

**21st  
ANNUAL REPORT  
2011 - 2012**



**MARGO FINANCE LIMITED**



## MARGO FINANCE LIMITED

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<b>Board of Directors</b>	Shri Anil Kumar Jain Shri Govind Prasad Agrawal Shri Sushil Kumar Agrawal Shri Pradeep Kantilal Shah	Chairman Director Director Director
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<b>Auditors</b>	M/s. AVK & Associates, Chartered Accountants
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<b>Bankers</b>	Karnataka Bank Limited
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<b>Registered Office</b>	Village Alte, Taluka : Hatkanangale, Dist. Kolhapur - 416 109 Maharashtra
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<b>Head Office</b>	301 "ARCADIA" Nariman Point, Mumbai - 400 021 Maharashtra
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<b>Corporate Office</b>	506, Pragati Tower, 26, Rajendra Place, New Delhi - 110 008
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## MARGO FINANCE LIMITED

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### NOTICE

NOTICE is hereby given that 21st Annual General Meeting of the shareholders of MARGO FINANCE LIMITED will be held on Saturday, the 25th August, 2012 at 11.00 A.M. at the Registered Office of the Company i.e. at Village Alte, Taluka : Hatkanangale, Dist. Kolhapur – 416 109, Maharashtra to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, the Profit and Loss Account for the year ended on that date and the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Pradeep Kantilal Shah, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint auditors and fix their remuneration.

By Order of the Board  
For **MARGO FINANCE LIMITED**

Place : Mumbai  
Date : 25th May, 2012

**ANIL KUMAR JAIN**  
CHAIRMAN

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#### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Register of members and the share transfer books of the company will remain closed from 17.08.2012 to 25.08.2012 (both days inclusive)
3. Members are requested to :
  - i) Intimate immediately, changes, if any, in their registered addresses.
  - ii) Quote ledger folio No./DP ID/Client ID No. in all their correspondence to the Company's Registrar & Share Transfer Agent.
  - iii) Intimate about consolidation of folios, if shareholdings are under multiple folios.
  - iv) Members/proxies should bring the attendance slip duly filled in for attending the aforesaid meeting.
  - v) Members are requested to send their queries, if any, at least 14 days in advance of the meeting addressed to Margo Finance Limited at 506, Pragati Tower, 26, Rajendra Place, New Delhi-110 008 so that information can be made available at the meeting.
  - vi) Trading in Equity Shares of the Company are compulsorily in de-mat w.e.f. 26.03.2001.
  - vii) This is with reference to the compliance of Ministry of Corporate Affairs with regard to "green initiative" in the corporate governance, we hereby request you to update your E-mail ID with your Depository Participant so that the Company may be able to post the Annual Reports etc. on your E-mail Address.

By Order of the Board  
For **MARGO FINANCE LIMITED**

Place : Mumbai  
Date : 25th May, 2012

**ANIL KUMAR JAIN**  
CHAIRMAN

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## MARGO FINANCE LIMITED

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### ADDITIONAL INFORMATION

**Brief Profile of Shri Pradeep Kantilal Shah, who retires by rotation, and is eligible for re-appointment :**

Shri Pradeep Kantilal Shah is B.Com., PGDMB and has a rich experience of over 42 years in the area of General Insurance.

**Outside Directorship :**

No directorship in any other Company.

By Order of the Board  
For **MARGO FINANCE LIMITED**

**ANIL KUMAR JAIN**  
CHAIRMAN

Place : Mumbai  
Date : 25th May, 2012



## DIRECTORS' REPORT

Your Directors present their 21st ANNUAL REPORT along with the Audited Accounts for the year ended 31st March, 2012.

### FINANCIAL RESULTS :

The Financial Results for the year ended on 31st March, 2012 are as under :

Particulars	2011-12 (Rs. in lacs)	2010-11 (Rs. in lacs)
Total Income	32.00	28.80
Gross Profit Before Depreciation	13.54	9.76
Less : Depreciation	1.39	0.93
Profit Before Tax, Exceptional & Extraordinary Items	12.15	8.83
Add : Exceptional Items	1.50	1.50
Less : Extraordinary Items	—	—
Less : Provision for Taxation	2.70	1.82
Net Profit After Tax	10.95	8.51
Add : Profit brought forward from Previous year	75.79	68.98
Less : Appropriations	—	—
Less : Amount Transferred to Special Reserve	2.19	1.70
Balance carried to Balance Sheet	84.55	75.79

### OPERATIONS :

The Company has earned a Net Profit of Rs. 10.95 lacs during the year under review against the Net Profit of Rs. 8.51 lacs in the Previous Year. Company is looking for an opportunity to make a suitable expansion / diversification.

### DIVIDEND :

Due to inadequate profits the Board of Directors do not recommend any dividend for the year.

### DEPOSITS :

The Company has not accepted any fixed deposits from the Public.

### DIRECTORS :

In accordance with the provisions of Companies Act, 1956, Shri Pradeep Kantilal Shah, Director of the Company, retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

### AUDITORS :

The Auditors, M/s AVK & Associates, Chartered Accountants, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished a certificate to the effect under Section 224 (1-B) of the Companies Act, 1956.

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.



## MARGO FINANCE LIMITED

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### **PERSONNEL :**

Particulars of employees in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, are not given, as none of the employees qualify for such disclosure.

### **DISCLOSURE :**

Being a Non-Banking Financial Company, inclusion of particulars with respect to conservation of energy and technology absorption as required under Companies (Disclosure of Particulars in the Report of Directors) Rules, 1998 is not required.

### **CORPORATE GOVERNANCE :**

The Corporate Governance Report together with a Certificate from a Practicing Company Secretary *confirming compliance of guidelines* is made part of this Report as per Clause 49 of the Listing Agreement entered into with the Stock Exchange(s).

### **DIRECTORS' RESPONSIBILITY STATEMENT :**

#### **Your Directors confirm :**

- a) that in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2012 and of the Profit of the Company for that year.
- c) that the Directors had taken proper and sufficient care for maintenance of adequate accounting records for the year ended 31st March, 2012 in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities.
- d) that the Directors had prepared the Annual Accounts ended 31st March, 2012 on a "going concern" basis.

### **ACKNOWLEDGEMENTS :**

Your Directors place on record their appreciation of the support made by the employees at all levels, Bankers, Shareholders and Customers of the Company.

On behalf of Board of Directors  
For **MARGO FINANCE LIMITED**

Place : Mumbai  
Date : 25th May, 2012

**ANIL KUMAR JAIN**  
CHAIRMAN



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## **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 Nationalised 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 hope 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 system 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.

### **CAUTIONERY STATEMENT**

Statement in this Management Discussion describing the Company's objectives, estimates, 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, economic development within India.



## CORPORATE GOVERNANCE REPORT

### 1. Company's Philosophy

The Management of the Company recognizes the importance of Corporate Governance for better transparency as well protection of Shareholder's interest.

