursuant to the provisions of Section 257 of the Companies Act, 1956 in respect of their appointment on the Board and the shareholders may pass the necessary resolution in respect thereof.

6. CORPORATE GOVERNANCE

Your Company has endeavored to implement the code of Corporate Governance in accordance with Clause 49 of the Listing Agreement with the Stock Exchange and a Report on the Corporate Governance is included forming part of this Report.

7. DEMATERIALISATION OF SHARES

The shares of your Company are under compulsory dematerialisation and they have connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

8. SHARE TRANSFER / INVESTOR GRIEVANCE COMMITTEE

The Share Transfer / Investor Grievance Committee comprising of Mr. Ajay S Mittal, Mr. Anil S Mittal & Mr. Sanjay P Mittal has been reconstituted with effect from 28th December 2005 consequent to appointment of Mr. Amit Sheth and Mr. Sanjay Parchani as independent director. The committee is assigned the work of redressal of Investors/ Shareholders complaints along with approval of share transfer, sub-division / consolidation of shares etc. The committee oversees the performance of Registrar and Transfer Agents and recommends measure for overall improvement of the quality of investor services. Details of Shares Transfer/ Transmission approved by the committee are placed before the Board Meetings from time to time.

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 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has not carried out any activity requiring disclosure pursuant to section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 relating to

Conservation of Energy, Technology absorption and there was neither any earnings nor outgo of Foreign Exchange.

11. PARTICULARS OF EMPLOYEES :

As there was no employee falling within the purview of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 the information may be treated as nil..

12. STOCK EXCHANGE LISTING :

The shares of your company are listed at the Bombay Stock Exchange and the Annual Listing Fee for the year 2006-07 has been paid to the above Stock Exchange

13. AUDIT COMMITTEE:

An Audit Committee as per the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchange has been constituted and meetings are held periodically to discuss the relevant issues

14. OUTSTANDINGS TO SMALL SCALE INDUSTRIES:

Your Company does not owe any money to small scale industrial undertakings.

15. AUDITORS REPORT

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

16. AUDITORS

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

For and on behalf of the Board

Sd/-
Ajay S Mittal
Chairman

Place : Mumbai
Dated : 30th May, 2006

AUDIT COMMITTEE BOARD TERMS OF REFERENCE

The Terms of reference of the Audit Committee include :

- To review the Company's financial reporting process and its financial statements.
- To review the accounting and financial policies and practices.
- To review the efficacy of the internal control mechanism and monitor risk management policies adopted by the Company and ensure compliance with regulatory guidelines.
- To review reports furnished by the internal and statutory auditors, and ensure that suitable follow-up action is taken.
- To examine accountancy, taxation and disclosure aspects of all significant transactions.

The Audit Committee of the Company has such powers as are detailed under Section 292A of the Companies Act, 1956 and also Clause 49(ii)(c) of the Listing Agreement.

COMPOSITION

The Audit Committee of the company was constituted by the Board during the year 2001-2002. The Audit Committee comprises three Directors, all these Directors poses knowledge of Corporate Finance, Accounts and Company Law. The Chairman of the Committee is an Independent, Non-executive Director nominated by the Board. Audit Committee Meetings are attended by the representatives of Statutory Auditors invited to attend all the meetings.

The constitution of the Audit Committee was as follows:-

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

During the year, The Audit Committee of the company was reconstituted consequent to resignation of Mr. Ashok Mittal and appointment of Mr. Anil Mittal, Mr. Amit Sheth and Mr. Sanjay Parchani. The Audit Committee as of 31st March 2006 comprises Five Directors, all these Directors poses knowledge of Corporate Finance, Accounts and Company Law. The Chairman of the Committee is an Independent, Non-executive Director nominated by the Board. Audit Committee Meetings are attended by the representatives of Statutory Auditors invited to attend all the meetings.

ANNEXURE TO DIRECTOR'S REPORT

Particulars under the Companies (Disclosure of Particulars in the Report of the Board Of Directors) Rules, 1988.

CORPORATE GOVERNANCE REPORT :

The Report as given below covers various aspects of Corporate Governance in your Company during the year under ended 31st March, 2006. as per Clause 49 of the Listing Agreement with the Stock Exchange.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Company's Philosophy on Corporate Governance envisages the attainment of the high level of transparency and accountability in the functioning of the Company and the conduct of its business internally and externally, including its inter-action with employees, shareholders, creditors, consumers and institutional and other lenders and places due emphasis on regulatory compliance.

The Company will continue its efforts in raising the standards in Corporate Governance and will also review its systems and procedures constantly to keep pace with the changing economic environment.

BOARD OF DIRECTORS

The Board of Directors consists of three members, comprising three non-executive Directors nominated by the board.

Particulars of the directorship of the board, membership and office of the Chairman of Board/committees across all companies and attendance at Board Meeting and Annual General Meeting of the Company are given below :

Name of Director	Non-Executive /Independent	No. of outside Directorships in Listed Cos.	Membership held in Committee of Directors	Chairmanship held in Committee of Directors	No. of Board Meetings attended	Whether attended Last AGM
Mr. Ajay S Mittal	Non-Executive	2	2	1	7	Yes
Mr. Sanjay Mittal	Non-Executive	0	2	0	7	Yes
Mr. Anil S Mittal	Non-Executive	0	2	0	7	Yes
Mr. Amit Sheth	Independent	1	2	1	2	N.A.*
Mr. Sanjay Parchani	Independent	0	2	0	2	N.A.*

* Appointed on Board after last AGM.

During the financial year 2005-06 Seven Board Meetings were held on 6th May, 2005, 6th August, 2005, 17th August, 2005, 29th August, 2005, 31st October, 2005, 28th December, 2005, 28th January, 2006 and the Annual General Meeting was held on 30th September, 2005.