



MORARKA  
FINANCE  
LIMITED

31<sup>ST</sup>

—  —  
ANNUAL REPORT

—  —

Financial Year 2015-2016

## **BOARD OF DIRECTORS**

G. R. MORARKA

S. H. NEVATIA

PRIYANKA G. MORARKA

B. J. MAHESHWARI

VIJAY S. BANKA

## **COMPANY SECRETARY**

HEMALKUMAR SHAH

## **AUDITORS**

D.P. AGARWAL & CO.  
CHARTERED ACCOUNTANTS

## **BANKERS**

PUNJAB NATIONAL BANK

## **REGISTERED OFFICE**

511, MAKER CHAMBERS V,  
221, NARIMAN POINT,  
MUMBAI 400 021.

## **SOLICITORS**

MULLA & MULLA & CRAIGIE BLUNT & CAROE

## **REGISTRAR & SHARE TRANSFER AGENTS**

UNIVERSAL CAPITAL SECURITIES PVT.LTD.  
21, SHAKIL NIWAS,  
MAHAKALI CAVES ROAD,  
ANDHERI (EAST),  
MUMBAI 400 093.

# 31<sup>th</sup> ANNUAL REPORT 2015-16

## MORARKA FINANCE LIMITED

### NOTICE

**NOTICE** is hereby given that the Thirty first Annual General Meeting of the Company will be held on Monday, 26<sup>th</sup> September, 2016 at 12.00 noon at Kilachand Conference Room, Indian Merchants' Chambers Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020 to transact the following business:

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March, 2016, Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of G. R. Morarka, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Ms. Priyanka G. Morarka, who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**.

**"RESOLVED THAT** M/s. D. P. Agarwal & Co, Chartered Accountants (Registration No. 100068W) be and is hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

#### **SPECIAL BUSINESS**

5. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.**

**"RESOLVED THAT** pursuant to Section 188 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) thereof, for the time being in force), consent of the Company be and is hereby accorded to provide management consultancy services to Dwarikesh Sugar Industries Limited for a period upto March 31, 2017 at a monthly charges of ₹ 1,00,000/- per month, plus applicable levies, taxes, duties and cess as is mutually agreed between the parties subject to such extension as may be agreed upon mutually by the parties."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board be and is hereby authorised on behalf of the Company to take all such actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary."

By order of the Board  
For **Morarka Finance Limited**

**Hemalkumar H. Shah**  
Company Secretary

Place: Mumbai.

Date: May 26, 2016.

**Regd. Office :** 511, Maker Chamber - V, 221, Nariman Point, Mumbai - 400 021.

**Phone:** 022 22832468; **Website:** www.morarkafinance.in; **Email:** investors@morarkafinance.in

**CIN : L67120MH1985PLC035632**

### NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote and the proxy need not be a member. A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
2. The instrument of proxy duly completed should be lodged at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 20<sup>th</sup> September, 2016 to Monday, 26<sup>th</sup> September, 2016 (both days inclusive).
4. Consequent upon the introduction of Section 72 of the Companies Act, 2013, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form SH.13 which can be obtained from the Company's Registrar & Transfer Agents M/s Universal Capital Securities Pvt. Ltd.
5. Additional information pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and listing regulation with the stock exchanges in respect of the Directors seeking appointment / re appointment at the AGM are furnished and forms a part of the Notice. The Directors have furnished the requisite consents / declarations for their appointment /re-appointment.
6. Members are requested to notify any change in their address immediately to the Company.
7. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Registered Office well in advance so that the same reaches the company at least ten days before the date of the meeting to enable the Management to keep the information required readily available.
8. Members holding shares in the same name under different Ledger Folios are requested for consolidation of such folios and send the relevant Share Certificates to the Company.
9. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, as amended and with the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend



remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid dividend account of the Company is required to be transferred to the Investor Education and Protection Fund established by the Central Government. All the dividend remained unpaid in yesteryears were due for transfer in IEPF and hence the same is transferred to IEPF by the company.

10. The Notice of the 31<sup>st</sup> AGM and instructions for e-voting, along with the Attendance Slip and Proxy Form, is being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode. However, members shall be provided with copy of Annual Report free of cost on their request in writing. Soft copy of the Annual report is available on [www.morarkafinance.in](http://www.morarkafinance.in)
11. In compliance of provisions of section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management & Administration) Rules 2014, the company is pleased to provide its members facility to exercise their votes by electronic means (remote e-voting) and the business may be transacted through e voting as per the instructions below:
  - (a) Details of Scrutinizer: M/s VKM & Associates, Practicing Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting in a fair and transparent manner.
  - (b) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses (not in the employment of the Company) and make out a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
12. A Member can opt for only one mode of voting i.e. either through e-voting or in physical form at AGM. If a Member casts his / her vote by both modes, then voting done through e-voting shall prevail and the vote by ballot shall be treated as invalid. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.morarkafinance.in](http://www.morarkafinance.in) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) and communicated to BSE Limited where the shares of the Company are listed.

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on September 23, 2016 at 9.00 a.m. and ends on September 25, 2016 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 19, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue. The facility for voting, through ballot

paper, will also be made available at the AGM and the members attending the AGM, who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Member who have cast their votes by remote e-voting may attend the AGM, but shall not be entitled to cast their votes again at the AGM.

- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - (a) For CDSL: 16 digits beneficiary ID,
  - (b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- (c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number which is mentioned in address label as Sr. No. affixed on Annual Report in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

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- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field.
- Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant Morarka Finance Limited on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- (xxi) Shareholders can also cast their vote using CDSL’s mobile app m- Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.



## ANNEXURE TO NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

#### Item No.5

The company is trying to augment its revenues through its NBFC related activities and Dwarikesh Sugar Ind Ltd being in sugar sector – capital intensive industry is in frequent need of financial assistance for fund raising through loan or other instruments wherein Morarka Finance Limited can assist it being NBFC so it is proposed to take assistance of the company in meeting the fund raising exercise and for that the company is proposed to help Dwarikesh Sugar Ind Ltd it has been proposed to enter into management consultancy arrangements with company being a related party pursuant to section 188 of the Companies Act, 2013 and therefore the consent of shareholders is required for this transaction by way of special resolution. Dwarikesh Sugar Ind. Ltd being a “Related Party” within the meaning of section 2(76) of the Companies Act, 2013, needs the consent of shareholders by way of special resolution under section 188 of the Companies Act, 2013.