### 2. Board of Directors

The Board of Directors of the Company comprises of all Non-Executive Directors headed by Non-Executive Chairman. The present strength of the board is 4 (Four) and out of which 3 (Three) are independent Directors. The Independent Directors do not have any material pecuniary relationship or transactions with the company, promoters, management which may affect their judgements in any manner. The Board meets at least once in a quarter to consider amongst other matters, the quarterly audited / unaudited financial results of the Company.

Sr. No.	Name	Category	No. of Directorship in other Public Ltd. Companies	No. of Membership in other Board Committees
1.	Shri Anil Kumar Jain	Non-Executive Chairman	4	4 Chairmanship 2 Membership
2.	Shri Govind Prasad Agrawal	Non-Executive Director, Independent	4	1 Chairmanship 3 Membership
3.	Shri Sushil Kumar Agrawal	Non-Executive Director, Independent	1	1 Chairmanship 3 Membership
4.	Shri Pradeep Kantilal Shah	Non-Executive Director, Independent	NIL	NIL

During the year under review, 4 Board Meetings were held on 17th May, 2011, 12th August, 2011, 9th November, 2011 and 10th February, 2012. The gap between the two meetings was not more than 4 months. The last Annual General Meeting was held on 2nd August, 2011.

The attendance of the individual directors in the aforesaid meetings was as follows :

Name of Director	Category	Meeting Date & Attendance			
		17.05.2011	12.08.2011	09.11.2011	10.02.2012
Shri Anil Kumar Jain	Chairman	✓	✓	✓	X
Shri Govind Prasad Agrawal	Director	X	X	X	X
Shri Sushil Kumar Agrawal	Director	✓	✓	✓	✓
Shri Pradeep Kantilal Shah	Director	✓	✓	✓	✓

### 3. Re-appointment of Directors

Shri Pradeep Kantilal Shah is B. Com., PGDMB and has a rich experience of over 42 years in the area of General Insurance.

Shri Pradeep Kantilal Shah will hold office until conclusion of the ensuing annual general meeting, subject to however, being eligible for re-appointment.





**4. Remuneration of Directors**

Name	Category	Sitting Fees (Rs.)
Shri Anil Kumar Jain	Chairman	3000
Shri Govind Prasad Agrawal	Director	—
Shri Sushil Kumar Agrawal	Director	4000
Shri Pradeep Kantilal Shah	Director	4000

**5. Audit Committee**

The Audit Committee was formed in accordance with the requirements of Clause 49 of the Listing Agreement. The broad terms of reference of the Audit Committee are :

- a) To review the overall financial reporting process and disclosure of financial information.
- b) To review the annual accounting / financial statements, policies and practice.
- c) To appraise the adequacy of proper internal control and internal audit systems.
- d) To review the Company's financials and risk management policies.
- e) To recommend the appointment and removal of external Auditors and fixation of audit fees.
- f) To approve payment to Statutory Auditor for any other services rendered by them.
- g) To review with the management, the quarterly financial statements before submission to the Board of Directors.

The Audit Committee comprises of three Non Executive Independent Directors. Shri Sushil Kumar Agrawal, Shri Pradeep Kantilal Shah and Shri Govind Prasad Agrawal.

The quorum for the Audit Committee meeting is 1/3 of the total strength or 2 whichever is higher. The terms of reference of the Audit Committee are in line with Stock Exchange Listing Agreement and provisions of Section 292 A of the Companies Act, 1956.

During the Financial year 2011-2012, the Audit Committee meetings were held 4 times i.e. on 17th May, 2011, 12th August, 2011, 9th November, 2011 and 10th February, 2012. The gap between the two meetings was not more than 4 months.

All the Audit Committee meetings were attended by Shri Sushil Kumar Agrawal and Shri Pradeep Kantilal Shah. Shri Sushil Kumar Agrawal, Chairman of the Audit Committee, was present at the Annual General Meeting of the Company to answer the shareholders queries.

**6. Share Transfer and Share Holders' Grievance Committee**

At present the Share Transfer and Share Holders / Investor grievances committee comprises of Shri Anil Kumar Jain, Shri Govind Prasad Agrawal, Shri Sushil Kumar Agrawal and Shri Pradeep Kantilal Shah. The Chairman is elected amongst members of the Committee. Quorum of the Committee Meeting is two Directors.

During the year under review 8 Share transfer and share holders / Investor grievance committee meetings were held. Gap between two meetings was more than statutory period of 14 days in the absence of transactions and the same was being conducted on as and when required basis.

The various issues addressed in connection with Shareholders and Investor services & grievance are :

- a) **Share transfer :**
  - i) Approve and effect transfer and transmission of shares.
  - ii) Issue of new Share Certificates in lieu of lost / mutilated share certificates.



## MARGO FINANCE LIMITED

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iii) Consolidation of folios / transposition of names.

b) **Shareholders / Investors complaints :**

- i) Non receipt of shares after transfer / transmission.
- ii) Non receipt of Annual Report.
- iii) Other matters including change of address etc.

The minutes of the committee are placed in the subsequent board meeting held after the committee meeting. The Compliance Officer of the Company attends every meeting and closely supervises the shareholders grievances and coordinates with the regulatory Authorities and other agencies.

### 7. Disclosure

Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large.

There is no material transaction with any related party which may have potential conflict with the interests of the Company at large. However, the Company has annexed to the accounts, a list of related parties as per Accounting Standard 18 and the transactions entered into with them.

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

Neither any non-compliance with any of the legal provisions of law has been made by the Company nor has any penalty, stricture been imposed by the Stock Exchange(s) or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

### 8. Remuneration Committee

The Board has not constituted any remuneration Committee.

### 9. Compliance

The Company has complied with the requirement of Stock Exchanges, SEBI and other Statutory authorities during the preceding financial year on all matters related to Capital Market and no penalty / strictures, have been imposed on the Company.

### 10. Means of Communication

Quarterly Results are faxed / couriered to the Stock Exchanges immediately after the Board Meeting as required under the listing agreement. Quarterly Results are also published in English / Marathi Newspapers.

The Annual Report is posted to every shareholder of the Company.

Management Discussion & Analysis Report forms part of this Annual Report.

## GENERAL SHAREHOLDER'S INFORMATION

	Day	Date	Time	Venue
<b>Annual General Meeting :</b>	Saturday,	the 25th August, 2012	11.00 A.M.	Village Alte, Taluka : Hatkanangale, Dist. Kolhapur - 416 109 (Maharashtra)
<b>Financial Year</b>	:	31st March, 2012		
<b>Book Closure Dates</b>	:	17th August, 2012 to 25th August, 2012	(Both days inclusive)	



## MARGO FINANCE LIMITED

### Date, Time & Venue of the last three AGMs :

Financial Year Ended	Date	Time	Venue	Special Resolution Passed. If any	Dividend Payment Details
31.03.2011	02.08.2011	11.00 p.m.	Village Alte, Taluka : Hatkanangale, Dist. Kolhapur - 416 109	No	N.A.
31.03.2010	31.07.2010	12.45 p.m.	Village Alte, Taluka : Hatkanangaie, Dist. Kolhapur - 416 109	No	N.A.
31.03.2009	29.09.2009	11.00 a.m.	Village Alte, Taluka : Hatkanangaie, Dist. Kolhapur - 416 109	No	N.A.

