



MARGO FINANCE LIMITED

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	Chairman Managing Director Director Director Director
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Chief Financial Officer Mr. Shri Dass Maheshwari

Company Secretary Miss Jyotsna Jindal

Auditors M/s. AVK & Associates, Chartered Accountants

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

Head Office 301, "Arcadia"
Nariman Point,
Mumbai - 400 021
Maharashtra

Corporate Office 2nd Floor,
15/76, Old Rajender Nagar
New Delhi - 110 060

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DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 25th Annual Report of the Company together with the Audited Financial Statements and Auditors' Report for the year ended 31st March, 2016.

Financial Results :

The Company's financial performance, for the year ended 31st March, 2016 is summarized below :

Particulars	2015-2016 (Rs. In lacs)	2014-2015 (Rs. In lacs)
Total Income	36.28	28.01
Profit / (Loss) before depreciation	4.43	2.55
Less : depreciation	1.39	2.05
Profit / (Loss) before tax & extraordinary items	3.04	0.50
Add : exceptional items	—	—
Less : extraordinary items	—	—
Less : provision for taxation	—	1.00
Profit / (Loss) after tax	3.04	(0.50)
Add : profit brought forward from previous year	—	(1.82)
Less : depreciation of the earlier year	—	0.62
Less : transferred to Special Reserve	—	—
Balance carried to the Balance Sheet	3.04	(-)2.94

Operations and State of Company's Affairs :

The Company has earned a Net Profit of Rs. 3,03,391/- during the year under review against the Net loss of Rs. 49,956/- in the Previous Year. The Company is looking for an opportunity to make a suitable expansion / diversification.

As per Memorandum of Association your Company can be engaged in the business of leasing, financing, purchasing and selling of all kinds of properties, equipments and vehicles etc.,and also can undertake the business of portfolio investment in securities, bonds and other financial investment schemes. However there is no change in the nature of business and state of Company's Affairs during the Financial Year 2015-16.

Dividend :

Your Directors do not recommend any dividend for the year under review.

Reserves :

During the financial year ended on 31st March, 2016 Rs. 60,678/- has been transferred to Reserves.

Subsidiary, Joint Ventures and Associate Companies :

During the year under review, Indocount Securities Limited ceased to be Company's associate w.e.f 22nd March, 2016. Further the Company does not have any Subsidiary / Joint Ventures.

Risk Management :

Pursuant to Section 134 (3) (n) of the Companies Act, 2013 & Listing Regulations, 2015, the Company has implemented an integrated risk management approach through which it reviews and assesses significant risks controls and mitigation in place. The Audit Committee has additional oversight in the area of financial risk



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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 has in place an elaborate internal control system to ensure proper authorization and accounting of transactions as also for safeguarding and protecting Companies assets against loss. The internal auditor reports are periodically reviewed by the management and the Audit Committee and necessary corrective actions are taken from time to time.

Extract of Annual Return :

As required pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in Form No. MGT-9 forming part of this Annual Report as Annexure-A.

Directors and Key Managerial Personnel :

The Board of Directors is duly constituted in accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Anil Kumar Jain, Director of the Company would retire by rotation and being eligible, offers himself for re-appointment. His appointment will be considered at the ensuing Annual General Meeting.

Mr. Sushilkumar Krishna Agrawal, resigned as Independent Director with effect from 8th February, 2016 due to personal preoccupation. The Board place on record their appreciation for the services rendered by him during his tenure with the Company.

At the Board meeting held on 8th February, 2016, the board had appointed Mr. Amitkumar Rampal Singh as an Additional Director in the category of Independent Director. His office of Directorship shall expire on the conclusion of the forthcoming Annual General Meeting of the Company. As per the provisions of Companies Act, 2013 he is being regularized by the Members as an Independent Director of the Company for 5 (Five) consecutive years with effect from 8th February, 2016 in accordance with Section 149 of the Companies Act, 2013.

The Independent Directors of the Company would not be liable to retire by rotation.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013 and clause 49 of the Listing Agreement read with SEBI Regulations, 2015 and there has been no change in the circumstances which may affect their status as Independent Director during the year.

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

Meetings of the Board and Attendance :

The Board of Directors met 4 (Four) times during the financial year ended on 31st March, 2016 i.e. 13th May, 2015; 31st July, 2015; 20th October, 2015 and 8th February, 2016. The details of the attendance of directors are provided in the Corporate Governance Report appended thereto.

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

Board Evaluation :

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement), 2015 effective from 01.12.2015 states that the formal annual evaluation needs to be made by Board of its own performance



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and that of its committees and individual Directors, excluding the Directors being evaluated.

The evaluation of all the Directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the Corporate Governance Report appended in this Annual Report. The Board approved the evaluation results as collated by the Nomination and Remuneration Committee.

Nomination and Remuneration Policy :

The policy of the Company on Directors appointment and remuneration, including the criteria for determining qualification, positive attributes, independence of a Director and other matters provided under Section 178 of the Companies Act, 2013, adopted by the Board, is appended as Annexure-B to the Directors' Report. We affirm that the remuneration paid to the Directors is as per the term laid out in the Nomination and Remuneration Policy of the Company.

Particulars of Employees :

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company has been annexed as Annexure-C.

The details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 is not applicable as there is no employee in the Company employed throughout the financial year with salary above Rs. 60 Lacs per annum or employed for part of the financial year with average salary receipts above Rs. 5 Lacs per month.

Further, there is no employee employed throughout the financial year or part thereof, was in receipt of remuneration which in aggregate is in excess of that drawn by the Managing Director or Whole Time Director or Manager and holds by herself / himself or along with her / his spouse and dependent children, not less than Two percent (2%) of the Equity Shares of the Company.

Auditors and Auditor's Report :

Statutory Auditors :

The Auditors, M/s AVK & Associates, Chartered Accountants were appointed as statutory auditors of the Company at the 24th Annual General Meeting held on 22nd August, 2015 to hold office till the conclusion of the 26th Annual General Meeting subject to ratification by the members at each Annual General Meeting. Accordingly, the appointment of M/s AVK & Associates, Chartered Accountants is placed for ratification by the shareholders. The Company has received eligibility letter in compliance with the conditions prescribed under Section 141 of the Companies Act, 2013 and rules made there under.

The Auditors' Report to the Member together with Accounts for the year ended 31st March, 2016 and the observations of the Auditors as referred in their report are suitably explained in the notes to accounts and therefore do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditors :

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Ashu Gupta & Co. Practising Company Secretary, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure D".

The Secretarial Auditor Report has contained the observation pursuant to Section 152(6) of the Companies Act, 2013. However in the Board meeting held on 13th May, 2015, the Board has appointed the rotational



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Director and had complied with the provision of Section 152(6) Companies Act, 2013.

Composition of Audit Committee :

The composition of Audit Committee has been revised w.e.f. 8th February, 2016 on resignation of Mr. Sushilkumar Krishna Agrawal, Independent Director.

The revised constitution of the committee comprises of 4 (four) Independent Directors viz., Mr. Anilkumar Indralal Gulati (Chairman), Mr. Govind Prasad Agrawal, Mr. Amitkumar Rampal Singh, and Mr. Venkiteswaran Venkitaswaran Parlikad and 1 (one) Executive Director viz., Ms. Rekha Tukaram Bolkar.

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.

Vigil Mechanism / Whistle Blower Policy :

As per the Companies Act, 2013 read with Listing Regulations, 2015, the Board of Directors of the Company has constituted Vigil Mechanism / Whistle Blower Policy and adopted a policy which aims to provide a channel to the Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express those concerns in writing through an e-mail or a letter to the Chairman of the Company or to the Compliance Officer or to the Chairman of the Audit Committee. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at www.margofinance.com.

Contracts and Arrangements with Related Parties :

There were no transactions of the Company of material nature with related parties that may have potential conflict with the interest of the Company at large and which fall under the scope of Section 188(1) of the Companies Act, 2013. However, related party disclosure as required by AS - 18 had been reported under Schedule 2.24 in the notes to the financial statements in this report. Policy on dealing with related party transactions is available on the website of the Company at www.margofinance.com.

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

During the year your Company has not given any Guarantee and Security within the meaning of Section 186 of the Companies Act, 2013. Details of Investments made and Loan given are mentioned respectively, in the Schedule 2.10, 2.11 and 2.14 in the notes to the accounts to the Balance Sheet for the financial year ended on 31st March, 2016.

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.

Directors' Responsibility Statement :

The Directors' Responsibility Statement referred to in clause (c) of Sub-Section (3) of Section 134 of the Companies Act, 2013, shall state that :



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- (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 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;
- (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; and
- (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.

Management Discussion & Analysis Report :

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

Listing on Stock Exchanges :

The Equity Shares of your Company are listed with BSE Limited. The Securities Exchange Board of India (SEBI), on 2nd September, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with aim to consolidate and streamline the provisions of Listing Agreement for different segment of capital market to ensure better enforceability, the said regulation become effective from 1st December, 2015. Accordingly all the listed entities were required to enter listing agreement within six months from the effective date. The Company entered Listing Agreement with BSE Limited. Further we confirm that, your Company has paid the listing fees for the financial year 2016-2017.

During the year the equity shares of your Company were suspended from trading due to delay in compliance of Listing Agreement. Your Company has filed detailed representations urging for revocation of suspension from trading of equity shares and have made out a prima facie case for restoration of trading in equity shares of the Company with BSE Limited. Accordingly the trading in shares of your Company was restored w.e.f. 29th March, 2016.

Corporate Governance :

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has also implemented several best Corporate Governance practices as prevalent in the industry. The report on Corporate Governance as stipulated under the Listing Regulation, 2015 forms an integral part of this Report. The requisite certificate from the Practising Company Secretary confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

Corporate Social Responsibility :

No disclosures on Corporate Social Responsibility are required as provision under Section 135 of the Companies Act, 2013 and Rules made thereunder are not applicable to the Company.



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Sexual Harassment of women at workplace :

There were no incidences of sexual harassment reported during the year under review, in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme ESOS.
4. Provision of money by Company for purchase of its own shares by employees or by trustees for the benefit of employees.
5. Bonus Shares.
6. Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company operations in future.
7. Material changes and commitments, affecting the financial position of the Company occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

Acknowledgement :

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the Banks, Government authorities, customers and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

For and on behalf of the Board of Directors
By Order of the Board
For **MARGO FINANCE LIMITED**

ANIL KUMAR JAIN

Chairman

DIN : 00086106

Place : Mumbai
Date : 2nd May, 2016



Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended 31st March, 2016

(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	:	Company limited by shares / Indian Non-Government Company
v)	Address of the Registered Office and Contact Details	:	Office No.3, Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanangale, Kolhapur – 416 109, 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 Agent	:	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. 011-41410591 E-mail : delhi@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the 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 Break-up as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholder	No. of shares held at the beginning of the year (01-04-2015)				No. of shares held at the end of the year (31-03-2016)				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) 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 Corporate									
(i) Indian	128293	30250	158543	3.47	59320	30250	89570	1.96	1.51
(ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b) Individuals									
(i) Individual share holders holding nominal share capital up to Rs. 1 Lakh	787501	1091460	1878961	41.12	821096	1074160	1895256	41.47	0.35
(ii) Individual share holders holding nominal share capital in excess of Rs. 1 Lakh	84369	0	84369	1.85	70133	0	70133	1.53	(-) 0.32



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Category of Shareholder	No. of shares held at the beginning of the year (01-04-2015)				No. of shares held at the end of the year (31-03-2016)				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(c) Other									
i) Director & their Relatives	2000	10	2010	0.04	2000	10	2010	0.04	0.00
ii) Non Resident Indians	1686	0	1686	0.04	656	0	656	0.01	0.03
iii) Clearing Member	3700	0	3700	0.08	21734	0	21734	0.47	0.39
iv) Hindu Undivided Family	0	0	0	0.00	49910	0	49910	1.09	1.09
Sub-Total (B) (2)	1007549	1121720	2129269	46.60	1024849	1104420	2129269	46.57	(-) 0.03
Total Public Shareholding (B) = (B) (1) + (B) (2)	1007649	1121720	2129369	46.60	1024949	1104420	2129369	46.57	(-) 0.03
(C) Shares held by Custodians for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	3448280	1121720	4750000	100.00	3465580	1104420	4570000	100.00	(-) 0.03

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2015)			Shareholding at the end of the year (31-03-2016)			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares / Pledged / Encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1.	Anil Kumar Jain (HUF)	405245	8.87	0.00	405245	8.87	0.00	0.00
2.	Rini Investment & Finance Private Limited	455046	9.96	0.00	455046	9.96	0.00	0.00
3.	Mrs. Gayatri Devi Jain	324870	7.11	0.00	324870	7.11	0.00	0.00
4.	Skyrise Properties Private Limited	313300	6.86	0.00	313300	6.86	0.00	0.00
5.	Yarntex Exports Limited	265370	5.81	0.00	265370	5.81	0.00	0.00
6.	R.H. Finvest Private Limited	204000	4.46	0.00	204000	4.46	0.00	0.00
7.	Slab Properties Private Limited	162700	3.56	0.00	162700	3.56	0.00	0.00
8.	Mrs. Shikha Mohit Jain	100000	2.19	0.00	100000	2.19	0.00	0.00
9.	Commet Impex Private Limited	93000	2.04	0.00	93000	2.04	0.00	0.00
10.	Indocount Securities Limited	76000	1.66	0.00	76000	1.66	0.00	0.00
11.	Mr. Mohit Jain	15100	0.33	0.00	15100	0.33	0.00	0.00
12.	Mrs. Neha Singhvi	13000	0.28	0.00	13000	0.28	0.00	0.00
13.	Mrs. Shivani Patodia	13000	0.28	0.00	13000	0.28	0.00	0.00
	Total	2440631	53.41	0.00	2440631	53.41	0.00	0.00