The particulars of transaction pursuant to para 3 of explanation (1) to Rule 15 of Companies (Meeting of the Board and its powers) Rules, 2014 are as under:

1. Name of the related party: Dwarikesh Sugar Ind.Ltd.
2. Name of the director or key managerial personnels who are related: 1. Shri Gautam R. Morarka 2. Ms. Priyanka G. Morarka 3. Shri B. J. Maheshwari and 4. Shri Vijay S. Banka.
3. Nature of relationship: Shri G. R. Morarka is father of Ms. Priyanka Morarka and is also holding position of Managing director in Dwarikesh Sugar Ind. Ltd. Ms. Priyanka Morarka is director in Morarka Finance Limited. Shri B. J. Maheshwari and Shri Vijay S. Banka are holding KMP positions in Dwarikesh Sugar Ind. Ltd. and are also holding directorship in Morarka Finance Limited.
4. Monetary Value : Current monthly fees is of ₹ 1,00,000 per month plus applicable taxes and subject to such extension as is mutually agreed between the parties from time to time.
5. Nature, material terms and particulars of the arrangement:

Contract	Purpose
Management Consultancy Agreement entered into between Morarka Finance Limited and Dwarikesh Sugar Industries Limited for rendering consultancy services for the purpose of fund raising activities of Dwarikesh Sugar Ind Ltd for the period upto March 31, 2017 which may be further extended if agreed by the parties at the fees of ₹ 1,00,000 per month with other terms and conditions mentioned therein.	The company being NBFC can assist one of the group companies – Dwarikesh Sugar Ind. Ltd to raise funds from the market, financial institutes, banks etc. to cater its short term or long term funding requirements as it is being in sugar sector being capital intensive industry is in frequent need of financial assistance.

6. Any other information relevant or important for the members to make decision on the proposed transaction: None.

None of the Directors, Key Managerial Personnel and relatives of directors and Key Managerial Personnel may be deemed to be interested except Shri G. R. Morarka, who is holding position of Managing Director in Dwarikesh Sugar Industries Limited, Ms. Priyanka G. Morarka being daughter of Shri G. R. Morarka and Shri B. J. Maheshwari and Shri Vijay S. Banka being common directors in both the companies.

The Directors recommend and place before you the proposed resolution for your consideration and approval.

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### Details of Directors seeking appointment / re-appointment in Annual General Meeting

**[Pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

Name of the Director	Shri G. R. Morarka	Ms. Priyanka G. Morarka
Date of Birth	January 1, 1962	June 11, 1985
Nationality	Indian	Indian
Date of Appointment	March 15, 1985	March 22, 2004
Qualifications	B.Com, ICWA - Inter	BMS, MBA
Experience & Expertise	He is born entrepreneur, who incorporated sugar company in record time of just 14 months, has got many awards and accolades under his belt. He is mentor of the company and MD of Dwarikesh Sugar Ind. Ltd. <b>Expertise:</b> strategic management, finance, business and industries.	She holds graduate degree and MBA has rich experience in arena of finance, strategy, business and industry. <b>Expertise:</b> Finance & Strategy.
Shareholding of Directors in company	99,800	Nil
Directorship held in other public companies excluding foreign and private companies	Dwarikesh Agriculture Research Institute Dwarikesh Sugar Ind. Limited Dwarikesh Informatics Limited Dwarikesh Trading Co. Ltd. Faridpur Sugars Limited	Dwarikesh Trading Co. Ltd.
Chairmanship / Memberships of committees*	Chairmanship: (1) Membership: (2)	Chairmanship: (0) Membership: (0)
Relationship between Directors inter-se	Shri G. R. Morarka is father of Priyanka G. Morarka	Ms. Priyanka Morarka is daughter of Shri G. R. Morarka

\* Committee memberships includes only Audit Committee and Stakeholders' Relationship Committee of Public Limited Company (whether Listed or not).

By order of the Board  
For **Morarka Finance Limited**

**Hemalkumar H. Shah**  
Company Secretary

Place: Mumbai.  
Date: May 26, 2016.

**Regd. Off:** 511, Maker Chambers V,  
221, Nariman Point, Mumbai – 400021.  
CIN: 67120MH1985PLC035632



## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW:

The Indian economy is having mammoth worth over US\$2 trillion is one of the most enchanting economies of the world. At a time when the world economy is grappling with turbulence and volatility, India persuaded stability and firm macro-economic fundamentals. The country has got the better of inflation, low current account deficit and forex reserves are at stature at all-time high. The government is implementing key reforms to boost up domestic entrepreneurship, bolster infrastructure creation, strengthen rural income, alluring FDI and enhance the ease of doing business in India being on its prime agenda. These measures cumulatively augur well for the economy, going forward.

India grew by 7.6% in fiscal 2015-16 surpassing and superseding China's growth rate of 6.9 %. The economy benefited from low oil prices and relatively limited exposure to global financial turmoil. The Union Budget 2016 unfolded the government's intentions and plans. Despite global uncertainties, the Government is sticking to its fiscal deficit target, while pursuing the growth agenda. The Government has targeted to narrow the fiscal deficit to 3.5% in 2016-17, after securely maintaining its 3.9% target for 2015-16.

On macro-economic footprint, while an ease in commodity prices helped India control inflation and rein in its twin deficits viz. fiscal and current account, the on-going global slowdown has hurt its exports. Some of the big-ticket structural reforms as Goods and Services Tax were delayed and diluted, subduing sentiment further.

Global recovery, after the financial crisis of 2008-09, was largely uneven and fraught with risks. The financial year 2015 was no different, with world output growth slowing to 3.1% from 3.4% in financial year 2014. Economic activity was marked by a modest improvement in advanced economies and slower growth in emerging and developing economies. While Europe and Japan stepped up monetary easing to preserve growth, improved outlook for the US prompted the Federal Reserve to raise interest rates by 0.25 percentage points towards the end of financial year 2015.

### CAPITAL MARKET

#### Primary market operations:

The primary market, in FY 15-16, seems to have come out of its lull. Both the total number of issues and the resources mobilised from the primary market have gone up. IPOs have contributed to this performance more than public debt issues and rights issues.

The Initial Public Offer (IPO) market witnessed 74 IPOs of equity for raising an aggregate of ₹ 14,815 Crore and 21 debt issuances for raising an aggregate of ₹ 34,112 Crore in FY 2015-16 as against 46 IPOs of equity aggregating ₹ 3,311 Crore and 24 debt issuances aggregating ₹ 9,413 Crore in FY 2014-15. Companies also raised ₹ 9,239 Crore through 13 Right offers in FY 2015-16 as against ₹ 6,750 Crore through 18 Right offers in FY 2014-15. The cumulative funds mobilised through qualified institutions placement route during FY 2015-16 stood at ₹ 14,588 Crore from 24 issuances as against ₹29,102 Crore from 51 issuances in FY 2014-15.

There were Offer for Sale (OFS) transactions for an aggregate amount of ₹ 19,822 Crore in FY 2015-16 as against 28 transactions for ₹26,935 Crore during FY 2014-15.