No special resolution was passed and no item was considered for adoption by postal ballot in the preceding three Annual General Meetings of the Company.

**Listing on Stock Exchanges :** The Stock Exchange, Mumbai  
25th Floor, Phiroze Jeebhoy Towers  
Dalal Street, Mumbai - 400 001  
Stock Code : 500206

**Depositories :** The National Securities Depository Ltd.,  
4th floor, 'A' Wing, Trade World,  
Kamala Mills Compound,  
Senapati Bapat Marg,  
Lower Parel, Mumbai - 400 013  
Central Depositories Services (India) Ltd.  
Phiroze Jeebhoy Towers  
17th floor, Dalal Street  
Mumbai - 400 001

**Registrar & Share Transfer Agent's and Address for Correspondence :** Link Intime India Pvt. Ltd.,  
A-40, 2nd Floor, Near Batra Banquet Hall,  
Naraina Industrial Area, Phase - II,  
New Delhi - 110 028.  
Telephone No. 011-41410592 to 594  
Fax No. 011 - 41410591  
E-mail : delhi@linkintime.co.in

**MARGO FINANCE LIMITED**

Stock price data for the period from 1st April, 2011 to 31st March, 2012 at Bombay Stock Exchange :

Month	High (Rs.)	Low (Rs.)	Volume
April 2011	3.30	3.00	45242
May 2011	4.18	3.46	5944
June 2011	4.18	3.48	3578
July 2011	4.77	3.09	11032
August 2011	5.69	4.54	2497
September 2011	5.14	4.85	3
October 2011	5.30	5.00	899
November 2011	4.76	4.76	1045
December 2011	4.99	4.52	404
January 2012	4.52	3.19	16177
February 2012	3.41	3.00	19170
March 2012	5.02	3.24	154

Distribution of shareholding as on 31st March, 2012 :

No. of Equity Shares	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Share Holding
1 - 500	9321	95.54	1480519	32.40
501 - 1000	294	3.02	239977	5.25
1001 - 2000	85	0.87	123164	2.69
2001 - 3000	12	0.12	29963	0.66
3001 - 4000	6	0.06	20945	0.46
4001 - 5000	7	0.07	32723	0.72
5001 - 10000	9	0.09	60935	1.33
Above 10000	22	0.23	2581774	56.49
	9756	100.00	4570000	100.00



Shareholding pattern as on 31st March, 2012 :

Category	No. of Equity Shares held	% of Shareholding
Promoters & Associates	24,21,827	52.944
Financial Institutions / Banks / Insurance Companies including Central / State Government Institutions	100	0.002
Mutual Funds and UTI	—	—
FIs	—	—
NRIs	2,032	0.044
Domestic Corporate Bodies	1,31,635	2.880
Indian Public	20,14,406	44.080
Total	45,70,000	100.000

**Dematerialisation of shares and liquidity :**

As per directive of SEBI the Equity Shares of the Company are compulsorily traded in dematerialized form with effect from 26.03.2001. The ISIN No. allotted for the shares of company is INE 680B01019. Requests for dematerialisation of shares are processed and confirmed within 15-20 days of receipt from NSDL and CDSL.

**Offices of the Company :**

The Company has offices at the following places :

**Registered Office :**

Village Alte, Taluka : Hatkanangale  
Dist. Kolhapur – 416 109  
Maharashtra

**Delhi Office :**

506, Pragati Tower,  
26, Rajendra Place  
New Delhi – 110 008

**Head Office :**

301, "Arcadia"  
Nariman Point  
Mumbai – 400 021

**Communication Address :**

Shri S. D. Maheshwari  
Manager  
506, Pragati Tower, 26, Rajendra Place  
New Delhi – 110 008



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**COMPLIANCE CERTIFICATE**

**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER  
CLAUSE 49 OF THE LISTING AGREEMENT**

**To the Shareholders of  
Margo Finance Limited**

We have examined the compliance of conditions of corporate governance by Margo Finance Limited for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement(s) of the said company with stock exchange(s) in India.

The compliance conditions of the Corporate Governance are the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company ensuring the compliance of the conditions of 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 explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement.

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 Secretaries

Place : New Delhi  
Dated : 25th May, 2012

**ASHU GUPTA**  
Proprietor  
C.P. No. 6646



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## AUDITORS' REPORT

**To the Members,  
Margo Finance Limited,**

We have audited the attached Balance Sheet of MARGO FINANCE LIMITED as at March 31, 2012, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in the said order.

Further to our comments in annexure referred to in paragraph 1 above :

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) 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 the said books.
- iii) The Balance Sheet, Cash Flow Statement and the Profit & Loss Account referred to in this report are in agreement with the books of account.
- iv) In our opinion the Balance Sheet, Cash Flow Statement and the Profit & Loss Account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v) In our opinion, and based on information and explanations given to us none of the directors are disqualified as on 31st March, 2012 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
  - a) In the case of Balance Sheet, of the State of affairs of the Company as at 31st March, 2012.
  - b) In the case of Profit & Loss Account, of the profit of the Company for the year ended on that date.
  - c) In the case of Cash Flow Statement of cash flows for the year ended on that date.

**For AVK & ASSOCIATES**  
Chartered Accountants

**Parul Gupta**  
Partner

Place : Delhi  
Dated : 30th May, 2012

FCA- 095539  
Firm Registration No. 002638N



## MARGO FINANCE LIMITED

### Annexure referred to in paragraph 1 of the Auditors' Report on the Accounts for the year ended 31st March, 2012.

- (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 regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year affecting the going concern assumption.
- (ii) There is no inventory except the stocks under finance agreement, therefore the clause no. (ii) (a), (b) and (c) of the order are not applicable to the company
- (iii) The company has not received unsecured loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 however the company has granted unsecured loans to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 details of which are furnished hereunder :
- a) Following are the particulars of unsecured loans granted by the company.

S. No.	Name of the Party	Opening Balance (Rs. in Lacs)	Loan granted (Rs. in Lacs)	Loan received (Rs. in Lacs)	Closing Balance (Rs. in Lacs)	Maximum Balance (Rs. in Lacs)
1.	Rini Investment & Finance Pvt. Ltd.	0.70	Nil	0.70	Nil	0.70
2.	Skyrise Properties Private Limited	118.00*	Nil	Nil	118.00*	118.00*

\* does not include Interest debited & recovered / recoverable

In our opinion, rate of interest and other terms and conditions on which the loans have been received and granted are not prima facie prejudicial to the interest of the company.

Parties to whom loans have been granted have repaid the principal amount as per stipulation, wherever applicable.

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information given to us, the company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975.