(iii) Change in Promoter's Shareholding

Sl. No.	Name	Shareholding		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the year (01-04-2015 to (31-03-2016)	
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
NOT APPLICABLE *								

* No Change in promoter Shareholding during the Financial Year 2015-16

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name	Shareholding		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the year (01-04-2015 to (31-03-2016)	
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Upsurge Investment & Finance Ltd *	47354	1.04	01-04-2015	Nil	N A	47354	1.04
				31-03-2016	- 10000	Transfer	37354	0.81
		37354	0.81	31-03-2016				
2.	Mr. Nikhil Sarda *	28450	0.62	01-04-2015	Nil	N A	28450	0.62
				17-04-2015	- 2131	Transfer	26319	0.57
				24-04-2015	- 1000	Transfer	25319	0.55
				25-09-2015	+ 25319	Transfer	50638	1.10
				30-09-2015	- 25319	Transfer	25319	0.55
		25319	0.55	31-03-2016				
3.	Navnirvan Agencies Limited *	25000	0.54	01-04-2015	Nil	N A	25000	0.54
				06-05-2015	- 25000	Transfer	0	0.00
				08-05-2015	+ 25000	Transfer	25000	0.54
		25000	0.54	31.03.2016				



Sl. No.	Name	Shareholding		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
4.	Mr. Balakrishnan Ramaswamy Iyer *	24790	0.54	01-04-2015	Nil	N A	24790	0.54
				25-09-2015	+ 24790	Transfer	49580	1.08
				30-09-2015	- 24790	Transfer	24790	0.54
		24790	0.54	31-03-2016				
5.	SMC Global Securities Limited *	25073	0.55	01-04-2015	Nil	Transfer	25073	0.55
				10-04-2015	- 1	Transfer	25072	0.55
				24-04-2015	+ 228	Transfer	25300	0.55
				29-05-2015	+ 300	Transfer	25600	0.56
				05-06-2015	+ 50	Transfer	25650	0.56
				12-06-2015	- 100	Transfer	25550	0.56
				26-06-2015	+ 500	Transfer	26050	0.57
				24-07-2015	- 488	Transfer	25562	0.56
				07-08-2015	+ 25	Transfer	25587	0.56
				14-08-2015	- 2272	Transfer	23315	0.51
				28-08-2015	- 2781	Transfer	20534	0.45
				18-09-2015	- 100	Transfer	20434	0.45
				20434	0.45	31-03-2016		
6.	Viswanath Chandran *	20024	0.44	01-04-2015	Nil	N A	20024	0.44
				25-09-2015	+ 20024	Transfer	40048	0.88
				30-09-2015	- 20024	Transfer	20024	0.44
		20024	0.44	31-03-2016				
7.	Princy Dayakrishna Goyal #	0	0.00	01-04-2015	Nil	N A	0	0.00
				11-03-2016	+ 14775	Transfer	14775	0.32
		14775	0.32	31-03-2016				
8.	Mr. D Nirmal Kumar *	9771	0.21	01-04-2015	Nil	N A	9771	0.21
				10-04-2015	+ 350	Transfer	10121	0.22
				05-06-2015	+ 1212	Transfer	11333	0.25
				19-06-2015	+ 600	Transfer	11933	0.26
				10-07-2015	+ 10500	Transfer	12433	0.27
				21-08-2015	+ 100	Transfer	12533	0.27
		12533	0.27	31-03-2016				



Sl. No.	Name	Shareholding		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
9.	Mr. N K Malliga *	8194	0.18	01-04-2015	Nil	N A	8194	0.18
				24-04-2015	+ 95	Transfer	8289	0.18
				05-06-2015	+ 500	Transfer	8789	0.19
				12-06-2015	+ 539	Transfer	9328	0.20
				24-07-2015	+ 300	Transfer	9628	0.21
				31-07-2015	+ 1500	Transfer	11128	0.24
				25-09-2015	+ 11128	Transfer	22256	0.49
				30-09-2015	- 11128	Transfer	11128	0.24
				11128	0.24	31-03-2016		
10.	Mr. Ramswoop Harsahaimal Gupta *	11105	0.24	01-04-2015	Nil	N A	11105	0.24
				25-09-2015	+ 11105	Transfer	22210	0.49
				30-09-2015	- 11105	Transfer	11105	0.24
				11105	0.24	31-03-2016		
11.	Mr. Pratik Rajendra Gandhi *	10000	0.22	01-04-2015	Nil	N A	10000	0.22
				25-09-2015	+ 10000	Transfer	20000	0.44
				30-09-2015	- 10000	Transfer	10000	0.22
				10000	0.22	31-03-2016		
12.	Yash Management and Satellite Ltd. (*)	31335	0.69	01-04-2015	Nil	N A	31335	0.69
				31-07-2015	- 6335	Transfer	25000	0.55
				07-08-2015	- 4500	Transfer	20500	0.45
				14-08-2015	- 3937	Transfer	16563	0.36
				28-08-2015	- 1788	Transfer	14775	0.32
				11-03-2016	- 14775	Transfer	0	0.00
				0	0.00	31-03-2016		

Note :

- * Common top 10 shareholders as on April 1, 2015 and March 31, 2016.
- # Top 10 shareholders only as on March 31, 2016.
- (*) Ceased to be in the list of Top 10 shareholders as on 31-03-2016. The same is reflected above since the shareholder was one of the Top 10 Shareholders as on 01-04-2015.



(v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	Name	Shareholding		Date	Increase / Decrease in share holding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Mr. Govind Prasad Agrawal (Director)	2010	0.04	01-04-2015	Nil	No Change	2010	0.04
		2010	0.04	31-03-2016				

* None of the other Directors and Key Managerial Personnel is having shareholding in the Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0
Change in Indebtedness during the financial year				
Addition	0	0	0	0
Reduction	0	0	0	0
Net Change	0	0	0	0
Indebtedness at the end of the financial year				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager :

Amount (in Rs.)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Ms. Rekha Tukaram Bolkar (Managing Director)		
1	Gross Salary		2,66,581	2,66,581
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		2,66,581	2,66,581
	(b) Value of Perquisites under Section 17(2) Income-tax Act, 1961		0	0
	(c) Profits in lieu of Salary under Section 17(3) Income-tax Act, 1961		0	0
2	Stock Option		0	0
3	Sweat Equity		0	0
4	Commission			
	- as % of profit		0	0
	- others		0	0
5	Other allowances		10,400	10,400
	Total (A)		2,66,581	2,66,581
	Ceiling as per the Act			Rs. 30 lacs P.A.*

* Due to inadequate profit the above ceiling of remuneration is being calculated as per the limit prescribed under Part - II of Schedule V of Companies Act, 2013.

B. Remuneration to other Directors :

Amount (in Rs.)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. Anil Kumar Jain	Mr. Amit Kumar Rampal Singh [†]	Mr. Govind Prasad Agrawal	Mr. Sushilkumar Krishna Agrawal [*]	Mr. Anilkumar Indralal Gulati	Mr. Venkiteswaran Venkiteswaran Parlikad	
1.	Independent Directors							
	Fee for attending Board / Committee Meetings	—	2000	4000	16000	15000	12000	49000
	Commission	—	0	0	0	0	0	0
	Others	—	0	0	0	0	0	0
	Total (1)	—	2000	4000	16000	15000	12000	49000
2.	Other Non-Executive Directors							
	Fee for attending Board / Committee Meetings	8000	0	0	0	0	0	8000
	Commission	0	0	0	0	0	0	0
	Others	0	0	0	0	0	0	0
	Total (2)	8000	0	0	0	0	0	8000
	Total (B)=(1+2)	8000	2000	4000	16000	15000	12000	57000
	Total Managerial Remuneration	Total remuneration to Managing Director and other Directors (being the total of A and B)						
	Overall Ceiling as per the Act	Upto Rs. One Lac per Director for each meeting of Board / Committee						

* Mr. Sushilkumar Krishna Agarwal ceased to be Director w.e.f. 08.02.2016.

† Mr. Amit Kumar Rampal Singh appointed as an Independent Director w.e.f. 08.02.2016.



C. Remuneration to Key Managerial Personnel other than MD /MANAGER /WTD

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Ms. Jyotsna Jindal Company Secretary	Mr. S.D. Maheshwari Chief Financial Officer	
1.	Gross salary	252837	339955	592792
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	252837	339955	592792
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission			
	- as % of profit	0	0	0
	- others	0	0	0
5.	Others	0	0	0
	Total	252837	339955	592792

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

There were no penalties, punishment or compounding of offence under the Companies Act. 2013 during the year ended March 31, 2016.

ANIL KUMAR JAIN

Chairman

DIN : 00086106

Place : Mumbai

Dated : 2nd May, 2016

REKHA TUKARAM BOLKAR

Managing Director

DIN : 06446020

Place : Mumbai

Dated : 2nd May, 2016

SHRI DASS MAHESHWARI

Chief Financial Officer

PAN : AAAPM1904D

Place : Mumbai

Dated : 2nd May, 2016

JYOTSNA JINDAL

Company Secretary

Mem No. : ACS:37276

Place : Mumbai

Dated : 2nd May, 2016



NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Policy (“**the Policy**”) applies to the core management team of the Company, that is :

- i. The Board of Directors (“**Board**”);
- ii. The Key Managerial Personnel (“**KMP**”); and
- iii. The Senior Management personnel - employees of grade Vice President & above, which are otherwise not covered at ‘i’ and ‘ii’, above.

(I) **Criteria for Determining Qualifications, Positive Attributes & Independence of Director :**

1. **Qualifications :**

An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the Company’s business.

2. **Positive attributes :**

An Independent Director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best Corporate Governance practices.

3. **Criteria of Independence :**

An Independent Director should meet the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement concerning the independence criteria.

(II) **Remuneration Policy for Directors, Key Managerial Personnel and other employees**

A. **NON-EXECUTIVE DIRECTORS (NEDs)**

NEDs be paid a sitting fee of Rs. 2,000/- for every meeting of the Board and Rs. 1000/- for every Board Committees attended by them. The NEDs would be entitled to Conveyance and out-of-pocket expenses, as may be decided by the Board from time to time.

NEDs shall be paid sitting fee, as may be approved by the Board and the Shareholders” of the Company, as applicable, within the overall limits provided in this Policy.

The Company has no stock options plans and no payment by way of bonus, pension, incentives etc. be paid to NEDs.

B. **MANAGING DIRECTOR AND KEY MANAGERIAL PERSONNEL & OTHER EMPLOYEES**

The objective of the policy is directed towards having a compensation philosophy and structure that will reward and retain talent.

The remuneration to Managing Director shall take into account the Company’s overall performance, MD’s contribution for the same and trends in the industry in general, in a manner which will ensure and support a high performance culture.



The Company has no stock options, plans and hence, such instruments do not form part of his remuneration package.

The Remuneration to others will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate operational performance benchmarks.

Remuneration to Directors, Key Managerial Personnel and Senior Management will involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

(III) Evaluation of Board Structure and Performance :

The Nomination and Remuneration Committee shall review the structure, size and composition (including the skills, knowledge and experience) of the Board annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to Board diversification and succession planning.

The Nomination and Remuneration Committee carry out evaluation of Directors performance and recommend to the Board on matters concerning appointment/continuation in office of Director/ termination of services of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

The above criteria and policy are subject to review by the Nomination & Remuneration Committee & the Board of Directors of the Company.



PARTICULARS OF EMPLOYEES

Pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Permanent Employees on Roll including Directors	10
Median remuneration of all employees of the Company for the FY 2015-2016	77480
% increase in median remuneration in FY 2015-16	16.25

1) Ratio of the remuneration of each Director / KMP to the median remuneration of all the employees of the Company for the financial year :

Name of Director & KMP	Designation	Ratio of remuneration of Director to Median Remuneration of Employees	% increase in remuneration in FY 2015-2016
Non Executive Directors			
Mr. Anil Kumar Jain	Chairman	0.10	Nil
Mr. Govind Prasad Agrawal	Independent Director	0.05	Nil
Mr. Anilkumar Indralal Gulati	Independent Director	0.19	Nil
Mr. Venkiteswaran Venkiteswaran Parlikad	Independent Director	0.15	Nil
Mr. Amit Kumar Rampal Singh	Independent Director	—	—
Mr. Sushilkumar Krishna Agrawal	Independent Director	0.20	Nil
Executive Director			
Ms. Rekha Tukaram Bolkar	Managing Director	3.44	—
Key Managerial Personnel			
Mr. Shri Dass Maheshwari	Chief Financial Officer	4.39	12.76
Ms. Jyotsna Jindal	Company Secretary	3.26	—

Notes :

- The ratio of remuneration to the median remuneration is based on the remuneration paid during the period from 1st April, 2015 to 31st March, 2016.
- Mr. Venkiteswaran Venkiteswaran Parlikad & Mr. Anilkumar Indralal Gulati were inducted on the Board w.e.f 13.11.2015. Accordingly the disclosure with respect to increase in remuneration is not made.
- Mr. Amit Kumar Rampal Singh was appointed w.e.f 08.02.2016. Accordingly the disclosure with respect to median and increase in remuneration is not made.
- Ms. Jyotsna Jindal was appointed w.e.f 13.11.2014. Accordingly the disclosure with respect to increase in remuneration is not made.
- Ms. Rekha Tukaram Bolkar was appointed as Managing Director w.e.f. 11.02.2015. Accordingly the disclosure with respect to increase in remuneration is not made.
- Mr. Sushilkumar Krishna Agrawal resigned w.e.f. 08.02.2016.
- The Non Executive Directors do not get any remuneration except for the sitting fees. Details of the sitting fees paid to the Non Executive Directors during the year are given in Corporate Governance Report.