The breakup of funds raising exercise in public markets during FY 2015-16 vis a vis the FY 2014-15 is hereunder:

Types of offerings	April 1, 2015 to March 31, 2016		April 1, 2014 to March 31, 2015	
	Nos.	Amount In Crores	Nos.	Amount In Crores
Initial Public Offer	74	14,815	46	3,311
Right Offerings	13	9,239	18	6,750
Qualified institutions placement	24	14,588	51	29,102
<b>Total equity route raising</b>	<b>111</b>	<b>38,642</b>	<b>115</b>	<b>39,163</b>
<b>Total debt route raising</b>	<b>21</b>	<b>34,112</b>	<b>24</b>	<b>9,413</b>
<b>Total sum raised</b>	<b>132</b>	<b>72,754</b>	<b>139</b>	<b>48,576</b>

(Source: SEBI)

#### Secondary market operations:

Financial year 2015-16 saw an abysmal returns of -6.4 % from Indian equities pre-eminently because of multiple factors such as dismal corporate earnings, sub-normal monsoons, plunge in commodity and oil prices. Though the markets saw robust flows into domestic equity mutual funds resulting in higher investment by domestic institutions, there was net outflow by the Foreign Institutions to the tune of ₹14,172 Crore as opposed to inflow of ₹ 1,11,300 Crore in FY 2014-15. A large part of foreign inflows was directed towards capital markets – IPOs, QIPs, OFSs and divestments and we played a lead role in many transactions. During FY 2015-16, they withdrew ₹14,172 Crore (invested ₹ 1,11,333 Crore in FY 2014-15) from the Indian equity market and ₹ 4,004 Crore (compared to investment of ₹1,66,127 Crore in FY 2014-15) from the Indian Debt market. This is the first time after the financial crisis of 2008 that FPIs have turned net sellers of equity and debt instruments in India in a financial year.

Taking the nosedive, the market cap of BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) plummeted by 6.63% and 6.24% to ₹ 94,75,328 Crore and ₹ 93,10,471 Crore respectively as on March 31, 2016 as compared to ₹ 1,01,49,290 Crore and ₹ 99,30,122 Crore as on March 31, 2015.

#### OUTLOOK, OPPORTUNITIES AND THREATS:

The company envisages strong growth in the near-term as economic growth has picked up and the RBI is promoting investment and consumption by reducing rates and infusing liquidity. The Company envisages good growth on the horizon too as the sectors that it caters to are not only large but growing and are still quite underpenetrated from the perspective of investment rates in equities.

The outlook for growth has improved modestly on the back of disinflation, declining oil prices, easier financing conditions and action on delayed projects. These measures augur well for reinvigoration of private consumption demand. The conditions for growth are slowly improving with easing input cost pressures, supportive monetary conditions and recent measures relating



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to project approvals, land acquisition, mining and infrastructure. Slowly improving conditions for growth on account of easing input cost pressures, supportive monetary conditions and recent measures relating to project approvals, land acquisition, mining and infrastructure is likely have a positive impact on the Indian business in the long run even though the risks from weaker global growth outlook remains a challenge. India's growth prospects remain bright with its growth being well balanced and largely driven by domestic consumption having 18% of world's total population. The government push on developing the sustainable infrastructure facilities, growth of manufacturing through its 'Make in India' initiative, etc. will present continuing opportunities for financial intermediaries to grow and benefit from the increased requirement of capital for augmenting new capacities and expansion of existing projects.

### **RISKS AND CONCERNS:**

The NBFC sector functions in a dynamic, complicate and competitive environment while having to look for ways to sustain and grow business profitably since banking sector has penetrated and overtaken all the activities erstwhile covered in the sweep of NBFCs. The continuously evolving legislative and regulatory environment due to increasing globalisation, integration of world markets, newer and more complex products & transactions and an increasingly stringent laws, rules and regulations have posed infinite and hitherto unprecedented challenges for NBFCs. The ability to mingle risks across geographies, products, asset classes, customer segments and functional departments is of paramount importance for the hindrance free growth of the organisation which helps in delivering superior shareholder value by achieving an appropriate tradeoff between risks and returns. The inability to manage these risks can cause permanent damage. As a result, today's operating environment demands a rigorous and integrated approach to risk management.

### **NBFC SECTOR:**

The role of the NBFC sector in the Indian financial sector has become pivotal in terms of its size, spread and niche areas of operation. Many big sized NBFCs have become significant contributor to the overall financial system in India. As per RBI, in FY15, there were 11,622 Non-Deposit-taking NBFCs (NBFC-ND) and 220 Deposit-taking NBFCs (NBFC-D) in India with balance sheet sizes of ₹ 14,166 billion and ₹ 1,925 billion, respectively. NBFCNDs have posted a balance sheet growth of more than 15% in 2015 over 2014.

There is a growing trend towards more stringent yet structurally beneficial regulation in the NBFC sector. Anticipating such regulations and implementing good governance norms before they are mandated has been a constant practice of the company. Accordingly, the Company stands to benefit by policy notifications. The central bank – RBI, in the recent past has been acting leniently with its magnanimous approach has opened new vistas of business of NBFCs which was previously monopoly of banking sectors. Allowing big ticket NBFCs to foray into banking business, grant of licence to act as small and payment banks to many eligible entities are few of the examples.

### **RISK MANAGEMENT**

Company has formulated a risk management framework which lays the procedure for risk assessment and mitigation. Company manages various risks like financial risk, operational risk, marketing risk, external risk and regulatory risks associated with the mortgage business. The critical risks which can significantly impact profitability and financial strength are credit risk, interest rate risk and liquidity risk.

### **INTERNAL CONTROL**

Your company has proper and adequate system of internal control in place to monitor persistently proper recording of the transactions as per the policies and procedures laid down by the company. The company ensures that the regulatory guidelines are duly complied with at all the levels. The internal audit reports are regularly monitored by the Audit Committee.

### **SEGMENT REPORTING**

The company is a Non Banking Finance Company, its core business is financial business. Hence, there are no separate segments for reporting as per Accounting Standard-17 issued by the Institute of Chartered Accountants of India.

### **FINANCIAL SCORECARD**

The company has incurred profits ₹ 1 lakh as against loss of ₹ 3.75 lacs for the year ended March 31, 2015. Since the capital market moved in sideways having negative return of 6% in fiscal 2015-16, the company's portfolio's market value has remained stable during the year with no significant gain but there is huge jump in the value of its investment in its group company Dwarikesh Sugar Ind Ltd in which company is holding 21,59,118 equity shares, replicating stake of 13.23% of the Dwarikesh Sugar Ind Ltd, which has gone up from the low of ₹ 22 to the high of ₹ 285. The revenue from the rental income will be contributing regularly and steadily rather than dependence on volatile capital market revenue generation.

### **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.

For a mediocre size company, it has always been a concern to retain the talent over a period of time due to its small size of operations. The industrial relations are also cordial.

### **CAUTIONARY STATEMENT**

The statements in above analysis, describing the company's projections, estimates, expectations and predictions may be 'forward looking statements' within the meaning of applicable security laws and regulations. The actual results may differ from those expressed or implied. The important factors that may impact the operations of the company may consist of economic developments – globally and locally, government regulations, tax regimes and other related factors



## DIRECTOR'S REPORT

To  
The Shareholders,  
MORARKA FINANCE LIMITED

The Directors are pleased to present their report to the members together with the audited financial statements of the Company for the year ended 31<sup>st</sup> March, 2016.