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- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) The provisions of Section 209(1)(d) of the Companies Act, 1956 regarding maintenance of cost records are not applicable to the company.
- (ix) (a) According to the records of the company, the company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, income Tax, Wealth Tax and other statutory dues applicable to it.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Investor Education and Protection Fund, Provident Fund, Employees' State Insurance, Service tax, Income tax were outstanding as at 31.03.2012 for a period of more than six months from the date they became payable.  
(c) According to the information and explanations given to us, the Company does not have any Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and cess which have not been deposited with the appropriate authority on account of any dispute.
- (x) The company does not have accumulated losses at the end of the financial year, the company has not incurred cash losses during the current financial year and the immediately preceding financial year.
- (xi) Based on our examination of documents and records maintained by the Company, the Company has not defaulted in payment of dues to Bank and financial institutions.
- (xii) Based on our examination of documents and records maintained by the company, we are of the opinion that since the company has not granted any loan and advance on the basis of security by way of pledge of shares, debentures and other securities, it is not required to maintain records in respect thereof.
- {xiii} In our opinion, the company is neither a chit fund nor nidhi/ mutual benefit fund/ society and hence clause 4 (xiii) of the Order is not applicable to the company.
- {xiv} Based on our examination of records, we are of the opinion that the company has maintained proper records of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other securities have been held by the company in its own name.
- {xv} Based on our examination of the records, we are of the opinion that the company has not given guarantee for loans taken by others from banks or financial institutions.
- {xvi} According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- {xvii} During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- {xviii} During the year the company had not issued any debentures.
- {xix} During the year no money was raised by public issue.
- {xx} According to the information and explanations given to us, we report no fraud on or by the company has been noticed or reported during the course of our audit.

For **AVK & ASSOCIATES**  
Chartered Accountants

**Parul Gupta**  
Partner

FCA- 095539

Firm Registration No. 002638N

Place : Delhi  
Dated : 30th May, 2012



## BALANCE SHEET

as at 31st March, 2012

(Amounts in Indian Rupees)

Particulars	Notes	As at 31 March 2012	As at 31 March 2011
<b>I. EQUITY AND LIABILITIES</b>			
1) Shareholders' funds			
a) Share capital	2.01	45,700,000	45,700,000
b) Reserves and surplus	2.02	15,668,867	14,573,897
2) Share application money pending allotment		—	—
3) Current liabilities			
a) Short-term borrowings	2.03	1,017,574	1,145,168
b) Trade payables	2.04	59,206	36,463
c) Other current liabilities	2.05	55,973	19,456
<b>TOTAL</b>		<b>62,501,620</b>	<b>61,474,984</b>
<b>II. ASSETS</b>			
1) Non-current assets			
a) Fixed assets			
(i) Tangible Assets	2.06	634,994	692,975
b) Non-current investments	2.07	32,641,581	33,711,861
c) Deferred tax assets (net)		—	—
d) Long-term loans and advances	2.08	14,854,316	13,679,668
e) Non-current trade receivables	2.09	—	—
f) Other non-current assets	2.10	11,996,776	—
2) Current assets			
a) Current investments	2.07	—	—
b) Inventories	2.11	35,644	191,664
c) Trade receivables	2.09	731,051	132,690
d) Cash and cash equivalents	2.12	188,815	84,763
e) Short-term loans and advances	2.08	350,378	1,171,533
f) Other current assets	2.10	1,068,065	11,809,830
<b>TOTAL</b>		<b>62,501,620</b>	<b>61,474,984</b>

Significant accounting policies

1

Notes to Accounts

2

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

As per our report attached

For **AVK & ASSOCIATES**  
Chartered Accountants

**PARUL GUPTA**  
Partner  
FCA — 095539  
Firm Registration No. 002638N

On Behalf of Board of Directors

**PRADEEP KANTIL SHAH**  
Director

**SUSHIL KUMAR AGRAWAL**  
Director

Place : Delhi  
Dated : 30th May, 2012

Place : Mumbai  
Dated : 25th May, 2012

Place : Mumbai  
Dated : 25th May, 2012



## STATEMENT OF PROFIT & LOSS

for the year ended 31st March, 2012

(Amounts in Indian Rupees)

Particulars	Notes	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>III. Income</b>			
I) Revenue from Operations	2.13	2,586,726	2,409,681
II) Other income	2.14	613,321	471,250
III) Total Revenue (I+II)		3,200,047	2,880,931
<b>IV. Expenses</b>			
Employee benefit expense	2.15	689,490	644,850
Finance Cost	2.16	29,570	26,624
Depreciation and amortisation expense	2.17	138,912	93,266
Other expenses	2.18	1,127,067	1,233,153
<b>Total expenses</b>		1,985,039	1,997,893
<b>V. Profit before exceptional items, extraordinary items and tax (III-IV)</b>		1,215,008	883,038
<b>VI. Exceptional items</b>			
Bad Debts Recovered		149,962	149,500
<b>VII. Profit before extraordinary items and tax (V+VI)</b>		1,364,970	1,032,538
<b>VIII. Extraordinary items</b>		—	—
<b>IX. Profit before tax (VII-VIII)</b>		1,364,970	1,032,538
<b>X. Tax expense</b>			
(1) Income Tax - Current year		270,000	192,417
(2) Income Tax - Previous year		—	(10,348)
(3) Deferred tax		—	—
<b>XI. Profit for the period</b>		1,094,970	850,469
<b>XII. Earning per equity share :</b>	2.19		
(1) Basic		0.24	0.19
(2) Diluted		0.24	0.19

Significant accounting policies

1

Notes to Accounts

2

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

As per our report attached

For **AVK & ASSOCIATES**  
Chartered Accountants

**PARUL GUPTA**  
Partner  
FCA — 095539

Firm Registration No. 002638N

On Behalf of Board of Directors

**PRADEEP KANTILAL SHAH**  
Director

**SUSHIL KUMAR AGRAWAL**  
Director

Place : Delhi  
Dated : 30th May, 2012

Place : Mumbai  
Dated : 25th May, 2012

Place : Mumbai  
Dated : 25th May, 2012



## CASH FLOW STATEMENT

for the year ended 31st March, 2012

(Amounts in Indian Rupees)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before taxes	1,364,970	1,032,538
Adjustments for :		
Depreciation, amortisation and impairment (Excess) / Provision for NPA	138,912	93,266
Liabilities no longer payable written back	8,140	(52,570)
Loss / (Profit) on sale of assets	—	(58,242)
Loss / (Profit) on sale of Investments	59	44,521
Dividend Received	(453,593)	(221,755)
Interest Paid	(159,728)	(138,683)
Contingent provisions on Standard Assets	29,570	26,624
	37,313	—
	(399,327)	(306,839)
<b>Operating gain before working capital changes</b>	<b>965,643</b>	<b>725,699</b>
Adjustments for :		
(Increase) / decrease in inventories	156,020	(84,945)
Decrease / (increase) in sundry debtors	(606,501)	40,275
Decrease / (increase) in loans and advances	(353,493)	572,574
Increase in other current assets	(1,255,011)	(2,033,351)
Increase in current liabilities and provisions	21,947	(67,465)
	(2,037,038)	(1,572,912)
<b>Cash generated from operating activities before taxes</b>	<b>(1,071,395)</b>	<b>(847,213)</b>
Direct taxes paid (net of refunds)	(270,000)	(182,069)
<b>Net cash generated from / (used in) operating activities</b>	<b>(1,341,395)</b>	<b>(1,029,282)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(81,490)	(83,315)
Dividend Received	159,728	138,683
Sales of Fixed Assets	500	15,800
Sales / (Purchase) of Investments	1,523,873	(334,237)
<b>Net cash generated from / (used in) investing activities</b>	<b>1,602,611</b>	<b>(263,069)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in short term bank borrowings (net)	(127,594)	1,145,168
Interest Paid	(29,570)	(26,624)
<b>Net cash generated from / (used in) financing activities</b>	<b>(157,164)</b>	<b>1,118,544</b>
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>104,052</b>	<b>(173,807)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>84,763</b>	<b>258,570</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>188,815</b>	<b>84,763</b>
<b>Notes :</b>		
Cash and cash equivalents include :		
Cash, cheques in hand and remittances in transit	105,194	16,771
With banks in :		
Deposit accounts	—	—
Current accounts	83,621	67,992
<b>Cash and cash equivalents at the end of the year</b>	<b>188,815</b>	<b>84,763</b>
Add : Fixed deposits with original maturity of more than 90 days	11,996,776	10,826,516
<b>Cash and bank balances at the end of the year</b>	<b>12,185,591</b>	<b>10,911,279</b>

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.