2) Average increase in remuneration and Company Performance :

Particulars	2015	2016	% increase
Percentage increase in the average remuneration of all employees in the Financial Year (in Rs.)	99533	120573	21.14



MARGO FINANCE LIMITED

Net revenues during the Financial year 2015-2016 increased by 1.63% at Rs. 23,59,347 as compared to previous year at Rs. 23,21,362. The total Employee cost for the Financial Year ended 31st March, 2016 was Rs. 15,27,782 against Rs. 10,53,995 for the Financial Year ended 31st March, 2015. The total employee cost as a percentage of net revenues was 64.75% in comparison with last year's cost of 45.40%.

3) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company :

Particulars	Amount (in Rs.)
Aggregate Remuneration of KMP in Financial Year 2016	859373
Revenue	2359347
Remuneration of KMP as % of revenue	36.42
Profit Before Tax	303391
Remuneration of KMP as % of PBT	283.25

4) Variation in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer :

S.No	Particulars	Amount (in Rs.)
1.	Variation in Market Capitalization	
	Market Cap at 31st March, 2016	7.06 crore
	Market Cap at 31st March, 2015	4.88 crore
	Variation in Market Cap in FY 2016 (%)	44.67%
2.	Price to Earnings Ratio	
	P/E as at 31st March, 2016 (Mkt Price/EPS)	220.71
	P/E as at 31st March, 2015 (Mkt Price/EPS)	- 1069
	Variation in P/E in FY 2016 (%)	121
3.	% Increase / Decrease from Last Public Offer	
	IPO Price per share (on March 1994)	10
	Market price as at 31st March, 2016	15.45
	% increase from last Public Offer	54.50%

5) Average percentile increase made in the salaries of employees other than the Managerial Personnel and its comparison with the percentile increase in the Managerial Remuneration and justification thereof :

Average percentile increase in the salaries of employees other than Managerial Personnel is 4.54 %. Ms. Rekha Tukaram Bolkar was appointed as Managing Director w.e.f 11.02.2015. Therefore disclosure with respect to percentile increase in managerial remuneration is not made.



MARGO FINANCE LIMITED

6) Comparison of each remuneration of Key Managerial Personnel against performance of the Company :

Particulars	KEY MANAGERIAL PERSONNEL		
	Ms. Rekha Tukaram Bolkar (Managing Director)	Mr. S.D. Maheshwari (Chief Financial Officer)	Ms. Jyotsna Jindal (Company Secretary)
Remuneration in FY 2016 (in Rs.)	266581	339955	252837
Revenue (in Rs.)	2359347		
Remuneration (as % of Revenue)	11.29	14.41	10.72
Profit Before Tax (in Rs.)	303391		
Remuneration (as % of Profit Before Tax)	87.86	112.05	83.34

7) Key parameters for variable component of remuneration paid to Directors :

Remuneration to the Managing Director includes basic salary, performance bonus, allowance, contribution to provident and gratuity funds.

Remuneration to Non-executive Directors involve sitting fees for attending meetings of the Board/ Committees as may be recommended by the Nomination & Remuneration Committee and approved by the Board.

8) The ratio of remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year :

The ratio of remuneration of the highest paid Director to that of the employees (KMP other than Director) is 1:2.2.

9) The remuneration is as per the remuneration policy of the Company



Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st March, 2016
(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Personnel) Rules, 2014)

To,
The Members,
Margo Finance Limited
Office No. 3, Plot No. 266, Village Alte,
Kumbhoj Road, Taluka Hatkanangale,
Kolhapur, Maharashtra - 416109

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Margo Finance Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2016** ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of :

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 / 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
(Not Applicable to the Company during the Audit Period);
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
Not Applicable to the Company during the Audit Period);



MARGO FINANCE LIMITED

- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
(Not Applicable to the Company during the Audit Period);
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
(Not Applicable to the Company during the Audit Period) and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
(Not Applicable to the Company during the Audit Period).
- vi. Other applicable Law :
Reserve Bank of India Act, 1934

I have also examined compliance with the applicable clauses of the following :

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreement(s) entered into by the Company with Bombay Stock Exchange from 01.04.2015 till 30.11.2015 and
- (iii) SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 w.e.f 01.12.2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, *however, the company was suspended from Bombay Stock Exchange Limited for trading in securities w.e.f. 27 August, 2015 due to delay in compliance of Listing Agreement. The Company has filed detailed representations urging for revocation of suspension from trading of equity shares and was restored on 29 March, 2016.*

I further report that the Board of Directors of the Company has proper balance of Executive Directors, Non-Executive Directors and Independent Directors during the audit period. *Further as required under section 152 (6) of the Companies Act, 2013 the Board does not have two-thirds of the total number of directors liable to retire by rotation up to 12.05.2015.* However in the Board meeting held on 13th May, 2015, the Board has appointed rotational Director and had complied with the provisions of Section 152(6) of Companies Act, 2013. Now the company has proper balance of rotational & non- rotational directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority Decision is carried through while the dissenting member's views are captured and recorded as part of the Minutes of the Meetings.

Based on the compliance mechanism established by the company and on the basis of Compliance Certificate(s) issued by the company secretary and taken on record by the Board of Directors at the meeting(s), we are of the opinion that the management has adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no instances of :

- i. Public / Right / Preferential issue of shares / debentures / sweat equity, etc.
 - ii. Redemption / buy-back of securities
-



MARGO FINANCE LIMITED

- iii. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.
- iv. Merger / amalgamation / reconstruction, etc.
- v. Foreign technical collaborations

For **ASHU GUPTA & CO.**,
Company Secretary in Practice

ASHU GUPTA

Proprietor

FCS No. 4123

C.P. No. 6646

Place : New Delhi
Dated : 2nd May, 2016

Note: This Report is to be read with our letter of even date which is annexed as Annexure A and forms integral part of this Report.

Annexure-A

To,
The Members,
Margo Finance Limited
Office No.3, Plot No. 266, Village Alte,
Kumbhoj Road, Taluka Hatkanangale,
Kolhapur, Maharashtra-416 109

My Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **ASHU GUPTA & CO.**,
Company Secretary in Practice

ASHU GUPTA

Proprietor

FCS No. 4123

C.P. No. 6646

Place : New Delhi
Dated : 2nd May, 2016



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY AND BUSINESS OUTLOOK

The growth in the Indian economy together with the growth in the Capital markets will have better future for your Company. Non Banking Finance Companies play major role in financing, inspite of presence of large number of Foreign as well as Nationalized Banks in this field, the role of NBFCs is established.

Due to growing economy of the country there is a scope of NBFCs. The economic indicators for the future are also strong. Your Company hopes to explore the opportunities thrown up by the economy.

RISKS & CONCERNS

Risk is synonym with NBFCs which is inherent part of their business. Your Company is also subjected to various types of such risks. Your Company has identified these risks and guarded itself by adopting a range of strategies and measures to reduce the impact of such risks.

Credit risk is considered to be major risk being faced by NBFCs. Your Company has evolved various policies and systems for credit risk to closely monitor the same. Your Company is having appropriate pre disbursal and post disbursement monitoring and regular follow up of the collection process. A low level of NPA proportion in the assets of your Company reflects its sound risk management policies. Your Company also follows provisioning norms of RBI.

OPPORTUNITIES AND THREATS

Business Opportunities for NBFCs are enormous. As the new areas and segments are being explored, there is a large scope of small size NBFCs like ours, for certain segment of customers, which remain unserved by Banks and large size NBFCs.

The major threat being faced by NBFCs are from aggressive marketing of Banks and low rates of financing offered by them.

INTERNAL CONTROL AND THEIR ADEQUACY

Foundation of your Company's control mechanism vests in Management Information systems (MIS). Your Company has devised effective systems so that assets and business of the Company are safeguarded. The internal control is regularly reviewed and augmented by the Audit Committee. The management feels that the systems of internal controls are adequate considering the size of operations of the Company.

HUMAN RESOURCES

Operating in the service industry, your Company's performance is heavily dependent on the knowledge and expertise of its personnel. The Company is having dedicated team of persons.

DISCUSSION ON FINANCIAL PERFORMANCE

During the Financial Year ended on 31st March, 2016 the Company has incurred a Net Profit of Rs. 303,391/- against the Net Loss of Rs. 49,956/- in the Previous Year. Company is looking for an opportunity for future growth prospects.

DISCLOSURE OF ACCOUNTING TREATMENT

The accounting treatment given in preparation of financial statements represents true and fair view of the state of company affairs. It is in compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India. No different treatment has been followed other than prescribed in the Accounting Standards.

CAUTIONERY STATEMENT

Statement in this Management Discussion describing the Company's objectives, estimates, and expectations may constitute "Forward Looking Statement" within the meaning of applicable laws. Actual results might differ materially from those either expressed or implied. Important factors that could make a difference to the Company's operations include demand and supply conditions, cyclical demand, changes in Government regulations, tax regimes and economic development within India.



CORPORATE GOVERNANCE REPORT

1. Margo Finance Limited Philosophy on Corporate Governance

Your Company is committed to excellence in Corporate Governance practices and recognizes that good Corporate Governance is a continuous exercise. Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. The objective is to meet stakeholders' aspirations and societal expectations. Good governance practices stem from the dynamic culture and positive mindset of the organization. We are committed to meet the aspirations of all our stakeholders.

The Governance framework gives due importance towards regulatory compliance under the guardianship of a strong Board of Directors and executed by a committed management.

Given below is a brief report by the Director(s) on the practices followed at Margo Finance Limited to strive towards achievement of goal of Good 'Corporate Governance'.

Appropriate Governance Structure with defined roles and responsibilities

The Company has put in place internal governance structure with defined roles and responsibilities of every constituent of the system. The Company's Shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established various Committees to discharge its responsibilities in an effective manner. The Company Secretary acts as the Secretary to all the Committees of the Board constituted under the Companies Act, 2013. The Chairman provides overall direction and guidance to the Board.

Ethics / Governance Policies

At Margo Finance Limited we strive to conduct our business and strengthen our relationships in a manner that is dignified, distinctive and responsible. We adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders.

Therefore, we have adopted various codes and policies to carry out our duties in an ethical manner. Some of these codes and policies are :

- Code of Conduct for all the Directors and Senior Management
- Code for Independent Directors
- Code of Corporate Disclosure Practices
- Code of Conduct to Regulate, Monitor and Report trading by insiders
- Vigil Mechanism and Whistle Blower Policy
- Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions
- Policy for Selection of Directors and determining Directors Independence
- Remuneration Policy for Directors, Key Managerial Personnel and other Employees
- Policy on Determination of Material Events
- Documents Archive Policy
- Policy for the Preservation of Documents

2. Board of Directors

Board composition and category of Directors

The Board of Directors of the Company comprises of 6 Directors drawn from various field of expertise. The Company has combination of Executive and Non-Executive Directors which is in conformity with the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Section 152 of the Companies Act, 2013.

During the Financial year 2014-15 the composition of the Board of Directors of the Company was not in accordance with Section 152 (6) of the Companies Act, 2013, the Board does not have two-thirds of the



total number of Directors liable to be retire by rotation. However during the Financial Year 2015-16 the Board of Directors in their meeting held on 13th May, 2015 had complied with the provision of Section 152(6) of the Companies Act, 2013, now the Company has proper composition of Executive / Non-Executive / Rotational / Non Rotational Directors on its Board.

The Composition of the Board and category of Directors as on 31st March, 2016 is as follows :

Category	Name of Directors
Promoter Director	Mr. Anil Kumar Jain (Non Executive Chairman)
Executive Director	Ms. Rekha Tukaram Bolkar (Managing Director)
Independent Non Executive Directors	Mr. Govind Prasad Agrawal
	Mr. Anilkumar Indralal Gulati
	Mr. Amit Kumar Rampal Singh
	Mr. Venkiteswaran Venkitaswaran Parlikad

The necessary disclosures regarding committee positions have been made by all the Directors. None of the Directors are related to any other Director on the Board.

Number of Board Meetings held with dates

During the financial year 2015-2016, the Board of Directors met on 4 occasions i.e. on 13th May, 2015; 31st July, 2015; 20th October, 2015 and 8th February, 2016 and the gap between two board meetings did not exceed 120 days.

Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other Directorships and Chairmanships / Memberships of committees of each Director in various Companies are given below :

Name and Designation	Attendance at Meetings During Financial Year 2015-16		No. of Directorships in other Companies as on 31-03-2016	No. of Chairmanship / Membership in other Committees including this listed entity as on 31-03-2016
	Board Meeting	Last AGM		
Mr. Anil Kumar Jain Chairman	3/4	No	3	2
Ms. Rekha Tukaram Bolkar Managing Director	4/4	Yes	1	1
Mr. Govind Prasad Agrawal Non - Executive Independent Director	1/4	No	9	5 (Including 1 as Chairman)
Mr. Sushilkumar Krishna Agrawal * Non - Executive Independent Director	4/4	Yes	8	7 (Including 3 as Chairman)
Mr. Anilkumar Indralal Gulati Non - Executive Independent Director	4/4	No	5	2 as Chairman
Mr. Venkiteswaran Venkitaswaran Parlikad Non - Executive Independent Director	4/4	No	Nil	1
Mr. Amit Kumar Rampal Singh ** Non - Executive Independent Director	1/4	Not Applicable	Nil	2

Notes :

- a) * Mr. Sushilkumar Krishna Agrawal ceased from the directorship w.e.f. 08.02.2016.



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- b) ** Mr. Amit Kumar Rampal Singh was appointed on 08.02.2016, only one meeting was held since his appointment.
- c) The Directorships, held by the Directors as mentioned above, do not include alternate Directorship, and Directorship in foreign Companies.
- d) In accordance with SEBI Regulations, 2015 Membership /Chairmanship in other Companies (including Margo Finance Limited) have been considered.
- e) None of the Directors is a Member of more than 10 Board-level Committees or a Chairman of more than 5 such committees, across all Companies in which he/she is a Director.
- f) As required by Regulation 26 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the disclosure includes membership /Chairmanship of Audit Committee & Stakeholder Relationship Committee in the Indian Public Companies (Listed and unlisted).