### 1. FINANCIAL RESULTS:

	For the year Ended 31/03/2016	[IN ₹] For the year Ended 31/03/2015
Profit / (Loss) before tax	1,72,923	(98,753)
Less: Provision for taxation for the year	-	-
Provision for taxation earlier year	-	-
Deferred Tax	73,375	2,76,737
Fringe Benefit Tax	-	-
Profit / (loss) after tax	99,548	(3,75,490)
Add: Balance b/f from previous years	3,66,57,941	3,70,33,431
<b>Amount available for Appropriation</b>	<b>3,67,57,489</b>	<b>3,66,57,941</b>
<b>Appropriations:</b>		
<b>Proposed Dividend :</b>		
- On Equity Shares	-	-
Additional Dividend Tax	-	-
	-	-
Balance Carried over to next year	3,67,57,489	3,66,57,941
	<b>3,67,57,489</b>	<b>3,66,57,941</b>

### 2. FINANCIAL PERFORMANCE:

For the financial year ended March 31, 2016, your company has posted profit after tax of ₹ 1 lakh compare to the losses for the financial year ended March 31, 2015 of ₹ 3.75 lakhs. Hence compare to previous year, the company has performed better.

### 3. SUBSIDIARIES COMPANIES:

Your Company has no subsidiaries.

### 4. DIVIDEND:

Your directors have not recommended any dividends in view of losses incurred by the company during the year.

### 5. SHARE CAPITAL:

The paid up Equity Capital of your company as at March 31, 2016 was ₹ 4,50,21,000. The company has not issued any shares with differential voting rights and it has not granted any stock options or sweat equity during the period under the review. Further, none of the directors of the company hold instruments convertible into equity shares of the company.

### 6. DIRECTORS:

Pursuant to section 149 of the Companies Act, 2013 read with schedule IV and Articles of the company, Ms. Priyanka Morarka, and Shri G. R. Morarka Directors retire by rotation and being eligible offer themselves for re-appointment. The company has received declarations from all the independent directors of the company confirming the fact that they meet the criteria of independence mentioned under section 149(6) of the Companies Act, 2013.

### 7. CORPORATE SOCIAL RESPONSIBILITY:

The company is not falling in the purview of criteria specified in section 135(1) of the Companies Act, 2013 and hence the requirements pertaining to section 135 of the Companies Act, 2013 is not applicable to the company.

### 8. HUMAN RESOURCES:

The company is having five directors, chief executive officer, chief finance officer and company secretary being key managerial personnel under section 203 of the Companies Act, 2013. All are experts in their relevant fields. Company's well disciplined workforce which has served the company for years lies at the very foundation of the company's major achievements and shall well continue for the years to come.

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### 9. BUSINESS RISK MANAGEMENT:

Over the period of time, company has been following the principle of risk minimization as is the norm in every sector, it is a gist for company growth and long term survival in this competitive cosmos. The Board members were informed about risk assessment and minimization procedures after which the Board formally accepted steps for framing, implementing and monitoring the risk management plan for the company. The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues. In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities. Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk.

As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

### 10. SYSTEM OF INTERNAL CONTROL & THEIR ADEQUACY:

The Company has put in place adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements. The internal auditor of the company checks and verifies the internal control and monitors them in accordance with policy adopted by the company. Even through this non-production period the Company continues to ensure proper and adequate systems and procedures commensurate with its size and nature of its business.

### 11. WHISTLE BLOWER POLICY OR VIGIL MECHANISM:

The company has put in place a whistle blower policy pursuant to which employees of the company can raise their concerns pertaining to fraud, malpractice, or any other activity or event which is against the interest of the company. Details of complaints received and the action taken are reviewed by the Audit Committee. Whistle Blowers Mechanism's functioning is reviewed by the Audit Committee from time to time. None of the company's employees are denied access to audit committee.

### 12. EVALUATION OF BOARD:

As per the provisions of the Companies Act, 2013, a structured questionnaire was prepared after taking into account various aspects of Board's functioning, composition of board together with its committees, culture, execution and performance of specific roles, duties and obligation. So far as the performance evaluation of independent directors are concerned, the same is done by board. The chairman and executive directors are evaluated by the independent directors. The board has expressed that they are satisfied with process of evaluation.

#### Declaration from Independent Directors:

Pursuant to the requirements of section 149(7) of the Companies Act, 2013, the company has received the declarations from all the independent directors confirming the fact that they all are meeting the eligibility criteria as stated in section 149(6) of the Companies act, 2013.

### 13. POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The company is having Nomination and Remuneration Committee (NRC) as required under section 178 of the Companies Act, 2013 which recommends the appointment of Directors to the Board. The NRC is having onus to identify persons who are qualified to become directors on the Board and to evaluate criteria such as academic qualifications, previous experience, track record and integrity of the persons identified before recommending their appointment to the Board. The compensation policy of the company, duly reviewed and recommended by the Nomination and Remuneration committee has been articulated in line with the requirements of the Companies Act, 2013. The company's compensation policy is aimed to attract, retain, reward and motivate talented individuals critical for achieving strategic goals and long term success.

Remuneration policy is aligned to business strategy, market dynamics, internal characteristics and complexities within the organization. The ultimate objective is to provide a fair and transparent structure that helps the organization to retain and acquire the talent pool critical to building competitive advantage and brand equity. The compensation system should also take into account factors like roles, skills / competencies, experience and grade / seniority to differentiate pay appropriately on the basis of contribution, skill and availability of talent on account of competitive market forces. The company pays sitting fees to its Non executive directors for attending meetings of the Board and its Committees, Non executive directors are also reimbursed with expenses incurred by them for attending meetings of the Board and its Committees at actuals. The remuneration payable to the non executive directors and independent Directors is governed by the provisions of the Companies Act, 2013, The company is not having any subsidiary and hence holding directorships by any of the directors of the company in subsidiary is not applicable in case of the company. Shri B. J. Maheshwari and Shri Vijay S. Banka have relinquished their sitting fees payable to them for attending the Board/ Committee meetings.

### 14. BOARD & BOARD COMMITTEES :

The details of board meetings held during the year, attendance of directors at the meetings and constitutions of various mandatory committees of the board are included separately in the corporate governance report.



**15. RELATED PARTY TRANSACTIONS:**

Related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its omnibus approval and the particulars of contracts entered during the year as per Form AOC-2 is enclosed herewith and marked as Annexure I. The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the rules thereunder and the Listing Regulations.

**16. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATOR OR COURTS:**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

**17. DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Shri G. R. Morarka and Ms. Priyanka G. Morarka will retire by rotation in ensuing Annual General Meeting and are eligible for re-appointment. The brief resume/details relating to Directors who are to be appointed / re-appointed as above are furnished in the Annexure to the Notice. During the year under the review, there are no any change in any other directors and KMPs.

**18. STATEMENT OF DIRECTOR'S RESPONSIBILITIES:**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) that in the preparation of the annual financial statements for the year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit/ loss of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively,
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

**19. CORPORATE GOVERNANCE:**

In accordance with SEBI (LODR), Regulations, 2015, Corporate Governance Report along with Auditors' certificate thereon and Management Discussion and Analysis Report form part of this report are enclosed and forms part of the report.