As per our report attached

For **AVK & ASSOCIATES**  
Chartered Accountants

On Behalf of Board of Directors  
**PRADEEP KANTILAL SHAH** Director  
**SUSHIL KUMAR AGRAWAL** Director

Place : Delhi  
Dated : 30th May, 2012  
**PARUL GUPTA**  
Partner  
FCA — 095539  
Firm Registration No. 002638N

Place : Mumbai  
Dated : 25th May, 2012  
Place : Mumbai  
Dated : 25th May, 2012



**1. SIGNIFICANT ACCOUNTING POLICIES**

**1.1 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 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 policies 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 and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. 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.

**1.2 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.

**1.3 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 amortised over the period the Company expects to derive economic benefits from their use.

Advances paid towards acquisition of fixed assets and cost of assets not ready for use before the year end, are disclosed as capital work in progress.

**1.4 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 statement of profit and loss. 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.



**1.5 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.

Investments, which are held as stock in trade as part of the business operations are valued in the same manner as are relatable to Current Investments.

- i) The Cost is arrived at FIFO method and is inclusive of brokerage, transfer expenses & Demat Charges, if any. The fair value is arrived at with reference to the market value, if available, quotation in any stock exchange or any other available information to indicate a transaction between un-related willing buyer & willing seller at arms length price.
- ii) In case of unquoted investments, the fair value is arrived on the basis of break up value as per latest available audited balance sheet of the investee company.
- iii) Interest accrued and/or broken period interest paid on unsold securities is recognized as "Interest Accrued on Investment" under Other Current Assets.

**1.6 Inventories :**

Stock under finance agreements is valued at full agreement value less amounts received/receivable upto the close of the financial year.

**1.7 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. Finance charges are accounted for over the finance period on the basis of sum of digit method. They are recognised as income on due basis as per the terms of agreement.
- b. Interest is recognized as earned on day to day 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.

**1.8 Expenditure :**

Expenses are recognized on accrual basis and provisions are made for all known losses and liabilities. Expenses incurred on behalf of other companies, in India, for sharing personnel, common services and facilities like premises, telephones, etc. are allocated to them at cost and reduced from expenses. Expenses allocation received from other companies is included within respective expense classifications.

**1.9 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.

**1.10 Depreciation :**

- i) Tangible Assets are depreciated on Straight Line Method (SLM) at rates specified in Schedule XIV to the Companies Act, 1956 from the date of put to use until the date of sale.
- ii) Intangible Assets are amortised over the period, the company expects to derive economic benefits from their use.
- iii) Leasehold improvements are amortised over the lease period as stated in the lease agreement or over the estimated useful life of the assets, whichever is shorter.
- iv) Depreciation on assets costing up to Rs. 5,000/- is calculated at the rate of 100% on pro-rata basis.
- v) Depreciation on additions to assets or on sale/adjustment is calculated pro-rata from the date of such addition or up to the date of such sale / adjustment.

**1.11 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.

**1.12 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 un absorbed 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.



## **MARGO FINANCE LIMITED**

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### **1.13 Retirement Benefits :**

The company's obligations towards various employees' benefits have been recognized 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 recognized in the statement of profit and loss in the period in which the employee renders the related services.

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 and 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 five years of continuous service. The company has taken a policy from LIC to meet such liability. The contribution to the policy is accounted for on accrual basis.

In terms of our report of even date annexed

For **AVK & ASSOCIATES**

Chartered Accountants

**Parul Gupta**

Partner

FCA-095539

Firm Registration No. 002638N

Place : Delhi

Dated : 30th May, 2012



**MARGO FINANCE LIMITED****2. Notes to the financial statements for the year ended 31st March, 2012****2.01 SHARE CAPITAL**

(Amount in Indian Rupees)

Particulars	As at 31 March 2012		As at 31 March 2011	
	No. of shares	Amount	No. of shares	Amount
Authorised Equity shares of Rs.10 each *	10,000,000	100,000,000	10,000,000	100,000,000
	<b>10,000,000</b>	<b>100,000,000</b>	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	<b>4,570,000</b>	<b>45,700,000</b>	4,570,000	45,700,000
<b>Total</b>	<b>4,570,000</b>	<b>45,700,000</b>	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 2012, 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 2012		As at 31 March 2011	
	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) Shri Anil Kumar Jain (HUF)	340,000	7.44	300,000	6.56
b) Mrs. Gayatri Devi Jain	243,960	5.34	243,960	5.34
c) M/s. YarnTex Export Ltd.	265,370	5.81	265,370	5.81
d) M/s. Rini Investment & Finance Pvt. Ltd.	446,685	9.77	446,785	9.78
e) M/s. Skyrise Properties Pvt. Ltd.	313,300	6.86	313,300	6.86
<b>Total</b>	<b>1,609,315</b>	<b>35.22</b>	1,569,415	34.35


**MARGO FINANCE LIMITED**
**2.02 RESERVES & SURPLUS**

(Amount in Indian Rupees)

Particulars	As at	As at
	31 March 2012	31 March 2011
(a) General reserve		
Balance at the beginning of the year	1,249,000	1,249,000
Addition during the year	—	—
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	2,366,182	2,196,088
Addition during the year	218,994	170,094
Deduction during the year	—	—
Balance at the end of the year	2,585,176	2,366,182
(c) Share Waqrant Option Premium		
Balance at the beginning of the year	3,380,000	3,380,000
Addition during the year	—	—
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	7,578,715	6,898,340
Add / (less) : Profit / (loss) for the year	1,094,970	850,469
Less : Appropriations		
Transfer to special reserve	218,994	170,094
Balance at the end of the year	8,454,691	7,578,715
<b>Total</b>	<b>15,668,867</b>	<b>14,573,897</b>

**2.03 BORROWINGS**

Particulars	Long Term		Short Term	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
<b>A. Long Term</b>	—	—	—	—
<b>B. Short Term</b>				
Loans repayable on demand				
From banks *	—	—	1,017,574	1,145,168
Others	—	—	—	—
<b>Total</b>	—	—	1,017,574	1,145,168
* Bank overdraft limit from Karnataka Bank Limited secured by Fixed Deposit with the same bank.				
Default in payment of loans	—	—	—	—
Default in payment of Interest	—	—	—	—