Meetings of Independent Directors

The Independent Directors of the Company had met during the year on 8th February, 2016 to review the performance of Non-Independent Directors, Chairperson of the Company and the Board as a whole. They had assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board.

Familiarisation Programme / Training to Independent Directors

To familiarize the new Independent Directors with the strategy, operations and functions of our Company, the Executive Directors /Senior Managerial Personnel make presentations to the Directors about the Company's strategy, operations, service offerings, markets, organization structure, finance and risk management.

Further at the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining his / her role, function, duties and responsibilities as a Director. The same be provided on the website of the Company at the www.margofinance.com

Re-appointment of Directors

In accordance to the provision of Section 152 of the Companies Act, 2013, Mr. Anil Kumar Jain retires by rotation and being eligible, offers himself for re-appointment. His re-appointment will be considered in the forthcoming Annual General Meeting.

In term of provisions of the Companies Act, 2013, your Directors seek to regularize the appointment of Mr. Amit Kumar Rampal Singh as an Independent Director for 5 consecutive years, for a term up to 7th February, 2021.

The Details of shares held by Non-Executive Director in their individual names as on March, 2016 are furnished below :

Name of Director	No. of Shares held	Designation
Mr. Anil Kumar Jain	Nil	Chairman
Mr. Govind Prasad Agarwal	2010	Independent Director
Mr. Anil Kumar Indralal Gulati	Nil	Independent Director
Mr. Venkiteswaran Venkitaswaran Parlikad	Nil	Independent Director
Mr. Amit Kumar Rampal Singh	Nil	Independent Director

3. Audit Committee

The Board has constituted a well-qualified Audit Committee. The Committee consists of 4 (four) Non-Executive Directors with majority of them are Independent Directors including Chairman and 1 (one) Executive Director. They possess sound knowledge on accounts, audit, finance, taxation, internal controls etc. The Company Secretary acts as secretary to the committee.



Composition and Meeting of the Committee

The Audit Committee had 4 meetings during the financial year ended 31st March, 2016 i.e. 13th May, 2015; 31st July, 2015; 20th October, 2015 and 8th February, 2016. The attendance of each committee member was as under :

Name	Designation	No. of Meeting Attended / held during the FY 2015-16
Mr. Anilkumar Indralal Gulati * (Chairman of the Committee)	Independent Director	4/4
Mr. Govind Prasad Agrawal	Independent Director	1/4
Mr. Amit Kumar Rampal Singh **	Independent Director	Not Applicable
Mr. Venkiteswaran Venkitaswaran Parlikad	Independent Director	4/4
Ms. Rekha Tukaram Bolkar	Executive Director	4/4
Mr. Sushilkumar Krishna Agrawal #	Independent Director	4/4

* become Chairman of the Committee w.e.f 08.02.2016.

** Become the member of the Audit Committee w.e.f 08.02.2016, during his tenure no meeting was held.

Ceased to be the Chairman of Audit Committee w.e.f. 08.02.2016

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal financial control environment that ensures.

- Efficiency and effectiveness of operation.
- Safeguarding of assets and adequacy of operation.
- Reliability of financial and other management information and adequacy of disclosure.
- Compliance with all relevant statutes.

The role of the Committee included the following :

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- c) Reviewing the internal financial controls and risk management systems;
- d) Reviewing, with the management and internal auditor :
 - The adequacy of internal control systems;
 - Internal audit function;
 - Internal audit scope, coverage and frequency;
 - Report of internal audit for any significant findings, including matters where there is suspected fraud or irregularity or failure of internal control system of a material nature and follow-up thereon.
- e) Reviewing with the management and external auditor :
 - Nature and scope of audit;
 - Any area of concern and comments contained in their management letter;
 - And the financial statement prior to endorsement by the Board;
 - Compliance with Stock Exchange and legal requirements concerning financial statements;
 - Related party transaction.
- f) Review and monitor the auditor's independence and performance, and effectiveness of audit process;



- g) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- h) Scrutiny of inter-corporate loans and investments;
- i) Valuation of undertakings or assets of the Company, wherever it is necessary;
- j) Looking into the reasons for substantial defaults, if any, in the payment to the shareholders (in case of non-payment of declared dividends) and creditors;
- k) To review the functioning of the Whistle Blower mechanism;
- l) Considering such other matters as may be required by the Board;
- m) Reviewing other areas which may be specified as role of the Audit Committee under the Listing Regulation, 2015 and the Companies Act, 2013 and other statues, as amended from time to time.

Explanation (i) : The term “related party transactions” shall have the same meaning as provided in SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

The internal auditor reports directly to the Audit Committee.

The Minutes of the Audit Committee are placed before the Board of Directors in the subsequent Board Meeting.

Mr. Sushilkumar Krishna Agrawal, Chairman of the Audit Committee, was present at the 24th Annual General Meeting of the Company to answer the shareholders queries and the Company Secretary acts as the Secretary of the Committee.

4. Nomination and Remuneration Committee

The Committee’s constitution and terms of reference are in compliance with provisions of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

Composition and Meeting

During the financial year 2015-16, the Nomination and Remuneration Committee met on 2 occasions i.e. 13th May, 2015 and 8th February, 2016. The attendance of the Members of the Nomination and Remuneration Committee for the year 2015-16 was as under :

Name	Designation	No. of Meetings Attended
Mr. Anilkumar Indralal Gulati (Chairman of the Committee)	Independent Director	2/2
Mr. Anil Kumar Jain	Non-Executive Director	2/2
Mr. Govind Prasad Agrawal	Independent Director	1/2
Mr. Amit Kumar Rampal Singh **	Independent Director	Not Applicable
Mr. Sushilkumar Krishna Agrawal *	Independent Director	2/2

* ceased to be a member of the Committee w.e.f. 08.02.2016.

** Become the member of the Committee w.e.f 08.02.2016, during his tenure no meeting was held.

Terms of Reference of the Committee, *inter alia*, includes the following :

- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board for their appointment and removal;
- To carry out evaluation of every Director’s performance;



- To Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- To formulate the criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- To recommend / review remuneration of the Managing Director(s) based on his / her performance and defined assessment criteria;
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable;
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

Performance Evaluation of Directors

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, accessible to built effective working relationships with the senior management etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

5. Remuneration policy

The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees, is appended as Annexure-B to the Directors' Report. Further, the Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors. The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

Remuneration paid to Managing Director during the Financial Year 2015-16

Remuneration paid to Ms. Rekha Tukaram Bolkar, Managing Director of the Company was as follows :

	Remuneration	Amount (in Rs.)
1.	Basic Salary :	132760
2.	Housing Rent Allowance :	57380
3.	Special Allowances :	45224
4.	Conveyance Allowance :	10400
5.	Medical Allowance :	15000
6.	Commission Payable :	Nil
7.	Stock option granted :	Nil
8.	Arrear :	4760
9.	Bonus / Exgratia :	1057
	Gross Salary :	266581
	Contribution to provident Fund as per the rule of the Company	- 16176
	Total	250405



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The tenure of office of the Managing Director is three years from her respective date of appointment, and can be terminated by either party by giving three months prior notice in writing. The aforesaid remuneration was paid within the overall limits prescribed under the Companies Act, 2013.

During the year Financial Year 2015-16 following sitting fee was paid to the Non - Executive Directors :

Name of the Director	Sitting Fees (Rs.)
Mr. Anil Kumar Jain	8000
Mr. Govind Prasad Agrawal	4000
Mr. Sushilkumar Krishna Agrawal *	16000
Mr. Anilkumar Indralal Gulati	15000
Mr. Venkiteswaran Venkitaswaran Parlikad	12000
Mr. Amitkumar Rampal Singh **	2000

* ceased to be a member of the Committee w.e.f. 08.02.2016.

** Become the member of the Committee w.e.f 08.02.2016, during his tenure no meeting was held.

There were no other pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company. The Company has not granted any commission and stock option to any of its Non-Executive Directors. The aforesaid sitting fee was paid within the overall limits prescribed under the Companies Act, 2013.

6. Stakeholders' Relationship Committee

The Committee meets on regular basis to provide quality and efficient services to the investors and to align & streamline the process of share transfer / transmission, Committee is responsible for transfer / transmission of shares, satisfactory redressal of investors' complaints and recommends measures for overall improvement in the quality of investor services.

Composition and Meeting

The Committee is headed by Mr. Anilkumar Indralal Gulati, Independent Director and consists of the members as stated below. During the year ended on 31st March, 2016, this Committee met on 1(one) occasion i.e. 13th May, 2015 which were attended by the members as under :

Name	Designation	No. of Meeting Attended / held during the FY 2015-16
Mr. Anilkumar Indralal Gulati (Chairman)	Independent Director	1/1
Mr. Sushilkumar Krishna Agrawal *	Independent Director	1/1
Mr. Govind Prasad Agrawal	Independent Director	0/1
Mr. Amit Kumar Rampal Singh **	Independent Director	Not Applicable

* Ceased to the member of the Committee w.e.f. 08.02.2016.

** Become the member of the Committee w.e.f 08.02.2016, during his tenure no meeting was held.

Terms of Reference of the Committee, *inter alia*, includes the following :

- Approve issue of the Company's duplicate share certificates;
- Consider, resolve and monitor redressal of investor's / shareholder's / security holder's grievances related to transfer of securities, non-receipt of Annual Report etc;
- Oversee the performance of the Company's Registrars and Transfer Agents;



- Recommend methods to upgrade the standard of services to investors;
- Carry out any other function as is referred by the Board from time to time and / or enforced by any statutory notification / amendment or modification as may be applicable;
- Perform such other functions as may be necessary or appropriate for the performance of its duties.

Name and Designation of Compliance Officer :

Ms. Jyotsna Jindal was appointed as Company Secretary and Compliance Officer for complying with requirements of Securities Laws and Listing Regulations, 2015 with Stock Exchanges.

Investor Grievance Redressal

During the year Financial Year 2015-16, no complaints were received. Further there was no pending complaint as on 31st March, 2016.

Code of Conduct

In compliance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct for all the Directors and Senior Management ("the Code"). The Code is applicable to all the members of the Board, the executive officers and all employees of the Company. The Code is available on our website, www.margofinance.com

All members of the Board, the executive officers and seniors employees have affirmed compliance to the code of conduct as on 31st March, 2016. A declaration to this effect, signed by Managing Director forms part of this Annual Report.

Prevention of Insider Trading

The Company has adopted an Inside Trading Policy to Regulate, Monitor and Report trading by insiders under SEBI (Prohibition of Insider Trading) Regulation, 2015. This Policy also includes the practices and procedures for fair disclosure of unpublished price-sensitive information, initial and continual disclosure. The Company has automated the declaration and disclosures to identified the designated employee, and the Board reviews the policy on a need basis. The policy is available on our website at www.margofinance.com.

7. General Body Meeting :

During the preceding three years, the Annual General Meetings of the Company were held on the following dates, time and venue.

AGM	Financial Year ended	Date	Time	Venue of the Last Three AGMs
24th	31.03.2015	22.08.2015	03:00 P.M.	Village Alte, Taluka Hatkanangale, Dist. Kolhapur 416109
23rd	31.03.2014	23.08.2014	03:00 P.M.	Village Alte, Taluka Hatkanangale, Dist. Kolhapur 416109
22nd	31.03.2013	20.07.2013	12:00 Noon	Village Alte, Taluka Hatkanangale, Dist. Kolhapur 416109

One Special Resolution was passed in the AGM for the Financial Year 2014-2015 for variation in the terms of appointment of Managing Director but no item was considered for adoption by postal ballots in the preceding three Annual General Meetings of the Company.

Further no special resolution is proposed to be conducted through postal ballot.

8. Means of Communication

- a) The relevant information relating to the Directors to be appointed / re-appointed at the ensuing Annual General Meeting is given in the Notice convening the Annual General Meeting.



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- b) The Quarterly Un-Audited (Provisional) Results and the Annual Audited Financial results of the Company are sent to the stock exchanges immediately after they are approved by the Board and are also published in one vernacular news paper viz. "Nava Shakti" and one English news paper viz. "Free Press Journal". Also they are uploaded on the Company's website www.margofinance.com, the results are published in accordance with the guidelines of the Stock Exchanges.
- c) The Company has designated "mflinvestors@margofinance.com" as the designated exclusive email-id, for redressal of investor grievances.

Reconciliation of Share Capital Audit

M/s. Kapahi and Associates, Company Secretary in Practice, carries out quarterly reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities and Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total Issued and Listed Capital. The audit Confirms that the total / paid up Capital is in agreement with the aggregate of the total number of shares in physical form and total number of shares in dematerialized shares held with NSDL and CDSL.

Compliance Officer

The name and designation of the Compliance Officer of the Company is :

Ms. Jyotsna Jindal — Company Secretary

Contact Details are : Tel : +011-41539444;

e-mail-id : info@margofinance.com

9. General Shareholder's Information

Margo Finance Limited was incorporated at Delhi on 18-10-1991. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L65910MH1991PLC080534.

The address of our Registered Office is Office No.3, Plot No. 266, Village Alte, Kumbhoj Road, Taluka - Hatkanangale, District Kolhapur, Maharashtra - 416109.

