

## CHAIRMAN'S SPEECH AT 30<sup>th</sup> ANNUAL GENERAL MEETING

**DEAR FRIENDS,**

It gives me immense pleasure to be amongst you on this august occasion of the 30<sup>th</sup> Annual General Meeting of your company. First, I welcome all of you and then I would like to share my views.

### **GLOBAL ECONOMY**

Globally, few perceptible changes are witnessed.

- a. Devaluation of Chinese currency has caused tremors across the Globe. Most countries displayed panic and knee-jerk reactions. Currencies of most countries had to navigate, discover and adjust to new exchange rates with USD and other currencies.
- b. Greater volatility and uncertainty prevailed as changing scenario presented higher peril for the global economy in 2015.
- c. Oil prices have declined and are continuing to fall, mainly on account of increased production of oil by the US and also on account lesser off-take, world over.
- d. Fate of a few European economies, mainly the Greece hangs in balance as they have received yet another dose for survival and rehabilitation
- e. Fears of upward revision of Fed rate by the US unfounded. The same could have resulted in flight of capital out of many developing nations.
- f. USD appreciating and weakening of most other currencies, notably the euro), and the new quantitative easing program of the ECB are just a few examples of the economic factors at play.
- g. There is increased geopolitical uncertainty related to the Russia-Ukraine and Middle East conflicts (mainly on account of rise in militancy by ISIS), as well as increased concern about the economic and political future of the Euro Area and European Union.

While the overall global real GDP growth average is estimated to be 3.3 percent, the global average reflects a combination of upsides and downsides. Downward revision are primarily because of a major GDP decline in Russia (from +0.8 to -3.5 percent) and moderate declines in the Euro Area (1.6 to 1.4 percent), Japan (1.1 to 0.6 percent), and Brazil (1.5 to 0.5 percent). Upward revisions include the United States (2.6 to 2.9 percent), Mexico (2.8 to 3.5 percent), and India.

The United States will continue to register stronger growth than its peers. European economies have more scope to recover, and the weakened euro could help offset negative effects from slower exports to emerging markets.

## **DOMESTIC ECONOMY**

- a. India is expected to overtake China as the fastest growing emerging economy in 2015-16 by clocking a growth rate of 7.5 per cent. Increased base effect is bound to pull down the growth rate of China.
- b. India's growth is expected to strengthen from 7.2 per cent in 2014 to 7.5 per cent in 2015. Growth will benefit from recent policy reforms, consequent pick-up in investment, and lower oil prices. However the pace of reforms is rather tardy. Non-promulgation of GST Act and stiff land acquisition laws are stifling growth.

## **NBFC Outlook**

NBFCs form an integral part of the Indian Financial System. They have been providing credit to retail customers in the underserved and unbanked areas. Their ability to innovate products in consonance to the needs of their clients is well established. They have played a key role in the development of important sectors like Road Transport and Infrastructure which are the life lines of our economy. This role has been well recognized and strongly advocated for, by all the Expert Committees and Taskforces setup till date, by Govt. of India & RBI. It is an established fact that many unbanked borrowers avail credit from NBFCs and over the years use their track record with NBFCs and mature to become bankable borrowers. Thus, NBFCs act as conduits and have furthered the Government's agenda on Financial Inclusion NBFCs are today passing through a very crucial phase where RBI has issued a revised regulatory framework with the objective to harmonize it with banks and Financial Institutions and address regulatory gaps and arbitrage. While the regulations, specially, asset classification norms have been made more stringent so as to be at par with banks, what is now required is to equip NBFCs with tools like coverage under SARFAESI Act to recover their dues and income tax benefits on provisions made against NPAs. This shall then bring the desired parity with banks and other financial institutions. Fund raising has increasingly become difficult and challenging, specially, for the large number of small and medium sized NBFCs. Further Credit rating should not be made compulsory for small NBFC's.

## **PERFORMANCE OF THE COMPANY**

The company has incurred loss of Rs 3.75 lacs for the year ended March 31, 2015 as against loss of Rs 21.15 lacs for the year ended March 31, 2014. The revenue from the rental income will be contributing regularly and steadily rather than dependence on volatile capital market revenue generation.

As can be observed that there is improvement in the financial working of the company during the year as compared to previous year on account of reduced losses.

## **HUMAN RESOURCE MANAGEMENT**

The company is always keen to take key HR initiatives to link business objectives with employees' performance. The employees have been provided with adequate exposure and their specialized knowledge of their own arena has been fully tapped and exploited. They have been provided with opportunities to attend seminars and program of their relative field to enrich their subject specific knowhow and expertise. The human resources of the Company are adequately motivated to work towards optimal performance. The industrial relations are also cordial.

## **Risk Management**

To ensure sustainable and consistent growth, your company has developed a sound risk management framework so that the risks assumed by the company are properly assessed and monitored continuously.

Your company's Board has put in place a robust Enterprise-wide Risk Management architecture so that the risks remain within the risk appetite defined by the Board.

## **Corporate Social Responsibility (CSR)**

The company although is too small to have funds for CSR activities and even covered under the criteria set out in section 135 of the Companies Act, 2013 that mandates CSR spending for the company but It has been group's vision to empower the community through socio-economic development of under privileged and weaker sections. Though the company is not directly undertaking the CSR activities but the group is undertaking host of activities of community interest. Most of the group's social activities are linked to rural masses. Education is a prerogative of every child in India, recognising this fact, and in absence of good educational institute in country side area, group has established a school namely R R Morarka Public School in the outskirts of Bundki in Bijnor at Uttar Pradesh; Shree Radheshyam R Morarka Rajkiya Mahavidhyalaya, District Jhunjhunu in Rajasthan and established Narbada Devi Medical Centre & Radheshyam Morarka Medical Institute to cater to medical requirement of needy persons, it has also undertaken various charitable activities ,which are running in the name of Sewa Jyoti.

## **The Road Ahead**

The year FY16 is expected to be promising as there are signs of tapering down in inflation and narrowing trade deficit. We expect India's economic growth to revive during FY16 on the back of political stability and likely stepping up of economic reforms. The growth in FY16 is expected to be spurred by the revival of investment, a boost to investment and consumer sentiment, continuing gains in employment and incomes and a firming in exports. With GDP growth expected to pick up, NBFC business is likely to witness higher optimism during FY16.

As the economy improves, your company's capital strength, adequate liquid reserves, and sources of earnings would place it in a comparatively advantageous position to cater to the rising aspirations of its stakeholders.

The road ahead is full of challenges but your company armed with the passion and the indomitable spirit of its employees is determined to race ahead with full confidence and commitment.

## **Acknowledgement**

I feel privileged to thank every stakeholder of the company who plays a vital role in our success. First, I would like to thank the Members of the Board for their valuable guidance, support and prudent counsel.

We also place on record our appreciation for the unstinted trust and support of our shareholders, investors and employees.

Before I conclude, I would like to thank all of you for your presence and interest in the company.

**Vijay S Banka**