**2.04 TRADE PAYABLE**

Particulars	Long Term		Short Term	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Trade Payable	—	—	59,206	36,463
	—	—	59,206	36,463


**MARGO FINANCE LIMITED**
**2.05 OTHER LIABILITIES**

(Amount in Indian Rupees)

Particulars	Long Term		Short Term	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Interest accrued and due on borrowings	—	—	—	—
Other payables - expense payable	—	—	5,021	—
Unmatured Finance Charges	—	—	6,624	14,473
Statutory Liabilities	—	—	7,015	4,983
Contingent Provision on Standard Asset	—	—	37,313	—
	—	—	55,973	19,456

**2.06 FIXED ASSETS**
**Tangible Assets**

Cost								
Description	As at 1 April 2010	Addi- tions	Delet- ions	As at 31 March 2011	As at 1 April 2011	Addi- tions	Delet ions	As at 31 March 2012
Office Buildings	—	—	—	—	—	—	—	—
Furniture and fixtures	415,346	—	244,751	170,595	170,595	—	—	170,595
Office equipments	1,116,776	83,315	287,736	912,355	912,355	81,490	6,000	987,845
Vehicles	204,000	—	—	204,000	204,000	—	—	204,000
<b>Total</b>	<b>1,736,122</b>	<b>83,315</b>	<b>532,487</b>	<b>1,286,950</b>	<b>1,286,950</b>	<b>81,490</b>	<b>6,000</b>	<b>1,362,440</b>

Depreciation								
Description	As at 1 April 2010	Addi- tions	Delet- ions	As at 31 March 2011	As at 1 April 2011	Addi- tions	Delet ions	As at 31 March 2012
Office Buildings	—	—	—	—	—	—	—	—
Furniture and fixtures	369,749	15,448	238,314	146,883	146,883	9,665	—	156,548
Office equipments	578,914	58,438	233,852	403,500	403,500	109,867	5,441	507,926
Vehicles	24,212	19,380	—	43,592	43,592	19,380	—	62,972
<b>Total</b>	<b>972,875</b>	<b>93,266</b>	<b>472,166</b>	<b>593,975</b>	<b>593,975</b>	<b>138,912</b>	<b>5,441</b>	<b>727,446</b>

Carrying amounts		As at 31 March 2011	As at 31 March 2012
Office Buildings		—	—
Furniture and fixtures		23,712	14,047
Office equipments		508,855	479,919
Vehicles		160,408	141,028
<b>Total</b>		<b>692,975</b>	<b>634,994</b>



2.07 INVESTMENTS

(Amount in Indian Rupees)

Particulars	Long Term		Short Term	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
<b>a) Investments in Equity Instruments - Unquoted</b>				
<b>Indocount Securities Limited</b> 427000 (previous year 427000) equity shares of Rs.10 fully paid up.	4,270,000	4,270,000	—	—
<b>Hindustan Breweries &amp; Bottling Limited</b> 25000 (previous year 25000) equity shares of Rs.10 fully paid up.	251,250	251,250	—	—
<b>Shiva Services Limited</b> 10000 (previous year 10000) equity shares of Rs.10 fully paid up.	100,000	100,000	—	—
	<b>4,621,250</b>	<b>4,621,250</b>	—	—
Less : Provision for diminution in value of investment	<b>1,745,620</b>	<b>1,745,620</b>	—	—
<b>TOTAL VALUE OF UNQUOTED EQUITY SHARES</b>	<b>2,875,630</b>	<b>2,875,630</b>	—	—
<b>b) Investments in Equity Instruments - Quoted</b>				
<b>Allianz Capital &amp; Management Services Ltd.</b> 10 (previous year 10) equity shares of Rs.10 fully paid up.	380	380	—	—
<b>Haryana Capfin Limited *</b> 570 (previous year 570) equity shares of Rs.10 fully paid up	—	—	—	—
<b>Indo Count Industries Limited</b> 307004 (previous year 307004) equity shares of Rs.10 fully paid up	5,309,220	5,309,220	—	—
<b>Ispat Industries Limited</b> 1000 (previous year 1000) equity shares of Rs.10 fully paid up	25,419	25,419	—	—
<b>Jindal Steel &amp; Power Limited</b> 7200 (previous year 8000) equity shares of Rs.1 fully paid up	3,580,007	3,756,045	—	—
<b>Jindal Polyfilms Limited</b> 400 (previous year 1000) equity shares of Rs.10 fully paid up	251,040	626,767	—	—
<b>JSW Steel Limited</b> 50 (previous year 2051) equity shares of Rs.10 fully paid up	32,916	975,476	—	—
<b>Larson and Toubro Limited</b> 200 (previous year 200) equity shares of Rs.2 fully paid up	—	—	—	—
<b>Maharashtra Seamless Limited</b> 5509 (previous year 5509) equity shares of Rs.5 fully paid up	2,433,693	2,433,693	—	—
<b>Prime Textile Limited</b> 200 (previous year 200) equity shares of Rs.2 fully paid up	12,195	12,195	—	—
<b>Reliance Industries Limited</b> 460 (previous year 612) equity shares of Rs.10 fully paid up	534,475	1,062,009	—	—
<b>Tata Consultancy Services Limited **</b> 110 (previous year 110) equity shares of Rs.1 fully paid up	—	—	—	—


**MARGO FINANCE LIMITED**
**2.07 INVESTMENTS (Contd.)**

(Amount in Indian Rupees)

Particulars	Long Term		Short Term	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
<b>Welspun Corp Limited</b> 3800 (previous year 4300) equity shares of Rs.5 fully paid up	1,283,313	1,451,163	—	—
<b>Indian Hotels Company Limited</b> 1 (previous year Nil) equity shares of Rs.1 fully paid up	73	—	—	—
<b>Warren Tea Limited</b> 55 (previous year Nil) equity shares of Rs.10 fully paid up	34,643	—	—	—
	13,497,374	15,652,367	—	—
Less : Provision for diminution in value of investment	—	—	—	—
<b>TOTAL VALUE OF QUOTED EQUITY SHARES</b>	<b>13,497,374</b>	<b>15,652,367</b>	—	—
<b>c) Investments in preference shares</b>				
<b>Aegis Finstate Private Limited</b> 477000 (previous year 477000) equity shares of Rs.10 fully paid up	4,770,000	4,770,000	—	—
<b>Amruit Promoters &amp; Finance Private Limited</b> 462000 (previous year 462000) equity shares of Rs.10 fully paid up	4,620,000	4,620,000	—	—
<b>Uniworth Finance &amp; Securities Private Limited</b> 452000 (previous year 452000) equity shares of Rs.10 fully paid up	4,520,000	4,520,000	—	—
	13,910,000	13,910,000	—	—
Less : Provision for diminution in value of investment	—	—	—	—
<b>TOTAL VALUE OF PREFERENCE SHARES</b>	<b>13,910,000</b>	<b>13,910,000</b>	—	—
<b>d) Investments in debentures &amp; bonds</b>				
<b>India Infoline Limited</b> 500 (previous year Nil) bond of Rs.1000	486,905	—	—	—
<b>Shriram Transport Finance Company Limited</b> 510 (previous year Nil) bond of Rs.1000	510,000	—	—	—
<b>TOTAL VALUE OF BONDS</b>	<b>996,905</b>	—	—	—
<b>e) Investments in Mutual Funds</b>				
HDFC Mutual Fund	1,361,672	1,273,864	—	—
<b>TOTAL VALUE OF MUTUAL FUND UNITS</b>	<b>1,361,672</b>	<b>1,273,864</b>	—	—
	<b>32,641,581</b>	<b>33,711,861</b>	—	—
Aggregate book value of quoted investments (net of provision for diminution in the value of investment)	15,855,951	16,926,231	—	—
Market value of quoted investments	9,556,389	16,443,707	—	—
Aggregate book value of unquoted investments (net of provision for diminution in the value of investment)	16,785,630	16,785,630	—	—
Aggregate provision in the value of investments	1,745,620	1,745,620	—	—