Listing Information

Listing on the Stock Exchange / (s)	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400001 Stock Exchange Code – 500206
Listing Fee	Paid for 2016 - 2017 for the above Stock Exchange
Demat ISIN	INE680B01019

Investor Information

Annual General Meeting	At the Registered Office of the Company	
Date of AGM	As specified in the Notice convening the AGM	
Financial Year	1st April to 31st March	
Financial Calendar	Board Meeting for approval of	
	Financial Results for the 1st Quarter 2016-17	On or before 14-08-2016
	Financial Results for the 2nd Quarter 2016-17	On or before 14-11-2016
	Financial Results for the 3rd Quarter 2016-17	On or before 14-02-2017
	Annual Accounts for 2016-17	On or before 30-05-2017
Date of Book Closure	As specified in the Notice convening the AGM	



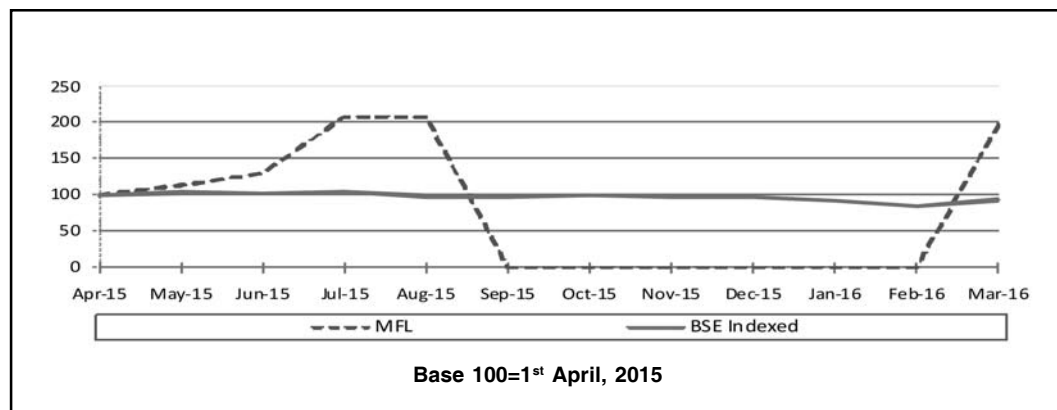
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Market Price Data :

The monthly high and low of the closing price and volume of shares traded at BSE Limited during the financial year 2015-16 was as follows :

BSE Limited			
Month	High (Rs.)	Low (Rs.)	Volume (Nos.)
April 2015	11	7.88	7757
May 2015	8.92	7.14	7104
June 2015	10.5	8.41	16631
July 2015	16.43	9.63	40596
August 2015	19.65	16.35	39147
September 2015	—	—	—
October 2015	—	—	—
November 2015	—	—	—
December 2015	—	—	—
January 2016	—	—	—
February 2016	—	—	—
March 2016	16.05	15.45	20050

Share Price Performance of Margo Finance Limited in comparison to broad based indices – BSE Sensex





Suspension of Trading

During the year the equity shares of your Company were suspended from trading due to delay in compliance of Listing Agreement etc.

Your Company has filed detailed representations urging for revocation of suspension from trading of equity shares and have made out a prima facie case for restoration of trading in equity shares of the Company with BSE Limited. Accordingly the trading in security of your Company was restored w.e.f. 29th March, 2016.

Registrar and Share Transfer Agent

Share transfer and other communication regarding shares certificate, change in address etc., may be addressed to :

Link Intime India Pvt. Ltd.

Address for

44, Community Centre, 2nd Floor,

Correspondence

Naraina Industrial Area, Phase-I,

Near PVR Cinema, New Delhi-28

Telephone No. 011-41410592 to 594, Fax No. 011- 41410591,

E-mail : delhi@linkintime.co.in

Share Transfer System :

All physical share transfers are effected within 15 days of lodgment, subject to the documents being in order. The Board has delegated the authority for approval of transfer, transmission etc. to Share Transfer Committee comprising of two Non Executive Directors and one Executive Director. A summary of transfer / transmission of shares so approved by the committee is placed before the Board.

Distribution of Shareholding as on 31st March, 2016 :

No. of equity Shares	No. of share holders	% of share holders	No. of shares held	% of share holding
1 - 500	8949	95.41	1398267	30.60
501 - 1000	290	3.09	239923	5.25
1001 - 2000	77	0.82	112122	2.45
2001 - 3000	16	0.17	41457	0.91
3001 - 4000	6	0.06	21666	0.47
4001 - 5000	6	0.06	28293	0.62
5001 - 10000	12	0.13	85179	1.86
Above 10001	24	0.26	2643093	57.84
Total	9380	100.00	4570000	100.00

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**Shareholding pattern as on 31st March, 2016**

Category	No. of equity shares held	% of share holding
Promoters & Associates	2440631	53.406
Financial Institutions / Banks / Insurance Companies including Central / State Government Institutions	100	0.002
Mutual Funds and UTI	—	—
FII's	—	—
NRIs	656	0.014
Domestic Corporate Bodies	89570	1.960
Indian Public	2039043	44.618
Total	4570000	100.000

Dematerialization of shares and liquidity

The equity shares of the Company are available for dematerialization with Central Depository Services India Limited (CDSL) and National Securities Depository Limited (NSDL) National. As per directive of SEBI the Equity Shares of the Company are compulsorily traded in dematerialized form with effect from 26.03.2001. As on 31st March, 2016, 75.83% of the Company's Shares Capital is dematerialized and rest is in physical form. The Company's Shares were regularly traded on the BSE. Requests for dematerialization of shares are processed and confirmed within 15-20 days of receipt from NSDL and CDSL.

Shares held in demat and physical mode as in 31st March, 2016

Category	Numbers of		% of total equity
	Shareholders	Shares	
Demat Mode			
NSDL	2151	2174962	47.59
CDSL	784	1290618	28.24
Total	2935	3465580	75.83
Physical Mode	6445	1104420	24.17
Grand Total	9380	4570000	100.00

Service of documents through electronic mode :

As a part of Green initiative, the Members who wish to receive documents like the Notice convening the General Meetings, Financial Statements, Director's Report, Auditors Report etc., through e-mail, may kindly intimate their e-mail address to Company / Registrars (for shares held in physical form) and Depository Participants (for shares held in dematerialized form).

Outstanding GDRs / ADRs / Warrants or any convertible instrument, conversion date and likely impact on Equity :

The Company has not issued any GDRs/ADRs/ Warrants or any convertible instrument in past and hence as on 31st March, 2016, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instrument.



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Address for correspondence

The Company has offices at the following places :

- Registered Office :** Office No. 3, Plot No. 266 Village Alte, Kumbhoj Road,
Taluka : Hatkanangale Dist.Kolhapur - 416109, Maharashtra
- Corporate Office :** 2nd, 15/76, Old Rajendra Nagar, New Delhi – 110 060
- Head Office :** 301, Arcadia, Nariman Point, Mumbai - 400021, Maharashtra

10. Other Disclosures :

a) Disclosures on materially significant related party transactions, i.e. the Company's transactions that are of material nature, with its Promoters, Directors and the management, their relatives among others that may have potential conflict with the Company's interests at large

During the period under review, the Company had not entered into any material transaction with any of its related parties.

None of the transactions with any of related parties were in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No. 2.24 of Financial Statements, forming part of the Annual Report the policy on related party transaction may be accessed on the Company's website at www.margofinance.com.

b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

During the last three years the Company complied with all the requirement of the Stock Exchanges/ SEBI / and other statutory authorities on all matters related to the capital market or strictures imposed on the Company by the Stock Exchange, the SEBI or any statutory authority on matters relating to capital market.

c) Whistle Blower policy and Vigil Mechanism

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct, breaches of accounting policies or any act resulting in financial or reputation loss and misuse of office or suspected or actual fraud.

Complaint by or against Senior Management should be made to the Chairman of the Company with a copy to the Chairman of the Audit Committee. The Policy provides for a mechanism to report such concerns to the Audit Committee through specified channels

The details of establishment of the Whistle Blower Policy / Vigil mechanism have been disclosed on the website of the Company.

d) Mandatory items of Corporate Governance

The Company has complied with all the mandatory Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement executed by the Company with the BSE Limited ('BSE') for the period from April 1, 2015 to November 30, 2015; and as prescribed in Regulations 17 to 27, 46 (2) (b) to (i) and para C , D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) for the period from December 1, 2015 to March 31, 2016.

e) Non Mandatory items of Corporate Governance

The Company has ensured the implementation of non mandatory item as such :

- Separate post of Chairman and Managing Director and reimbursement of expenses in the performance of duties.



- Unmodified audit opinion / report.
- The Internal Auditor directly reports to the Audit Committee.

f) Board Disclosure-Risk Management

The risk assessment and minimization is place before the Board and the Board is regularly informed about the business risks and the steps taken to mitigate the same.

g) Disclosure of Accounting Treatment

There is no deviation in following the treatment prescribed in any Accounting Standards in preparation of financial statement for the year 2015-2016.

11. Discretionary Requirements under Regulation 27 of Listing Regulation

The status of compliance with discretionary recommendations of the Regulation 27 of the Listing Regulations with Stock Exchanges are provided below :

- Non-Executive Chairman's Office : Chairman's office is separate from that of the Managing Director. However, the same is now maintained by the Chairman himself.
- Shareholders' Rights: As the quarterly and half yearly financial performance along with significant events are published in the news papers and are also posted on the Company's website, the same are not being sent to the shareholders.
- Modified Opinion in Auditors Report : The Company's financial statement does not contain any modified audit opinion.
- Separate posts of Chairman : The Chairman of the Board is a Non-executive Director and his position is separate from that of the Managing Director.
- Reporting of Internal Auditor : The Internal Auditor reports to the Audit Committee.

The Management Discussion and Analysis report is included elsewhere in the Annual Report.

12. Compliance Certificate of the Practising Company Secretary

During the financial year ended March 31, 2016 your Company has complied with the conditions of corporate governance as prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

Further, Certificate from the Practising Company Secretary, M/s. Ashu Gupta & Co., confirming compliance with conditions of Corporate Governance as stipulated under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this Report.

13. Managing Director and CFO Certification

As required by SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the Managing Director and the Chief Financial Officer certification is provided in this Annual Report.

Declaration

As provided under Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 all Board members and Senior Management Personnel have affirmed compliance with Margo Finance Limited code of Business conduct and Ethics for the year ended on 31st March, 2016.

Place : Mumbai
Dated : 2nd May, 2016

Anil Kumar Jain
Chairman



MARGO FINANCE LIMITED

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR
MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

(Pursuant to Scedule V of SEBI Listing Regulations, 2015)

This is to confirm that the Company has adopted the Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. These Codes are available on the Company's website.

I confirm that the Company has in respect of the year ended 31 March, 2016, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

Place : Mumbai
Dated : 2nd May, 2016

Rekha Tukaram Bolkar
Managing Director

COMPLIANCE CERTIFICATE

**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER SEBI
(LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATION, 2015**

To,
The Members
Margo Finance Limited

We have examined the compliance of conditions of corporate governance by Margo Finance Limited ('the Company') for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement executed by the Company with the BSE Limited ('BSE') for the period from April 1, 2015 to November 30, 2015; and as per relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as referred to in Regulation 15(2) of Listing Regulations for the period from December 1, 2015 to March 31, 2016. We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement / LODR.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **ASHU GUPTA & CO.,**
Company Secretary in Practice

ASHU GUPTA
Proprietor
FCS No. 4123
C.P. No. 6646

Place : New Delhi
Dated : 2nd May, 2016



MARGO FINANCE LIMITED

CERTIFICATE BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

- A We hereby certify that for the financial year ended 31st March, 2016, on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief :
1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of their knowledge and belief, no transactions entered into by the Company during the financial year ended 31st March, 2016 are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- D. We further certify that :
- 1) There have been no significant changes in internal control over financial reporting during the year;
 - 2) There have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3) There have been no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For MARGO FINANCE LIMITED

Place : Mumbai
Date : 2nd May, 2016

SHRI DASS MAHESHWARI
Chief Financial Officer

REKHA TUKARAM BOLKAR
Managing Director



INDEPENDENT AUDITORS' REPORT

To the Members,
Margo Finance Limited,

Report on Financial Statements

We have audited the accompanying financial statements of the Company **Margo Finance Limited** ("the company"), which comprises the Balance Sheet as at 31st March, 2016, Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. These responsibilities also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provision of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provision of the Act and Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statement that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its Profit and Cash Flow for the year ended on that date.

Report on other Legal and Regulatory Matters

1. As required by the Companies (Auditors' Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act, We report that :
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - (g) With respect to the other matters to be included in Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us :
 - (i) There are no pending litigations affecting financial position hence no disclosure is required to be made.
 - (ii) There are no long term contracts including derivatives contracts hence no provision is required to be made.
 - (iii) The clause is not applicable as there is no amount required to be transferred to the Investor Education and Protection Fund by the Company.

For AVK & ASSOCIATES
Chartered Accountants
Firm Registration No. 002638N

Place : Mumbai
Dated : 2nd May, 2016

Parul Gupta
Partner
FCA - 095539



Annexure A to the Independent Auditors' Report

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management according to a regular program, which, in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification with respect records of books.
- (c) The title deed of immovable properties are held in the name of the Company.
- (ii) There is no inventory, therefore this clause of the order is not applicable to the Company.
- (iii) This clause is not applicable, since during the year the Company has not granted any loans to parties which are covered in the registered maintained under section 189 of the Companies Act, 2013.
- (iv) This clause is not applicable, since Company's ordinary course of business is providing loans and in respect of such loans interest has been charged at a rate not less than bank rate declared by the Reserve Bank of India. Moreover, company has not given directly or indirectly any loan to any person exceeding sixty per cent of its paid-up capital, free reserves and security premium account.
- (v) According to the information given to us, the Company has not accepted any deposits from the public.
- (vi) The provisions of Section 148(1) of the Companies Act, 2013 regarding maintenance of cost records are not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues to the extent applicable, have generally been regularly deposited.
- (b) According to the information and explanations given to us, the Company does not have any Income Tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax which have not been deposited with the appropriate authority on account of any dispute.
- (viii) According to information and explanations given to us, the Company has not defaulted in repayment of dues to bank and financial institutions.
- (ix) The clause is not applicable, since the company has not raised any money by way of initial public offer or further public offer or by way of term loan during the year.
- (x) Based on the audit procedures performed and according to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officer or employee has been noticed or reported during the course of our audit.
- (xi) According to information and explanations given to us, managerial remuneration has been paid in accordance with the requisite approvals mandates by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) This clause is not applicable, since Company is not a Nidhi Company therefore it not required to comply with the requirement of the Net Owned Funds to Deposits in the ratio of 1:20 etc.