**20. EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith and marked as Annexure II.

**21. PARTICULARS OF EMPLOYEE:**

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 is attached herewith and marked as Annexure III.

All the non executive directors of the company, due to financial constraints being faced by the company, have forgone remuneration. Further, no sitting fees has been paid to any director during the year, except to Shri S. H.Nevatia and Ms. Priyanka Morarka.

The particulars of the employees who are covered by the provisions contained in Rule 5(2) and rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are:

- |    |                               |     |
|----|-------------------------------|-----|
| a) | Employed throughout the year  | Nil |
| b) | Employed for part of the year | Nil |

The remuneration paid to all Key management Personnel was in accordance with remuneration policy adopted by the company.

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## MORARKA FINANCE LIMITED

- 22. POLICY ON PREVENTION OF SEXUAL HARASSMENT:** The Company has put in place a policy on Anti Sexual harassment, No complaints have been received under this policy during the period.
- 23. CONSOLIDATION OF ACCOUNTS:**  
The company is holding 46 and 20% % stake in another company named Dwarikesh Informatics Limited and Faridpur Sugars Limited respectively and hence the accounts of the same is required to be consolidated as required under section 129(3) of the Companies Act, 2013. In view of the intention of the management to dispose the same in part or in full in the near future, the investment in these associates companies is considered temporary, and therefore, the consolidation of accounts with above mentioned companies is not required as enunciated in Accounting Standard AS-23 'Consolidated Financial Statement' specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Company (Accounts) Rules, 2014.
- 24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE AND OUTGO:**  
Particulars relating to conservation of energy and technology absorption stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 is not applicable to the company. The company does not have any foreign exchange earnings and expenditure.
- 25. AUDITORS:**  
**STATUTORY AUDITORS**  
The Auditors, M/s. D.P. Agarwal & Co., Chartered Accountants, retire at this Annual General Meeting and being eligible, offer themselves for re-appointment subject to ratification by members at every consequent Annual General Meeting. Therefore, ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM.  
**SECRETARIAL AUDITORS**  
Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed V K M & Associates. (CP No.:4279, FCS: 5023), Company Secretaries to undertake the secretarial audit of the company. The Secretarial Audit Report is annexed herewith as Annexure IV. The observations in the said report are self explanatory and no further comments/explanations are called for.
- 26. MANAGEMENT DISCUSSON AND ANALYSIS:**  
As required under Regulation 34(2)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and listing regulations of Stock Exchanges, the Management Discussion and Analysis Report is enclosed as a part of this report.
- 27. PUBLIC DEPOSITS**  
The Company is an NBFC – ND and hence does not have any fixed deposits at the beginning of the year in terms of Section 74 of the Companies Act, 2013. The Company did not accept any deposits during the year.
- 28. ACKNOWLEDGEMENT:**  
Your Directors take this opportunity to place on record their appreciation for the co-operation received from Employees and overwhelming support extended by the shareholders.

By order of the Board  
**FOR MORARKA FINANCE LIMITED**

**G. R. MORARKA**  
CHAIRMAN  
(DIN:00002078)

**B. J. MAHESHWARI**  
DIRECTOR  
(DIN:00002075)

PLACE : Mumbai.

DATED: 26<sup>th</sup> May, 2016.



## ADDENDUM TO THE DIRECTORS' REPORT

### ANNEXURE I

#### Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

#### 1. Details of contracts or arrangements or transactions not at arm's length basis: None

Name(s) of the related party and nature of relationship	
Nature of contracts/arrangements/transactions	
Duration of the contracts / arrangements/transactions	
Salient terms of the contracts or arrangements or transactions including the value, if any	
Justification for entering into such contracts or arrangements or transactions	
Date(s) of approval by the Board	
Amount paid as advances, if any	
Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

#### 2. Details of material contracts or arrangement or transactions at arm's length basis

Name(s) of the related party and nature of relationship	Dwarikesh Sugar Ind. Ltd
Nature of contracts/ arrangements/ transactions	1. Lease of office premise 2. management consultancy facilities
Duration of the contracts / arrangements/transactions	1. Five years 2. Thirteen months
Salient terms of the contracts or arrangements or transactions including the value, if any	1. Company has leased the office premises to Dwarikesh Sugar Ind Ltd- A related party for period of 5 years at a monthly rent not exceeding ₹ 200000 2. For financial assistance and other matters of consultancy for the period upto March 31, 2017 to a related party Dwarikesh Sugar Ind Ltd, company being NBFC has entered into consultancy arrangements with it at monthly fees of ₹ 1,00,000 plus applicable taxes thereon and subject to such extension as may be mutually agreed upon by the parties.
Date(s) of approval by the Board, if any	
Amount paid as advances, if any	Nil

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## ANNEXURE II

Form No. MGT - 9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31<sup>st</sup> 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:

CIN	: CIN: L67120MH1985PLC035632
Registration Date	: 10/8/2000
Name of the Company	: Morarka Finance Limited
Category / Sub-Category of the Company	: Company Limited by shares – Indian non govt. company
Address of the Registered office and contact details	: 511, Maker Chambers V, 221, Nariman Point, Mumbai - 400021
Whether listed company	: Yes
Name, Address and Contact	: Universal Capital Securities Pvt.Ltd.
details of Registrar and Transfer Agent, if any:	: 21, Shakil niwas, mahakali caves road, Andheri (east), Mumbai 400 093. ph. 022 28207203-05, 28257641 Email: Info@unsec.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	Rent of office premises		45
2	Sale of shares		48

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	Faridpur Sugars Ltd	U15122UP2010PLC039515	Associate	20%	2(6)
2	Dwarikesh Informatics Limited	U22211 MH2000 PLC 210491	Associate	46%	2(6)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

##### i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	649331	0	649331	14.42	677032	0	677032	15.04	0.62
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	2207831	0	2207831	49.04	2207831	0	2207831	49.04	--
e) Banks / FI									
f) Any other									
Sub-total(A)(1):	2857162	0	2857162	63.46	2884863	0	2884863	64.08	0.62
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any other									
Sub-total (A)(2):	0	0	0	0	0	0	0	0	--
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	2857162	0	2857162	63.46	2884863	0	2884863	64.08	0.62



Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B.	Public Shareholding									
	(1) Institutions									
	a) Mutual Funds									
	b) Banks / FI									
	c) Central Govt									
	d) State Govt(s)									
	e) Venture Capital Funds									
	f) Insurance Companies									
	g) FIs									
	h) Foreign Venture Capital Funds									
	i) Others (specify)									
	Sub-total (B)(1):	0	0	0	0	0	0	0	0	--
	(2) Non-Institutions									
	a) Bodies Corp.	25751	6200	31951	0.71	0	0	0	0	(0.71)
	i) Indian									
	ii) Overseas									
	b) Individuals									
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	688542	281008	969550	21.54	645814	278608	924422	20.53	(1.01)
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	634307	0	634307	14.09	640308	0	640308	14.22	0.13
	c) Others									
	clearing members	1738	0	1738	0.04	1238	0	1238	0.03	(0.01)
	NRI / OCBs	7392	0	7392	0.16	45069	6200	51269	1.14	0.98
	Sub-total(B)(2):	1357730	287208	1644938	36.54	1322429	284808	1617237	35.92	(0.62)
	Total Public Shareholding (B)=(B)(1)+(B)(2)	1357730	287208	1644938	36.54	1322429	284808	1617237	35.92	(0.62)
C.	Shares held by Custodian for GDRs & ADRs									
	Grand Total (A+B+C)	4214892	287208	4502100	100	4217292	284808	4502100	100	-



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### ii. SHAREHOLDING OF PROMOTERS:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% 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	G. R. Morarka	90300	2.01	0	99800	2.22	0	0.22
2	Dwarikesh Trading Co. Ltd.	2207831	49.04	0	2207831	49.04	0	0
3	Pranay Morarka	487831	10.84	0	506032	11.25	0	0.40
4	S. G. Morarka	70900	1.57	0	70900	1.57	0	0
5	Sudhir Nevatia	300	0.00	0	300	0.00	0	0
	Total	2857162	63.46	0	2884863	64.08	0	0.62

### iii. CHANGE IN PROMOTERS' SHAREHOLDING:

Sl. No.		Shareholding at the beginning of the year		Cumulative Promoters Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Shri G. R. Morarka (holding as at April 1, 2015 - 90300) Increase/ (Decrease) in holding 08/10/2015 - Market Purchase	9,500	0.21	2884863	64.07
2	Shri Pranay Morarka (holding as at April 1, 2015 - 487831) Increase/ (Decrease) in holding 16/09/2015 - Market Purchase	1,200	0.03	2858362	63.49
	21/09/2015 - Market Purchase	1	0.000	2858363	63.49
	01/10/2015- Market Purchase	5,000	0.11	2863363	63.60
	06/10/2015- Market Purchase	12,000	0.27	2875363	63.87
	At the End of the year	2884863	64.07	2884863	64.07

### iv. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Satish Kumar Subbiah	2,26,000	5.02	2,26,000	5.02
2	Aarathi Srinivasan	1,10,000	2.44	1,10,000	2.44
3	Swati Maheshwari	64,306	1.43	64,306	1.43
4	Trupti Uday Merchant	38,000	0.84	38,000	0.84
5	Moon Hasmukhrai Kamdar	35,022	0.78	35,022	0.78
6	Velammal S.	35,000	0.78	35,000	0.78
7	Savitha Rao	20800	0.46	--	--
8	Dwarkadas Chandak	19525	0.43	--	--
9	S. Sujatha	25,000	0.56	25,000	0.56
10	Ugrabhai V. Patel	21,025	0.47	21,025	0.47



v. **SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	G. R. Morarka	76086	1.69	90300	2.01
2	B. J. Maheshwari	5	0	5	0
3	S. H. Nevatia	300	0.00	300	0.00
4	Pranay G. Morarka	459774	10.21	487831	10.84
5	Priyanka G. Morarka	0	0	0	0
6	Vijay S. Banka	5	0	5	0
7	L. N. Heda	4	0	4	0
8	Hemalkumar Shah	3	0	3	0

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	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
Addition	-	-	-	-
Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

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

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission		
	- as % of profit		
	- others, specify		
5	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

\*Note : The company is not having any MD/WTD/Manager.

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### B. REMUNERATION TO OTHER DIRECTORS:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		S. H. Nevatia	Priyanka Morarka	
1.	Independent Directors			
	Fee for attending board / committee meetings	3,000	10,000	13,000
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)			
2.	Other Non-Executive Directors			
	Fee for attending board / committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	3,000	10,000	13,000
	Total Managerial Remuneration			
	Overall Ceiling as per the Act	₹ 1,00,000 per meeting attended		

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary	2,30,000	10,47,200	5,16,431	17,93,631
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	2,30,000	10,47,200	5,16,431	17,93,631

### VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD /NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NONE		
Punishment					
Compounding					



### ANNEXURE III

#### STATEMENT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 AND RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

Disclosures on Remuneration

**1. Ratio of Remuneration of each director to the median employees remuneration for the year:**

Designation	Ratio
Chief Executive Officer	0.44
Chief Finance Officer	1.00
Company Secretary	2.03
Directors	--

Note: The company is not paying any commission to its directors. The company doesn't pay any remuneration to its directors.

**2. Percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any, in the FY- 2015-2016**

Designation	Increase
Chief Executive Officer	28.66
Chief Finance Officer	6.86
Company Secretary	19.26
Directors	--

**3. Percentage Increase in the median remuneration of employees in the financial year.**

The percentage increase in the median remuneration of the employees in the financial year was 6.86%

**4. The number of permanent employees on the rolls of the company :**

As of March 31, 2016, the company having only five directors and three KMPs viz. CEO, CFO and CS.

**5. Explanation on relationship between average increase in remuneration and the company's performance.**

The remuneration for company's employees is governed by an elaborate and comprehensive Compensation Policy.

The Compensation Policy clearly lays down the principles for determining remuneration. The company's approach is to have a pay for performance culture based on the belief that the performance management system provides a sound basis for assessing performance holistically. The compensation system also takes into account factors like roles, skills, competencies, experience, seniority to differentiate pay appropriately on the basis of contribution, skill and availability of talent. Further, in line with the philosophy of prudent risk taking, remuneration is subject to adjustment against all types of risk.

The average increase in employee remuneration for the year has been 6.86%. The profit (PBT) as at March 31, 2016 was ₹ 99,548 as against ₹ (375490) as at March 31, 2015. There is a turnaround for the company from losses last fiscal to profits in this fiscal.

**6. Comparison of Remuneration of KMP against performance of the company :**

For financial year 2015-2016, KMPs were paid ₹ 17,93,631 as against which the PBT figure is ₹ 1,72,923 in FY16 and ₹ (98,752) in FY15.

**7. Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current FY and the previous FY and percentage increase or decrease in market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.**

	March 31, 2016	March 31, 2015
Market Capitalisation in ₹	42769950	3,66,92,115
Price / Earnings Ratio	0.02	(0.08)
Percentage Increase / Decrease in market quotations of the shares of the company in comparison to the rate at which the company came out with last public offer	(5)	(18.5)
Percentage Increase / Decrease in market quotations of the shares of the company in comparison to the rate at which the company came out with last public offer (annualised)	(5)	(1.68)

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8. **Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The company is only having five directors and three KMPs and not having any non managerial staff and hence providing these comparative details are not applicable in case of the company.

9. **Comparison of each remuneration of the Key Managerial Personnel against the performance of the company.**

Particular	% of PBT
CEO	133
CFO	298.65
CS	605.59

\* Since the Company has very small amount of profits of just ₹ 1 lakh, the comparison of each remuneration of the Key Managerial Personnel against the performance of the company is not feasible.