\* Issued on demerger

\*\* Bonus Shares



## MARGO FINANCE LIMITED

### 2.08 LOANS & ADVANCES

(Amount in Indian Rupees)

Particulars	Long Term		Short Term	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Security deposits - Unsecured, considered good	291,318	291,318	—	—
Other Loans & advances - Unsecured considered good, unless stated otherwise	2,762,998	1,588,350	—	—
Loans to employees	—	—	10,000	332,419
Prepaid expenses	—	—	794	1,259
Advance income-tax / Income Tax Refundable	—	—	268,516	421,676
Loans and advances to related parties :				
Rini Investment & Finance Private Limited	—	—	—	70,000
Skyrise Properties Private Limited	11,800,000	11,800,000	—	—
Loan and advances to others	—	—	71,068	346,179
	<b>14,854,316</b>	<b>13,679,668</b>	<b>350,378</b>	<b>1,171,533</b>
Aggregate balance of loans and advances to related parties, unsecured - considered good	<b>11,800,000</b>	<b>11,800,000</b>	—	—

### 2.09 TRADE RECEIVABLE

Particulars	Long Term		Short Term	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Debts outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	—	—	—	—
Unsecured, considered good	—	—	155,307	132,690
Debts due from related parties, unsecured	—	—	—	—
Unsecured, considered doubtful	—	—	—	—
	—	—	<b>155,307</b>	<b>132,690</b>
Less : Provision for doubtful debts	—	—	8,140	—
	—	—	<b>147,167</b>	<b>132,690</b>
Other debts				
Secured, considered good	—	—	—	—
Unsecured, considered good	—	—	583,884	—
Debts due from related parties, unsecured	—	—	—	—
Unsecured, considered doubtful	—	—	—	—
	—	—	<b>583,884</b>	—
Less : Provision for doubtful debts	—	—	—	—
	—	—	<b>583,884</b>	—
	—	—	<b>731,051</b>	<b>132,690</b>



2.10 OTHER ASSETS

(Amount in Indian Rupees)

Particulars	Long Term		Short Term	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Unsecured considered good, unless otherwise stated				
Interest accrued on fixed deposits	822,001	—	—	803,839
Interest accrued on investments	—	—	36,903	—
Interest accrued on loans & advances	—	—	1,022,655	983,314
Interest accrued on bonds / securities	—	—	—	—
Bank balance Deposits with original maturity of more than 3 months	11,174,775	—	8,507	10,022,677
	11,996,776	—	1,068,065	11,809,830
Less : Provision for doubtful other assets	—	—	—	—
	11,996,776	—	1,068,065	11,809,830
Aggregate balance of other assets to related parties, unsecured - considered good.	—	—	1,020,849	992,465

2.11 INVENTORIES

Particulars	As at 31 March 2012	As at 31 March 2011
Stock under HP agreements	35,644	191,664
	35,644	191,664

2.12 CASH & BANK BALANCES

Particulars	As at 31 March 2012	As at 31 March 2011
Balance with banks in		
Current accounts	83,621	67,992
Deposits with original maturity of less than 3 months	—	—
Cheques / drafts on hand	—	—
Cash on hand	105,194	16,771
	188,815	84,763



## MARGO FINANCE LIMITED

### 2.13 REVENUE FROM OPERATIONS

(Amount in Indian Rupees)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Income & Finance Charge received	2,564,688	2,343,163
Other operating income	22,038	66,518
<b>Revenue from operations (Gross)</b>	<b>2,586,726</b>	<b>2,409,681</b>

### 2.14 OTHER INCOME

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Net profit on sale of assets	—	—
Dividend income from current/long-term investments	159,728	138,683
Net gain on sale of investments	453,593	221,755
Excess provision on NPA written back	—	52,570
Liabilities no longer payable written back	—	58,242
	<b>613,321</b>	<b>471,250</b>

### 2.15 EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Salaries, wages and bonuses	653,120	593,120
Contribution to provident and other fund	21,242	22,680
Gratuity	494	16,428
Staff welfare expense	14,634	12,622
	<b>689,490</b>	<b>644,850</b>

### 2.16 FINANCE COST

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Interest paid	29,570	26,624
	<b>29,570</b>	<b>26,624</b>

### 2.17 DEPRECIATION & AMORTISATION EXPENSES

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Depreciation on tangible assets	138,912	93,266
Amortization on intangible assets	—	—
	<b>138,912</b>	<b>93,266</b>





## MARGO FINANCE LIMITED

### 2.18 OTHER EXPENSES

(Amount in Indian Rupees)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Advertisement & Publicity	38,803	15,680
Rent	411,000	391,000
Rates, Taxes & Fee	6,111	6,140
Donation	105,100	5,100
Director Sitting Fees	10,000	12,000
Professional Charges Paid	274,419	270,265
Insurance Expense	8,817	9,726
Conveyance	36,183	35,444
Share Transfer Charges	27,748	33,273
Printing & Stationary	69,289	73,426
Repair & Maintenance - Others	69,014	152,282
Repair & Maintenance - Vehicle	39,870	34,567
Electricity Expenses	26,740	32,447
Bank Charges	2,800	5,158
Communication Expense	87,419	84,247
Provison on NPA Assets	8,140	—
Contingent Provision on Standard Asset	37,313	—
Loss of sale of fixed assets (net)	59	44,521
Miscellaneous Expense	60,242	107,877
	<b>1,319,067</b>	<b>1,313,153</b>
Less : Recovery of expenses	<b>192,000</b>	<b>80,000</b>
	<b>1,127,067</b>	<b>1,233,153</b>
<b>Legal &amp; professional charges include payment to auditors</b>		
Audit fee	40,000	25,000
Limited review	60,000	60,000
In other capacity	—	—
Taxation matters	15,000	—
For other services - Issuance of certificates	—	—
For reimbursement of expenses including 'service tax'	12,669	8,755
	<b>127,669</b>	<b>93,755</b>

### 2.19 EARNING PER SHARE

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Profit for calculation of EPS (Rs.)	1,094,970	850,469
Weighted No. of Equity Shares	4,570,000	4,570,000
Basic / Diluted EPS (Rs.)	0.24	0.19