MARGO FINANCE LIMITED

- (xiii) According to information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) This clause is not applicable, since company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to information and explanations given to us, company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The Company is already registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **AVK & ASSOCIATES**
Chartered Accountants
Firm Registration No. 002638N

Place : Mumbai
Dated : 2nd May, 2016

Parul Gupta
Partner
FCA - 095539



Annexure B to the Auditors' Report

Independent Auditors' Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of the company **Margo Finance Limited** as at 31 March 2016 in conjunction with our audit of financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The management of the company is responsible for establishing and maintaining internal financial controls based on the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required by the Guidelines issued under the Companies Act, 2013 ('the Act').

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

Internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide



MARGO FINANCE LIMITED

reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Divisional Office's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Head Office considering the essential components of internal control stated in the Guidance Note.

For AVK & ASSOCIATES
Chartered Accountants
Firm Registration No. 002638N

Place : Mumbai
Dated : 2nd May, 2016

Parul Gupta
Partner
FCA - 095539



BALANCE SHEET

as at 31 March, 2016

(Amount in Indian Rupees)

Particulars	Notes	As at 31 March 2016	As at 31 March 2015
I. EQUITY AND LIABILITIES			
1) Shareholders' funds			
a) Share capital	2.01	45,700,000	45,700,000
b) Reserves and surplus	2.02	7,223,153	6,919,762
2) Non-current liabilities			
a) Long Term Provisions	2.03	73,078	—
3) Current liabilities			
a) Short-term Borrowings	2.04	264,488	192,248
b) Trade Payables	2.05	27,336	105,623
c) Other Current-liabilities	2.06	29,776	142,879
d) Short-term Provisions	2.07	44,455	—
TOTAL		53,362,286	53,060,512
II. ASSETS			
1) Non-current assets			
a) Fixed assets			
(i) Tangible Assets	2.08	388,421	462,232
(ii) Intangible Assets	2.09	14,381	13,302
b) Non-current Investments	2.10	30,899,681	28,687,063
c) Long-term loans and advances	2.11	200,000	310,800
2) Current assets			
a) Trade receivables	2.12	226,186	123,189
b) Cash and bank balances	2.13	18,080,660	18,705,451
c) Short-term loans and advances	2.14	1,050,976	1,789,763
d) Other current assets	2.15	2,501,981	2,968,712
TOTAL		53,362,286	53,060,512

Significant accounting policies 1

Notes to Financial Statements 2

The notes referred to above form an integral part of the financial statements

As per our report attached

For **AVK & ASSOCIATES**
Chartered Accountants
Firm Registration No. : 002638N

Place: Mumbai
Dated: 2nd May 2016

PARUL GUPTA
Partner
Membership No. : 095539

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

REKHA TUKARAM BOLKAR
Managing Director
DIN : 06446020

Place: Mumbai
Dated: 2nd May, 2016

SHRI DASS MAHESHWARI
Chief Financial Officer
PAN : AAAPM1904D

Place: Mumbai
Dated: 2nd May 2016

ANIL KUMAR JAIN
Chairman
DIN : 00086106

Place: Mumbai
Dated: 2nd May 2016

JYOTSNA JINDAL
Company Secretary
ACS : 37276

Place: Mumbai
Dated: 2nd May 2016



STATEMENT OF PROFIT AND LOSS

for the year ended on 31 March, 2016

(Amount in Indian Rupees)

Particulars	Notes	Year ended 31 March 2016	Year ended 31 March 2015
I. Income			
i) Revenue from Operations	2.16	2,359,347	2,321,362
ii) Other income	2.17	1,269,146	479,315
Total Revenue		3,628,493	2,800,677
II. Expenses			
i) Employee benefit expense	2.18	1,527,782	1,053,995
ii) Finance Cost	2.19	79,487	48,007
iii) Depreciation and amortization expense	2.20	139,782	204,923
iv) Other expenses	2.21	1,578,051	1,443,842
Total expenses		3,325,102	2,750,767
III. Profit / (Loss) before exceptional items, extraordinary items and tax (I-II)		303,391	49,910
IV. Exceptional items		—	—
V. Profit / (Loss) before extraordinary items and tax (III-IV)		303,391	49,910
VI. Extraordinary items		—	—
VII. Profit / (Loss) before tax (V-VI)		303,391	49,910
VIII. Tax expense			
(i) Current Tax		—	9,530
(ii) Current Tax for previous year		—	90,336
(iii) Deferred tax		—	—
IX. Profit / (Loss) for the year		303,391	(49,956)
X. Earning per equity share :	2.22		
(1) Basic		0.07	(0.01)
(2) Diluted		0.07	(0.01)

Significant accounting policies 1

Notes to Financial Statements 2

The notes referred to above form an integral part of the financial statements

As per our report attached

For **AVK & ASSOCIATES**
Chartered Accountants
Firm Registration No. : 002638N

Place: Mumbai
Dated: 2nd May 2016

PARUL GUPTA
Partner
Membership No. : 095539

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

REKHA TUKARAM BOLKAR
Managing Director
DIN : 06446020

Place: Mumbai
Dated: 2nd May, 2016

SHRI DASS MAHESHWARI
Chief Financial Officer
PAN : AAAPM1904D

Place: Mumbai
Dated: 2nd May 2016

ANIL KUMAR JAIN
Chairman
DIN : 00086106

Place: Mumbai
Dated: 2nd May 2016

JYOTSNA JINDAL
Company Secretary
ACS : 37276

Place: Mumbai
Dated: 2nd May 2016



CASH FLOW STATEMENT

for the year ended on 31 March, 2016

(Amount in Indian Rupees)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before taxes	303,391	49,910
Adjustments for:		
Depreciation, amortization and impairment	139,782	204,923
(Excess)/Provision for NPA	(1,962)	(98,183)
(Excess)/Provision for Doubtful Advances	—	(26,957)
(Excess)/Provision for Doubtful Debts	—	(19,002)
Contingent provisions on Standard Assets	(1,887)	(35,426)
Loss/(Profit) on sale of Investments	(184,206)	(46,953)
Dividend Received	(533,675)	(102,352)
Interest Paid	79,487	48,007
	(502,461)	(75,943)
Operating gain before working capital changes	(199,070)	(26,033)
Adjustments for:		
(Increase)/decrease in inventories	—	—
Decrease/(increase) in sundry debtors	(101,035)	108,841
Decrease/(increase) in loans and advances	849,587	(200,849)
(Increase)/Decrease in other current assets	466,731	(796,991)
(Increase)/Decrease in other Deposits	366,239	(967,346)
Increase/(Decrease) in current liabilities and provisions	(71,970)	(186,698)
	1,509,552	(2,043,043)
Cash generated from operating activities before taxes	1,310,482	(2,069,076)
Direct taxes paid (net of refunds)	—	(99,866)
Net cash generated from/(used in) operating activities	1,310,482	(2,168,942)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(67,050)	(19,200)
Dividend Received	533,675	102,352
Sales/(Purchase) of Investments	(2,028,412)	1,675,827
Net cash generated from/(used in) investing activities	(1,561,787)	1,758,979
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in short term bank borrowings (net)	72,240	192,248
Interest Paid	(79,487)	(48,007)
Net cash generated from/(used in) financing activities	(7,247)	144,241
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(258,552)	(265,722)
Cash and cash equivalents at the beginning of the year	329,067	594,789
Cash and cash equivalents at the end of the year	70,515	329,067
Notes:		
Cash and cash equivalents include:		
Cash, cheques in hand and remittances in transit	58,905	180,845
With banks in:		
Current accounts	11,610	148,222
Overdraft A/c	—	—
Cash and cash equivalents at the end of the year	70,515	329,067
Fixed Deposits	18,010,145	18,376,384
Cash & Bank balances at the end of the year	18,080,660	18,705,451

Note: The Cash Flow Statement has been prepared in accordance with the 'Indirect Method' specified in Accounting Standard 3, Cash Flow Statement, notified by Central Government in the Companies (Accounting Standard) Rules, 2006.

The notes referred to above form an integral part of the financial statements

As per our report attached

For **AVK & ASSOCIATES**
Chartered Accountants
Firm Registration No.: 002638N

For and on behalf of the Board of **Margo Finance Limited**
REKHA TUKARAM BOLKAR
Managing Director
DIN : 06446020
ANIL KUMAR JAIN
Chairman
DIN : 00086106

Place: Mumbai
Dated: 2nd May, 2016

Place: Mumbai
Dated: 2nd May 2016

SHRI DASS MAHESHWARI
Chief Financial Officer
PAN : AAAPM1904D

JYOTSNA JINDAL
Company Secretary
ACS : 37276

Place: Mumbai
Dated: 2nd May 2016

PARUL GUPTA
Partner
Membership No.: 095539

Place: Mumbai
Dated: 2nd May 2016

Place: Mumbai
Dated: 2nd May 2016



I. SIGNIFICANT ACCOUNTING POLICIES

1.01 System of Accounting

- a). The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis except accounting for income from non-performing assets as defined in the guidelines of the Reserve Bank of India on prudential norms for income recognition of Non Banking Financial Companies, penal interest on delayed payments on lease & finance installments and dividend which have been accounted for on cash basis.
- b). The Company follows the prudential norms for Asset classification, Income Recognition, Provisioning for bad and doubtful debts as prescribed by the Reserve Bank of India for Non-Banking Finance Companies.
- c). The accounting polices are consistently applied by the company with those applied in the previous year except otherwise stated. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current / non-current classification of its assets and liabilities.

1.02 Use of estimates

The preparation of Financial Statements in generally accepted accounting principles requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities at the date of the financials and the results of operations during the reported period end. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. Adjustments as a result of differences between actual and estimates are made prospectively.

1.03 Fixed Assets

Tangible Assets : Tangible assets are stated at acquisition cost plus directly attributable costs of bringing the asset to its working condition for its intended use, less accumulated depreciation and impairment losses, if any.

Intangible Assets : Intangible assets are stated at cost and amortized over the period the Company expects to derive economic benefits from their use.

1.04 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. For assets that are not yet available for use, the recoverable is estimated at each balance sheet date. An impairment loss is recognized whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization loss had been recognized.



1.05 Investments

Investment are classified into long-term investments and current investments based on intent of the management at the time of making the investment. Investment intended to be held for more than one year are classified as long-term investments.

Long-term investments, including investments in subsidiaries, if any, are stated at cost price. Any diminution of permanent nature in the value of the long-term investments is suitably provided for by charging off to revenue. Diminution is considered to be permanent based on the criteria that include the extent to which cost exceeds the market value, the duration of the market value, decline and the financial health of and specific prospects of the issuer.

The investments intended to be held for less than one year are classified as current investments are stated at lower of cost or fair value, computed category-wise.

1.06 Revenue Recognition

Income / revenue is generally accounted on accrual as they are earned except income from non-performing assets as defined in the guidelines of the Reserve Bank of India on prudential norms for income recognition of Non Banking Financial Companies & penal interest on delayed payments which are accounted for on cash basis.

The income is deemed as earned :

- a. Interest is recognized as earned on day to day basis.
- b. Dividend income is recognized when the right to receive the income is established.
- c. In respect of other heads of income, the Company follows the practice of recognising income on accrual basis.

In case of uncertainties as to the risks & rewards, the conservative accounting policy is adopted by way of making suitable provisions for expenses and deferring the recognition of revenues.

1.07 Expenditure

Expenses are recognized on accrual basis and provisions are made for all known losses and liabilities.

1.08 Borrowing Cost

Borrowing cost that are directly attributable to the acquisition, construction or production of qualifying assets is capitalized as part of the cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for intended use or sale.

All other borrowing costs are recognized as expense for the period in which they are incurred calculated taking into account the amount outstanding and the rate applicable on the borrowing.

1.09 Depreciation

- i) In respect of tangible assets acquired during the year, depreciation is charged on straight line basis so as to write off the cost of the assets over the useful lives as prescribed in Schedule II to the Companies Act, 2013.



MARGO FINANCE LIMITED

- ii) Intangible Assets are amortized over the period, the company expects to derive economic benefits from their use.
- iii) Leasehold improvements are amortized over the lease period as stated in the lease agreement or over the estimated useful life of the assets, whichever is shorter.

1.10 Earnings per share

Basic earning per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive potential shares outstanding during the year, except where the results would be anti-dilutive.

1.11 Taxation

Tax expense comprises current tax and deferred tax. Current tax is the amount of tax for the year determined in accordance with the provisions of income tax laws based on the estimated taxable income, as the case may be, after taking into consideration, estimates of benefits/ deductions admissible under the provisions of Income Tax, 1961. Deferred Tax charge or credit reflects the tax effects of impact of timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years. Any major deficiency or reversal in relation to the estimate of preceding year(s) is shown separately as relating to earlier years.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward of unabsorbed depreciation and tax losses deferred tax are recognized only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits.

At each balance sheet date the company reassesses unrecognized deferred tax assets. It recognizes deferred tax assets to the extent it has become reasonable certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are review at each balance sheet date. The company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonable certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be. That sufficient future taxable income will be available.

1.12 Employee benefits

The Company's obligations towards various employee benefits have been recognised as follows :

(a) *Short term benefits*

All employee benefits payable / available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.



(b) *Provident fund (Defined contribution plan)*

Provident fund is a defined contribution plan. The contribution towards provident fund which are being deposited with the Regional Provident Fund Commissioner are charged to the Statement of Profit and Loss.

(c) *Gratuity (Defined benefit plan)*

The company pays gratuity to employees who retire or resign after a minimum period of 5 years of continuous service. The company has taken a policy from LIC to meet such liability for some of the employees. In case of rest of the employees not covered by LIC policy, the present value of obligations is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method.