10. **Key Parameters for any variable component of remuneration availed by the Directors**  
There is no any variable component of remuneration availed by the Directors.
11. **The ratio of the 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:** Not Applicable.
12. **Affirmation that the remuneration is as per the remuneration policy of the company :** Yes.



**ANNEXURE IV**  
**FORM MR-3**  
**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 09 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
**The Member,**  
**MORARKA FINANCE LIMITED**  
**511-Makers Chambers, V,**  
**221-Nariman Point,**  
**Mumbai - 400021.**  
**Maharashtra - India.**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by "MORARKA FINANCE LIMITED" (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion the Company has, during the audit period covering the financial year ended on 31st March, 2016 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 extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of;

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts ( Regulation) Act, 1956 (SCRA) and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-law framed hereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
5. Reserve Bank of India Act, 1934 and rules and regulations made there under and any modification, new enactment from time to time related to Non Banking Financial Company.
6. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India , 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 and SEBI (Prohibition of Insider Trading) Regulations 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 – Not applicable for the audit period;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines , 1999 - Not applicable for the audit period;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable for the audit period;
  - (f) The Securities and Exchange Board of India ( Registration to an Issue and Share Transfers Agents ) Regulations, 1993;
  - (g) The Securities and Exchange Board of India ( Delisting of Equity Shares) Regulations, 2009 - Not applicable for the audit period;
  - (h) The Securities and Exchange Board of India (Buyback of Securities ) Regulations, 1998 - Not applicable for the audit period;

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7. Other Laws applicable to the Company ;
- i. Competition Act, 2002
  - ii. The Prevention of Money Laundering Act, 2002 (PMLA).
  - iii. The Income Tax Act, 1961
  - iv. Shops and Establishments Act, 1948
  - v. The Finance Act, 1994
  - vi. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
  - vii. Securities Laws (Amendment) Bill, 2014.

We have also examined compliance with the applicable clause of the following;

- I. The Secretarial Standards issue by the Institute of Company Secretaries of India.
- II. The Listing Agreements entered into by the Company with Bombay Stock Exchange.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above:

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the other laws applicable to the Company.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent 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 clarification on the agenda items before the meeting and for meaningful participation at the meeting.

All decision at Board Meetings and Committee Meetings are carried with the consent of majority of director as recorded in the minutes of the Meetings of the Board of Directors or Committee of the Board, also along with those who have not voted in favour or abstain from voting with their comments as the case may be.

We further report that there are 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.

Place : Mumbai.  
Date : 26th May, 2016.

**For VKM & Associates**  
Practising Company Secretary

**(Vijay Kumar Mishra)**  
Partner  
FCS No. 5023  
C P No.: 4279

Note: This report is to be read with our letter of even date which is annexed as "ANNEXURE A" and forms an integral part if this report.



## “ANNEXURE A”

To,  
The Member,  
**MORARKA FINANCE LIMITED**  
511-Makers Chambers, V,  
221-Nariman Point  
Mumbai - 400021  
Maharashtra - India

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We 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 the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Mumbai.  
Date : 26th May, 2016.

**For VKM & Associates**  
Practising Company Secretary

**(Vijay Kumar Mishra)**  
Partner  
FCS No. 5023  
C P No.: 4279



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## MORARKA FINANCE LIMITED

### REPORT ON CORPORATE GOVERNANCE

Introduction: Corporate Governance is the mechanism by which the values, principles, management policies and procedures of a corporation are made manifest in the real world. Corporate Governance contemplates fairness, transparency, accountability and responsibility in the functioning of the management and the board of companies. Corporate Governance represents moral framework, the ethical framework and the value framework under which an enterprise takes decisions.

#### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your company has implemented and continuously tries to improve the Corporate Governance Practices which attempt to meet stakeholders' expectations' and company's commitment to society through high standards of ethics, sound business decisions, prudent financial management practices, professionalism in decision making and conducting the business and finally with strict compliance with regulatory guidelines on corporate governance.

"Transparency, honesty, efficiency, complete and timely disclosure and sustained enhancement of shareholders value, justice to vendors, employees and the society at large are the cardinal principles of Corporate Governance for your Company"

A Report on compliance with the principles of Corporate Governance as prescribed by The Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below:

#### 2. COMPOSITION OF BOARD OF DIRECTORS

As at 31<sup>st</sup> March, 2016, the Board of Directors comprised 5 Directors as under:

- All Directors are Independent Non-Executive Directors except Shri G. R. Morarka, who is Promoter & Non-Executive Chairman & Ms. Priyanka G. Morarka.
- Ms. Priyanka G. Morarka is daughter of Shri G. R. Morarka. Other Directors are not related to each other.
- Shri Pranay G. Morarka has been appointed as a Vice President (Chief Executive Officer) pursuant to the requirements section 203 of the Companies Act, 2013 being Key Managerial Personnel (KMP) of the company. He is a son of Shri G. R. Morarka.

During the year, 4 Board Meetings were held on May 29, 2015, August 13, 2015, November 6, 2015 & February 8, 2016.

The details of attendance and other Directorships of the Directors comprising the Company's Board of Directors during the financial year 2015-2016 are as under:

Name of Director	Category	Attendance Board Meeting	Last AGM	Other Board Representation*	
				Directorships	Committees
Shri G. R. Morarka	Promoter, Non Executive Chairman	4	No	4	2
Shri S. H. Nevatia	Independent Non-Executive Director	1	No	-	-
Shri B. J. Maheshwari	Independent Non-Executive Director	3	Yes	4	2
Shri Vijay S. Banka	Independent Non-Executive Director	4	Yes	3	2
Ms. Priyanka G. Morarka	Promoter Non-Executive Director	4	No	2	-

In accordance with SEBI (LODR) Regulations, 2015, directorships of only public limited companies have been considered. The directorships in section 8 companies and private companies have been excluded. Further, memberships & chairmanships of only Audit committee and Stakeholders Relationship Committee of all Public Limited Companies have been considered.

#### Separate Meeting of Independent Directors:

A meeting of independent directors of the company was held on February 8, 2016 and the same was attended by Shri B. J. Maheshwari, Shri Vijay S. Banka.

Details Of Remuneration and sitting fees: the details of remuneration to the executive directors and sitting fees and out of pocket expenses paid to independent directors for the year ended March 31, 2016 is as follows:

Particular	G. R. Morarka	B. J. Maheshwari	Vijay S. Banka	Priyanka Morarka	Sudhir Nevatia
Basic	-	-	-	-	-
Allowances	-	-	-	-	-
P F	-	-	-	-	-
Superannuation	-	-	-	-	-
Sitting fees and out of pocket expenses	-	-	-	10,000	3,000



**Note:** Shri B. J. Maheshwari and Shri V. S. Banka have relinquished sitting fees payable to them for attending Board and committee meetings.