## MARGO FINANCE LIMITED

### 2.20 CONTINGENT LIABILITIES & COMMITMENTS

(Amount in Indian Rupees)

Particulars	As at 31 March 2012	As at 31 March 2011
<b>I) Contingent liabilities :</b>		
a) Claims against the company not acknowledged as debts	—	—
b) Guarantees	—	—
c) Other Money for which the company is contingently liable	—	—
<b>II) Capital Commitments</b>		
a) Estimated amount of contracts remaining to be executed on capital account	—	—
b) Uncalled liability on shares & investments partly paid	—	—
c) other commitments	—	—

### 2.21 TRANSACTIONS WITH RELATED PARTIES

List of parties with whom transactions have taken place during the year :-				
<b>1) Entities under common control</b>		<b>2) Key Managerial Personnel</b>		
a) Indo Count Industries Limited		a) Shri Anil Kumar Jain		
b) Rini Investment & Finance Private Limited		b) Shri Govind Prasad Agrawal		
c) Indocount Securities Limited		c) Shri Sushil Kumar Agrawal		
d) Skyrise Properties Private Limited		d) Shri Pradeep Kantilal Shah		
Transactions during the year with related parties				
Nature of Transactions	(Amount in Indian Rupees)			
	Entities under Common control (1)	Key Managerial Personnel (2)	Year Ended 31 March 2012 (Rs.)	Year Ended 31 March 2011 (Rs.)
<b>Current Liabilities</b>				
<b>Indo Count Industries Limited</b>				
i) Opening Balance	(36,665)	—	(36,665)	68,761
ii) Expenses paid on our behalf (Net)	38,022	—	38,022	58,164
iii) Amount Paid / (Received) during the year	(100,394)	—	(100,394)	94,090
iv) Expenses Debited	166,800	—	166,800	69,500
v) Balance as on 31-03-2012	(65,049)	—	(65,049)	(36,665)
<b>Loans Advanced</b>				
<b>Rini Investment &amp; Finance Private Limited</b>				
i) Opening Balance	70,000	—	70,000	—
ii) Given during the year	—	—	—	230,000
iii) Returned during the year	70,000	—	70,000	160,000
iv) Balance as on 31-03-2012	—	—	—	70,000
<b>Skyrise Properties Private Limited</b>				
i) Opening Balance	11,800,000	—	11,800,000	11,800,000
ii) Given during the year	—	—	—	—
iii) Returned during the year	—	—	—	—
iv) Balance as on 31-03-2012	11,800,000	—	11,800,000	11,800,000
<b>Expenditure</b>				
i) Director Sitting Fee paid to Directors	—	10,000	10,000	12,000
<b>Income</b>				
i) Rent & Expenses recovered from Indo Count Industries Limited	192,000	—	192,000	69,500
ii) Interest received from Skyrise Properties Private Limited	1,062,000	—	1,062,000	1,062,000

**MARGO FINANCE LIMITED****2.22 DEFERRED TAX ASSETS / LIABILITIES***(Amount in Indian Rupees)*

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Deferred tax asset</b>		
Contingent Provision on Standard Assets	11,530	—
Provision for diminution in investments	539,397	539,397
Difference in the written down value of fixed assets as per the companies act, 1956 and the income tax act, 1961	—	—
Others	—	—
Gross deferred tax asset	550,927	539,397
<b>Deferred tax liability</b>		
Difference in the written down value of fixed assets as per the companies act, 1956 and the income tax act, 1961	36,716	27,699
Gross deferred tax liability	36,716	27,699
Net deferred tax asset / (liability) *	514,211	511,698

\* 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.

**2.23 Segment information**

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

**2.24 Additional information**

Particulars	As at 31 March 2012	As at 31 March 2011
a) Purchase, Sales & Stocks	Nil	Nil
b) C.I.F. value of Imports	Nil	Nil
c) Expenditure in Foreign Currency	Nil	Nil
d) Remittances in Foreign Currency	Nil	Nil
e) Earning in foreign currency	Nil	Nil

**2.25 Others**

- i) 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.
- ii) Paise have been rounded off to nearest rupee.
- iii) Debit & Credit balances are subject to confirmation
- iv) Previous Year's figures have been regrouped and / or rearranged.

As per our report attached

For **AVK & ASSOCIATES**  
Chartered Accountants

**PARUL GUPTA**  
Partner  
FCA — 095539

Firm Registration No. 002638N

On Behalf of Board of Directors

**PRADEEP KANTILAL SHAH**      **SUSHIL KUMAR AGRAWAL**  
Director                                      Director

Place : Mumbai  
Dated : 25th May, 2012

Place : Mumbai  
Dated : 25th May, 2012

**PROXY**  
**MARGO FINANCE LIMITED**

**Regd. Office :** Village Alte, Taluka : Hatkanangale, Dist. Kolhapur - 416 109, Maharashtra  
**Corporate Office :** 506, Pragati Tower, 26, Rajendra Place, New Delhi - 110 008

I / We \_\_\_\_\_  
of \_\_\_\_\_  
in the district of \_\_\_\_\_  
being a member / members of the above - named Company, hereby appoint Mr. / Miss / Mrs. \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_  
or failing him / her Mr. / Miss / Mrs. \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_  
as my / our proxy to vote for me / us on my / our behalf at the 21st Annual General Meeting of the Company to be held on Saturday, the 25th August, 2012 at 11.00 A.M. and at any adjournment thereof.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2012

No. of Shares held \_\_\_\_\_ Ref.No. / L.F.No. / Client ID No. \_\_\_\_\_

DPID No. : \_\_\_\_\_

Signature (s) \_\_\_\_\_

Address : \_\_\_\_\_

Affix Re. 1/- Revenue Stamp
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TEAR HERE

Note : The Proxy must be deposited at the Registered Office of the Company at Village Alte, Taluka : Hatkanangale, Dist. Kolhapur - 416 109, Maharashtra not less than 48 hours before the time for holding the meeting.

-----TEAR HERE-----

**ATTENDANCE SLIP**  
**MARGO FINANCE LIMITED**

**Regd. Office :** Village Alte, Taluka : Hatkanangale, Dist. Kolhapur - 416 109, Maharashtra  
**Corporate Office :** 506, Pragati Tower, 26, Rajendra Place, New Delhi - 110 008

I hereby record my presence at the 21st Annual General Meeting being held on Saturday, the 25th August, 2012 at 11.00 A.M. at Village Alte, Taluka : Hatkanangale, Dist. Kolhapur - 416 109, Maharashtra

Name of the Shareholder \_\_\_\_\_  
(in block letters)

Folio No./ DPID No. and Client ID No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

\_\_\_\_\_  
(Signature of the Shareholder / Proxy)

- Note:
1. Please complete this attendance slip and hand it over at the entrance of the venue of the meeting.
  2. Please bring your copy of Balance Sheet at the time of Annual General Meeting.

*If undelivered please return to :*



**MARGO FINANCE LIMITED**

506, Pragati Tower, 26, Rajendra Place, New Delhi - 110 008