2. Notes to the Financial Statements

(Amount in Indian Rupees)

2.01 SHARE CAPITAL

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of shares	Amount (Rs.)	No. of shares	Amount (Rs.)
Authorised Equity shares of Rs.10 each *	10,000,000	100,000,000	10,000,000	100,000,000
	10,000,000	100,000,000	10,000,000	100,000,000
Issued, subscribed and fully paid up Equity shares of Rs. 10 each fully paid up				
At the beginning of the year	4,570,000	45,700,000	4,570,000	45,700,000
Add : Issued during the year	—	—	—	—
At the end of the year	4,570,000	45,700,000	4,570,000	45,700,000
Total	4,570,000	45,700,000	4,570,000	45,700,000

* Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders. During the year ended 31 March 2016, the Company has recorded per share dividend of Rs. Nil (previous year : Rs. Nil) to equity shareholders.

Details of shareholders holding more than 5% shares of the Company

Name of the Shareholders	As at 31 March 2016		As at 31 March 2015	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Equity shares of Rs. 10 each fully paid up held by :				
a) Anil Kumar Jain (HUF)	405,245	8.87	405,245	8.87
b) Mrs. Gayatri Devi Jain	324,870	7.11	324,870	7.11
c) Yartex Exports Limited	265,370	5.81	265,370	5.81
d) Rini Investment & Finance Private Limited	455,046	9.96	455,046	9.96
e) Skyrise Properties Private Limited	313,300	6.86	313,300	6.86
Total	1,763,831	38.61	1,763,831	38.61



Notes to the Financial Statements (Contd.)

(Amount in Indian Rupees)

2.02 RESERVES & SURPLUS

Particulars	As at 31 March 2016	As at 31 March 2015
(a) General Reserve		
Balance at the beginning of the year	1,249,000	1,249,000
Add: Addition during the year	—	—
Less: Deduction during the year	—	—
Balance at the end of the year	1,249,000	1,249,000
(b) Special Reserve Fund		
Balance at the beginning of the year	2,585,176	2,585,176
Add: Addition during the year	60,678	—
Less: Deduction during the year	—	—
Balance at the end of the year	2,645,854	2,585,176
(c) Share Warrant Option Premium		
Balance at the beginning of the year	3,380,000	3,380,000
Add: Addition during the year	—	—
Less: Deduction during the year	—	—
Balance at the end of the year	3,380,000	3,380,000
(d) (Deficit)/surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	(294,414)	(181,734)
Add / (less): profit / (loss) for the year	303,391	(49,956)
Less: Appropriations		
Depreciation of earlier years	—	62,724
Transfer to Special Reserve Fund	60,678	—
Balance at the end of the year	(51,701)	(294,414)
Total	7,223,153	6,919,762

2.03 LONG TERM PROVISIONS

Particulars	As at 31 March 2016	As at 31 March 2015
Provision for retirement benefits	70,578	—
Others	2,500	—
	73,078	—



MARGO FINANCE LIMITED

Notes to the Financial Statements (Contd.)

(Amount in Indian Rupees)

2.04 SHORT TERM BORROWINGS

Particulars	As at 31 March 2016	As at 31 March 2015
Loans repayable on demand From a bank *	264,488	192,248
Total	264,488	192,248
* Bank overdraft limit from Karnataka Bank Limited is secured by Fixed Deposit with the same bank.		
Default in payment of loans	—	—
Default in payment of Interest	—	—

2.05 TRADE PAYABLES

Particulars	As at 31 March 2016	As at 31 March 2015
Trade Payables	27,336	105,623
	27,336	105,623

Based on the information available with the Company, there are no suppliers registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006"

2.06 OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2016	As at 31 March 2015
Interest Accrued & Due	—	22,621
Statutory Liabilities	14,778	18,371
Contingent Provision on Standard Asset	—	1,887
Others	14,998	100,000
	29,776	142,879

2.07 SHORT TERM PROVISIONS

Particulars	As at 31 March 2016	As at 31 March 2015
Provision for Income Tax	—	—
Provision for Retirement Benefits	44,455	—
	44,455	—



Notes to the Financial Statements (Contd.)

(Amount in Indian Rupees)

2.08 TANGIBLE ASSETS

Cost								
Description	As at 1 April 2014	Additions	Disposals / Adjustments	As at 31 March 2015	As at 1 April 2015	Additions	Disposals / Adjustments	As at 31 March 2016
Furniture and fixtures	170,595	—	—	170,595	170,595	—	—	170,595
Office equipments	966,195	19,200	—	985,395	985,395	61,050	—	1,046,445
Vehicles	469,128	—	—	469,128	469,128	—	—	469,128
Total	1,605,918	19,200	—	1,625,118	1,625,118	61,050	—	1,686,168

Depreciation								
Description	As at 1 April 2014	Additions	Reversal for disposals / adjustments	As at 31 March 2015	As at 1 April 2015	Additions	Reversal for disposals / adjustments	As at 31 March 2016
Furniture and fixtures	165,486	—	3,423	162,063	162,063	—	—	162,063
Office equipments	680,895	136,267	(66,147)	883,309	883,309	58,393	—	941,702
Vehicles	52,258	65,256	—	117,514	117,514	76,468	—	193,982
Total	898,639	201,523	(62,724)	1,162,886	1,162,886	134,861	—	1,297,747

Net Block			
Description	As at 31 March 2015		As at 31 March 2016
Furniture and fixtures	8,532		8,532
Office equipments	102,086		104,743
Vehicles	351,614		275,146
Total	462,232		388,421



Notes to the Financial Statements (Contd.)

(Amount in Indian Rupees)

2.09 INTANGIBLE ASSETS

Cost								
Description	As at 1 April 2014	Additions	Disposals / Adjustments	As at 31 March 2015	As at 1 April 2015	Additions	Disposals / Adjustments	As at 31 March 2016
Software	17,000	—	—	17,000	17,000	6,000	—	23,000
Total	17,000	—	—	17,000	17,000	6,000	—	23,000

Amortization								
Description	As at 1 April 2014	Additions	Reversal for disposals / adjustments	As at 31 March 2015	As at 1 April 2015	Additions	Reversal for disposals / adjustments	As at 31 March 2016
Software	298	3,400	—	3,698	3,698	4,921	—	8,619
Total	298	3,400	—	3,698	3,698	4,921	—	8,619

Net Block			
Description	As at 31 March 2015		As at 31 March 2016
Software	13,302		14,381
Total	13,302		14,381



Notes to the Financial Statements (Contd.)

(Amount in Indian Rupees)

2.10 NON-CURRENT INVESTMENTS

Particulars		As at 31 March 2016	As at 31 March 2015
(A)	Investments in Equity Instruments - Unquoted		
	Indocount Securities Limited 427,000 (previous year 427,000) equity shares of Rs. 10 fully paid up	4,270,000	4,270,000
	Hindustan Breweries & Bottling Limited 25,000 (previous year 25,000) equity shares of Rs. 10 fully paid up	251,250	251,250
	Shiva Services Limited 10,000 (previous year 10,000) equity shares of Rs. 10 fully paid up	100,000	100,000
		4,621,250	4,621,250
	Less : Provision for diminution in value of investment	1,745,620	1,745,620
	TOTAL VALUE OF UNQUOTED EQUITY SHARES	2,875,630	2,875,630
(B)	Investments in Equity Instruments - Quoted		
	Ajanta Pharma Limited 420 (previous year 187) equity shares of Rs. 2 fully paid up	590,595	230,672
	Avonmore Capital & Management Services Limited 10 (previous year 10) equity shares of Rs.10 fully paid up	380	380
	EIH Associated Hotel Limited 1 (previous year 1) equity shares of Rs. 10 fully paid up	153	153
	Greenply Industries Limited Nil (previous year 100) equity shares of Rs. 5 fully paid up	—	100,593
	Hindustan Zinc Limited 500 (previous year 500) equity shares of Rs. 2 fully paid up	70,557	70,557
	Indo Count Industries Limited 307004 (previous year 307004) equity shares of Rs. 10 fully paid up	5,309,220	5,309,220
	Infrastructure Development Finance Company Limited Nil (previous year 500) equity shares of Rs. 10 fully paid up	—	85,251
	James Warren Tea Limited * 3 (previous year 3) equity shares of Rs. 10 fully paid up	—	—
	Jindal Stainless Limited 1000 (previous year Nil) equity shares of Rs. 2 fully paid up	30,521	—
	KPR Mill Limited 100 (previous year 100) equity shares of Rs. 10 fully paid up	50,146	50,146
	Larsen & Tubro Limited 150 (previous year Nil) equity shares of Rs. 2 fully paid up	270,102	—
	Prime Urban Development India Limited (Formerly Prime Textile Limited) 200 (previous year 200) equity shares of Rs. 2 fully paid up	12,195	12,195
	Sintex Industries Limited Nil (previous year 1000) equity shares of Rs. 1 fully paid up	—	129,555
	Indian Hotels Company Limited 2 (previous year 2) equity shares of Rs. 1 fully paid up	128	128
	Welspun India Limited 98190 (previous year Nil) equity shares of Rs. 1 fully paid up	6,771,533	—
	Warren Tea Limited ** 3 (previous year 3) equity shares of Rs. 10 fully paid up	—	—
		13,105,530	5,988,850
	Less : Provision for diminution in value of investment	—	—
	TOTAL VALUE OF QUOTED EQUITY SHARES	13,105,530	5,988,850

* Issued on demerger

** Bonus shares



Notes to the Financial Statements (Contd.)

(Amount in Indian Rupees)

2.10 NON-CURRENT INVESTMENTS (Contd.)

Particulars		As at 31 March 2016	As at 31 March 2015
(C)	Investments in Debentures & Bonds		
	Housing and Urban Development Corporation Limited 200 (previous year 200) bonds of Rs. 1000 each	200,000	200,000
	Indian Railway Finance Corporation Limited 1,000 (previous year 1,000) bonds of Rs. 1,000 each	1,000,000	1,000,000
	India Infoline Finance Limited 500 (previous year 500) bonds of Rs. 1000 each	486,905	486,905
	National Highway Authority of India 1,000 (previous year 1,000) bonds of Rs. 1,000 each	1,000,000	1,000,000
	Shriram Transport Finance Company Limited 510 (previous year 510) bonds of Rs. 1,000 each	510,000	510,000
	TOTAL VALUE OF DEBENTURES & BONDS	3,196,905	3,196,905
(D)	Investments in Mutual Funds		
	Axis Bank Mutual Fund	500,000	500,000
	HDFC Mutual Fund	1,745,065	1,656,178
	IDFC Mutual Fund	750,000	750,000
	LIC Mutual Fund	92,301	6,999,900
	SBI Mutual Fund	6,719,600	6,419,600
	SBI Magnum Income Fund	300,000	300,000
	TOTAL VALUE OF MUTUAL FUND UNITS	10,106,966	16,625,678
(E)	Investments in Immovable Property		
	Land at Vrindavan	1,614,650	—
		1,614,650	—
	TOTAL VALUE OF INVESTMENTS (A)+(B)+(C)+(D)+(E)	30,899,681	28,687,063
	Aggregate book value of quoted investments (net of provision for diminution in the value of investment)	26,409,401	25,811,433
	Market value of quoted investments	322,414,577	135,646,595
	Aggregate book value of unquoted investments (net of provision for diminution in the value of investment)	2,875,630	2,875,630
	Aggregate provision in the value of investments	1,745,620	1,745,620



MARGO FINANCE LIMITED

Notes to the Financial Statements (Contd.)

(Amount in Indian Rupees)

2.11 LOANS & ADVANCES — LONG TERM

Particulars	As at 31 March 2016	As at 31 March 2015
Security deposits - Unsecured considered good	200,000	290,000
Loans & Advances - considered good	—	20,800
Others	—	—
	200,000	310,800
Aggregate balance of loans and advances to related parties, unsecured - considered good	—	—

2.12 TRADE RECEIVABLES

Particulars	As at 31 March 2016	As at 31 March 2015
Debts		
Unsecured, considered doubtful	15,299	15,299
Other debts - considered good		
Unsecured	226,186	123,189
Debts due from related parties, unsecured	—	—
	241,485	138,488
Less : Provision for doubtful debts	15,299	15,299
	226,186	123,189

2.13 CASH & BANK BALANCES

Particulars	As at 31 March 2016	As at 31 March 2015
CASH & CASH EQUIVALENTS		
Cash in hand	58,905	173,445
Cheques / drafts in hand	—	7,400
Balance with banks in		
Current accounts *	11,610	148,222
Other Deposit with Banks **	18,010,145	18,376,384
	18,080,660	18,705,451
* Details of Balance in Current accounts :		
Canara Bank Limited	6,315	8,190
Karnataka Bank Limited	5,295	140,032
	11,610	148,222
** Details of Deposits having maturity period of :		
(a) less than 12 months	5,478,439	11,259,035
(b) between 12 months to 36 months	12,531,706	7,117,349
(c) more than 36 months	Nil	Nil



Notes to the Financial Statements (Contd.)

(Amount in Indian Rupees)

2.14 LOANS & ADVANCES - SHORT TERM

Particulars	As at 31 March 2016	As at 31 March 2015
Loans & advances		
— Unsecured considered good	531,090	730,364
Loans to employees	71,000	31,000
Advance for Capital Asset	—	812,500
Prepaid expenses	9,488	11,387
Mat credit available	9,530	9,530
Advance income-tax / Income Tax Refundable	429,868	194,982
	1,050,976	1,789,763
Less : Provision for doubtful loans and advances	—	—
	1,050,976	1,789,763
Aggregate balance of loans and advances to related parties, unsecured - considered good	—	—

2.15 OTHER CURRENT ASSETS

Particulars	As at 31 March 2016	As at 31 March 2015
Unsecured considered good, unless otherwise stated		
Interest accrued on fixed deposits	2,360,181	2,820,795
Interest accrued on investments	141,800	144,300
Interest accrued on loans & advances	—	3,617
Other advances	6,854,979	6,854,979
	9,356,960	9,823,691
Less : Provision for doubtful other assets	6,854,979	6,854,979
	2,501,981	2,968,712
Aggregate balance interest receivable from related parties	—	—



MARGO FINANCE LIMITED

Notes to the Financial Statements (Contd.)

(Amount in Indian Rupees)

2.16 REVENUE FROM OPERATIONS

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Interest & Finance Charges received	2,272,042	2,136,416
Other Operating Income *	87,305	184,946
Revenue from operations (Gross)	2,359,347	2,321,362
* Other Operating Income		
Miscellaneous Income	83,456	5,378
Excess Provision on Standard Assets reversed	1,887	35,426
Excess Provision on Non Performing Assets reversed	1,962	144,142
	87,305	184,946

2.17 OTHER INCOME

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Dividend income from current/long-term Investments	533,675	102,352
Interest on Investments	297,698	330,010
Liabilities no longer payable written off	6,067	—
Net gain on sale of investments	184,206	46,953
Commission & Brokerage Income	247,500	—
	1,269,146	479,315

2.18 EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Salaries, Wages and Bonus *	1,311,959	960,436
Employer's Contribution to provident and other fund	48,973	26,526
Retirement Benefits	135,758	44,912
Staff Welfare Expense	31,092	22,121
	1,527,782	1,053,995
* Including managerial remuneration		

2.19 FINANCE COST

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Interest paid	79,487	48,007
	79,487	48,007



Notes to the Financial Statements (Contd.)

(Amount in Indian Rupees)

2.20 DEPRECIATION & AMORTISATION EXPENSES

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Depreciation on tangible assets	134,861	201,523
Amortization of intangible assets	4,921	3,400
	139,782	204,923

2.21 OTHER EXPENSES

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Advertisement & Publicity	38,640	40,978
Bad Debts written off	6,463	102,185
Rent	172,282	471,000
Rates, Taxes & Fee	15,601	42,728
Donation	5,100	—
Director Sitting Fees	57,000	26,000
Professional Charges paid	326,459	220,489
Insurance Expense	10,633	14,184
Conveyance Expenses	45,465	65,325
Share Transfer Charges	37,663	40,506
Printing & Stationary	206,669	149,151
Repair & Maintenance		
– Vehicles	28,649	31,999
– Others	31,991	55,608
Electricity Expenses	14,590	52,220
Communication Expense	219,218	258,917
Fine & Penalty	102,707	—
Miscellaneous Expense	267,591	184,552
	1,586,721	1,755,842
Less : Recovery of expenses	8,670	312,000
	1,578,051	1,443,842
Professional Charges paid include payment to auditors		
Audit fee	50,000	50,000
Certification & Limited Review	67,200	65,250
Taxation matters	—	10,000
Others	4,000	4,000
For reimbursement of expenses (including service tax)	16,985	15,975
	138,185	145,225



MARGO FINANCE LIMITED

Notes to the Financial Statements (Contd.)

(Amount in Indian Rupees)

2.22 EARNING PER SHARE

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Profit/(Loss) for calculation of EPS (Rs.)	303,391	(49,956)
Weighted No. of Equity Shares	4,570,000	4,570,000
Basic/Diluted EPS (Rs.)	0.07	(0.01)

2.23 CONTINGENT LIABILITIES & COMMITMENTS

Particulars	As at 31 March 2016	As at 31 March 2015
i) Contingent Liabilities	—	—
ii) Capital Commitments (Net of advances)	—	812,500

2.24 TRANSACTIONS WITH RELATED PARTIES

List of parties with whom transactions have taken place during the year :

- 1) **Entities under common control**
 - a) Indo Count Industries Limited
 - b) Rini Investment & Finance Private Limited
 - c) Indocount Securities Limited
 - d) Pranvadiya Spinning Mills Limited
 - e) Skyrise Properties Private Limited
 - f) Slab Properties Private Limited
 - g) Commet Impex Private Limited
- 2) **Key Managerial Personnel**
 - a) Ms. Rekha Tukaram Bolkar Managing Director (w.e.f 11.02.2015)
 - b) Mr. Shri Dass Maheshwari Chief Financial Officer
 - c) Ms. Jyotsna Jindal Company Secretary (w.e.f 13.11.2014)
 - d) Ms. Kiran Company Secretary (up to 09.10.2014)
- 3) **Relative of Key Managerial Personnel**
 - a) Saurabh Maheshwari

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MARGO FINANCE LIMITED

Notes to the Financial Statements (Contd.)

(Amount in Indian Rupees)

2.24 TRANSACTIONS WITH RELATED PARTIES (Continued)

Transactions during the year with related parties

Nature of Transactions	Entities under Common control (1)	Key Managerial Personnel / Relatives of KMP (2) & (3)	Year ended 31 March 2016 (Rs.)	Year ended 31 March 2015 (Rs.)
Current Liabilities				
Indo Count Industries Limited				
i) Opening Balance	—	—	—	(133,847)
ii) Expenses paid on behalf of company (Net)	—	—	—	—
iii) Amount received during the year	63,030	—	63,030	(397,307)
iv) Amount paid during the year	63,030	—	63,030	—
v) Expenses Debited	—	—	—	263,460
vi) Balance as on 31-3-2016	—	—	—	—
Interest payable				
i) Slab Properties Private Limited	—	—	—	22,621
Loans granted				
Rini Investment & Finance Private Limited				
i) Opening Balance	—	—	—	—
ii) Given during the year	—	—	—	450,000
iii) Returned during the year	—	—	—	450,000
iv) Balance as on 31-3-2016	—	—	—	—
Skyrise Properties Private Limited				
i) Opening Balance	—	—	—	—
ii) Given during the year	—	—	—	600,000
iii) Returned during the year	—	—	—	600,000
iv) Balance as on 31-3-2016	—	—	—	—
Slab Properties Private Limited				
i) Opening Balance	—	—	—	—
ii) Given during the year	—	—	—	600,000
iii) Returned during the year	—	—	—	600,000
iv) Balance as on 31-3-2016	—	—	—	—
Indocount Securities Limited				
i) Opening Balance	—	—	—	—
ii) Given during the year	—	—	—	150,000
iii) Returned during the year	—	—	—	150,000
iv) Balance as on 31-3-2016	—	—	—	—
Investments				
Indocount Securities Limited	4,270,000	—	4,270,000	4,270,000
Indo Count Industries Limited	70,557	—	70,557	70,557
Deposit for confirmation of Directors				
Commet Impex Private Limited				
i) Opening Balance	—	—	—	—
ii) Received during the year	100,000	—	100,000	100,000
iii) Returned during the year	100,000	—	100,000	100,000
iv) Balance as on 31-3-2016	—	—	—	—
Skyrise Properties Private Limited				
i) Opening Balance	—	—	—	—
ii) Received during the year	100,000	—	100,000	—
iii) Returned during the year	100,000	—	100,000	—
iv) Balance as on 31-3-2016	—	—	—	—
Slab Properties Private Limited				
i) Opening Balance	100,000	—	100,000	—
ii) Received during the year	100,000	—	100,000	100,000
iii) Returned during the year	200,000	—	200,000	—
iv) Balance as on 31-3-2016	—	—	—	100,000



MARGO FINANCE LIMITED

Notes to the Financial Statements (Contd.)

(Amount in Indian Rupees)

2.24 TRANSACTIONS WITH RELATED PARTIES (Continued)

Transactions during the year with related parties (Continued)

Nature of Transactions	Entities under Common control (1)	Key Managerial Personnel / Relatives of KMP (2) & (3)	Year ended 31 March 2016 (Rs.)	Year ended 31 March 2015 (Rs.)
Current Asset				
Interest Receivable				
i) Rini Investment & Finance Private Limited	—	—	—	3,617
Expenditure				
i) Remuneration to Key Managerial Personnel				
Ms. Rekha Tukaram Bolkar	—	266,581	266,581	35,364
Mr. S.D. Maheshwari	—	339,955	339,955	301,495
Ms. Jyotsna Jindal	—	252,837	252,837	95,806
Ms. Kiran	—	—	—	123,822
ii) Reimbursement of Expenses to Relative of Key Managerial Persons				
Mr. Saurabh Maheswari	—	4,100	4,100	27,600
Income				
i) Rent & Expenses recovered				
Indo Count Industries Limited	1,996	—	1,996	286,800
Pranavaditya Spinning Mills Limited	6,300	—	6,300	25,200
ii) Interest received				
Rini Investment & Finance Private Limited	—	—	—	3,617

2.25 DEFERRED TAX ASSETS / LIABILITIES

Particulars	As at 31 March 2016	As at 31 March 2015
Deferred tax asset		
Provision for Doubtful Advances	2,118,189	2,118,189
Provision for Retirement Benefits	22,581	—
Provision for Doubtful Debts	4,727	4,727
Contingent Provision on Standard Assets	—	11,530
Provision for diminution in investments	539,397	539,397
Gross deferred tax asset	2,684,894	2,673,843
Deferred tax liability		
Difference in the written down value of fixed assets as per the companies act and the income tax act	(33,982)	(27,328)
Gross deferred tax liability	(33,982)	(27,328)
Net deferred tax asset / (liability) *	2,718,876	2,701,171

* In compliance of the Accounting Standard 22 issued by the Institute of Chartered Accountants of India, the company has not made provision for net deferred tax assets.



Notes to the Financial Statements (Contd.)

(Amount in Indian Rupees)

2.26 Employee Benefits as per Accounting Standard 15

As per the defined benefit gratuity plan of the company covering eligible employees in accordance with the payment of gratuity Act, 1972, every employee who completes five year of service gets gratuity on departure at 15 days salary (last drawn) for each year of completed service.

i) Present value of the defined benefit obligation :

Particulars	Gratuity	
	31 March 2016	31 March 2015
Opening defined benefit obligation	42,137	—
Interest cost	15,397	—
Current service cost	42,747	42,137
Benefits paid	—	—
Prior Period Charges	239,477	—
Actuarial (gain) / loss on obligation	2,460	—
Closing defined benefit obligation	342,218	42,137

ii) Fair value of plan assets

Particulars	Gratuity	
	31 March 2016	31 March 2015
Opening fair value of plan assets	191,411	135,237
Expected return	11,920	—
Contributions by employer	19,787	43,992
Benefits paid	—	—
Actuarial gain / (losses)	4,067	12,182
Closing fair value of plan assets	227,185	191,411

iii) Provisions for gratuity

Particulars	Gratuity	
	31 March 2016	31 March 2015
Defined benefit obligation	342,218	42,137
Charged to profit & loss account	—	—
Fair value of plan assets	227,185	191,411
Less : Unrecognised past service cost	—	—
Plan Liability / (Asset) *	115,033	—

* The liability is yet to be funded.



MARGO FINANCE LIMITED

Notes to the Financial Statements (Contd.)

(Amount in Indian Rupees)

2.27 Others

Particulars	As at 31 March 2016	As at 31 March 2015
i) As the Company's business activities fall under a single business segment and geographical segment, there are no additional disclosure to be provided under Accounting Standard 17 'Segment Reporting' other than those already provided in the financial statements.		
ii) In the opinion of the management, the Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business.		
iii) Paise have been rounded off to nearest rupee.		
iv) Debit & Credit balances are subject to confirmation.		
v) Previous Year's figures have been regrouped and / or rearranged.		
vi) Additional Information	Nil	Nil

As per our report attached

For AVK & ASSOCIATES
Chartered Accountants
Firm Registration No. : 002638N

Place: Mumbai
Dated: 2nd May 2016

PARUL GUPTA
Partner
Membership No. : 095539

For and on behalf of the Board of **Margo Finance Limited**
REKHA TUKARAM BOLKAR
Managing Director
DIN : 06446020

Place: Mumbai
Dated: 2nd May, 2016

SHRI DASS MAHESHWARI
Chief Financial Officer
PAN : AAAPM1904D

Place: Mumbai
Dated: 2nd May 2016

ANIL KUMAR JAIN
Chairman
DIN : 00086106
Place: Mumbai
Dated : 2nd May 2016

JYOTSNA JINDAL
Company Secretary
ACS : 37276
Place: Mumbai
Dated: 2nd May 2016



Rs. in lakhs)

Particulars			
Break-up of Investments : (Contd...)			
Long Term Investments :			
(1) Quoted :			
(i) Shares : (a) Equity			131.06
(b) Preference			—
(ii) Debentures and Bonds			31.97
(iii) Units of mutual funds			101.07
(iv) Government Securities			—
(v) Others (please specify)			—
(2) Unquoted :			
(i) Shares : (a) Equity			46.21
(b) Preference			—
(ii) Debentures and Bonds			—
(iii) Units of mutual funds			—
(iv) Government Securities			—
(v) Others (please specify)			—
Investment in Immovable Property			16.15
Total			326.46
(5) Borrower group-wise classification of assets financed as in (2) and (3) above :			
Category	Amount net of provisions		
	Secured	Unsecured	Total
(1) Related Parties **			
(a) Subsidiaries	—	—	—
(b) Companies in the same group	—	—	—
(c) Other related parties	—	—	—
(2) Other than related parties	—	12.51	12.51
Total		12.51	12.51
(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :			
Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	
(1) Related Parties **			
(a) Subsidiaries	—		—
(b) Companies in the same group	3,036.97		78.34
(c) Other related parties	—		—
(2) Other than related parties	251.27		214.51
Total	3,288.24		292.85

** As per Accounting Standard of ICAI

(7) Other information		
Particulars		Amount
(i) Gross Non-Performing Assets		
(a) Related Parties		—
(b) Other than related parties		0.01
(ii) Net Non-Performing Assets		
(a) Related Parties		—
(b) Other than related parties		0.01
(iii) Assets acquired in satisfaction of debt		—