### **3. COMMITTEES OF BOARD**

#### **A. AUDIT COMMITTEE**

Pursuant to Regulation 18 of the Listing Regulations and also pursuant to the provisions of section 177 Companies Act, 2013, the Committee was reconstituted on 26<sup>th</sup> September, 2000, to comprise two Independent Non-Executive Directors and one Promoter Non-Executive Director. Members of Audit Committee are eminent persons in their field. The Company Secretary acts as the secretary to the Committee.

Terms of Reference: The Audit Committee reviews and reports to the Board on the following:

1. 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;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013,
  - b. Changes, if any, in accounting policies and practices and reasons for the same,
  - c. Major accounting entries involving estimates based on the exercise of judgment by management,
  - d. Significant adjustments made in the financial statements arising out of audit findings,
  - e. Compliance with listing and other legal requirements relating to financial statements,
  - f. Disclosure of any related party transactions,
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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The Committee also reviews the observations of the Internal and Statutory Auditors, along with the comments and action taken thereon by the Management and invites senior executives to its Meetings as necessary.

During the year, 4 Audit Committee Meetings were held on : May 29, 2015, August 12, 2015, November 6, 2015, February 08, 2016.

The composition and details of attendance of the Audit Committee are as under:

		<b>Status</b>	<b>No. of Meetings Attended</b>
Shri G.R. Morarka	Non Executive	Member	3
Shri S.H. Nevatia	Non Executive	Member	2
Shri B.J. Maheshwari	Non Executive	Chairman	4
Shri Vijay S Banka	Non Executive	Member	4

### **B. NOMINATION & REMUNERTION COMMITTEE**

The Board of Directors of the Company at their meeting held on 4<sup>th</sup> March, 2003, constituted a remuneration committee of Directors, to comprise two Independent Non-Executive Directors as members and one Promoter Non-Executive Director as chairman. The committee is re-constituted / renamed as a Nomination and Remuneration Committee pursuant to the requirements of section 178(1) of the Companies Act, 2013. The Company Secretary acts as the secretary to the Committee.

During the year, there are no any meeting of Nomination and Remuneration Committee taken place. The Nomination & Remuneration Committee is required to be constituted for deciding the terms and conditions of appointment, remuneration and related matters of Managerial Personnel such as Managing Director, Executive Director & Directors etc.

The composition and name of members of the Nomination and Remuneration Committee are as under:

1.	Shri V. S. Banka	Non-executive Promoter Director (Member)
2.	Shri S.H. Nevatia	Non-executive Independent Director (Member)
3.	Shri B.J. Maheshwari	Non-executive Independent Director (Chairman)

The Chairman of the Remuneration Committee is to be elected by its members from amongst themselves.

Out of pocket expenses of ₹ 250 per meeting is payable to a member for attending meeting of the nomination and remuneration committee.

### **C. STAKEHOLDER'S RELATIONSHIP COMMITTEE**

The Board has constituted a Stakeholder's Relationship Committee as a step to achieve the objectives of Corporate Governance, consisting of the following directors:

1.	Shri V. S. Banka	Non-executive Promoter Director
2.	Ms. Priyanka Morarka	Non-executive Independent Director
3.	Shri B.J. Maheshwari	Non-executive Independent Director (Chairman of the Board)

The scope of Stakeholder's Relationship Committee is as follows:

1. To attend to investors grievances of all types of security holder's grievances.
2. To appoint Registrars and Share Transfer Agent.
3. To transfer, transmit, consolidate, issue duplicate share certificates, split share certificates, etc.
4. To attend to complaints of Security holders regarding non-receipt of Balance Sheet and non-receipt of Declared dividend etc.
5. To do all such acts, things, deeds as may be required to be done in the above regard.

Out of pocket expenses @ ₹ 250/- per meeting is payable to a member for attending the committee meeting. The Stakeholder's Relationship Committee is also required to submit their reports / suggestions to the Board of Directors of the Company from time to time.

### **D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

The company is not falling in the purview of criteria specified in section 135(1) of the Companies Act, 2013 and hence the requirements pertaining to section 135 of the Companies Act, 2013 is not applicable to the company.

#### **Investor Services**

Your Company has appointed M/s Universal Capital Securities Pvt.Ltd; as Registrar and Share Transfer Agent, which have adequate infrastructure and VSAT connectivity with both the depositories, which facilitate better and faster service to the investors.



#### E. CODES AND POLICIES WEBLINK:

The details codes and policies required to be framed and formulated under Companies Act, 2013, rules made thereunder and SEBI (LODR) Regulations, 2015, other applicable statutes, rules and regulations are provided on the website of the company on weblink: <http://morarkafinance.in/news/investor-relations>. There are no any unclaimed shares.

#### 4. GENERAL BODY MEETINGS

The details of the last three Annual General Meetings are as under:

Financial Year	Location	Date	Time
2012-13	Kilachand conference Room, Indian Merchants' Chambers Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020	27/09/2013	12.00 noon
2013-14	Kilachand conference Room, Indian Merchants' Chambers Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020	29/09/2014	12.00 noon
2014-15	Kilachand conference Room, Indian Merchants' Chambers Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020	28/09/2015	12.00 noon

#### SPECIAL RESOLUTIONS PASSED IN GENERAL MEETINGS DURING LAST 3 YEARS:

Date	Particulars
September 29, 2014	Alteration of articles of association by adoption of new Articles in compliance of Companies Act, 2013.
	Approval for Related Party Transaction of leasing the office premises to Dwarikesh Sugar Ind Ltd

#### 5. CODE OF BUSINESS CONDUCT AND ETHICS

In keeping with its proactive approach to achieve best governance standards, your company has laid down the Code of Business Conduct and Ethics. The code has been posted on the website of the company.

#### 6. DISCLOSURES

- The Compliance Reports of all laws applicable to the Company are periodically reviewed by the Board.
- The Company has complied with all requirements of the applicable Listing Regulations with the Stock Exchange as well as the Regulations and Guidelines prescribed by SEBI and statutory authorities related to the capital market, during the last three years. There were no penalties or strictures imposed on the Company by any statutory authorities for non-compliance on any matter related to capital markets, during the last three years.
- Disclosure of Related party transactions  
All related party transactions have been entered into in the Ordinary course of business and were placed periodically before the Audit Committee and the Board. All transactions with the related parties or others are on an arm's length basis.
- Disclosure of Accounting Treatment  
All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.
- Risk Management:  
The Company has in place mechanism to inform the Board Members about the Risk Assessment and Minimisation procedures and periodical reviews, to ensure that risk is controlled by the Executive Management through the means of a properly defined policy.
- Subsidiary Companies:  
There are no subsidiary companies.

#### 7. MEANS OF COMMUNICATION

The Company's quarterly results in the pro-forma prescribed by the Stock Exchanges pursuant to Regulations 33 and 47 of the Listing Regulations are approved and taken on record by the Board within the prescribed time frame, and sent forthwith to all Stock Exchanges on which the Company's shares are listed. These results are being published in leading newspapers – Financial Express in English & Aapla Mahanagar in Marathi.

All the data related to quarterly financial results, shareholding pattern etc. has been posted on the Company's website: ([www.morarkafinance.in](http://www.morarkafinance.in)). The Company's website also displays the official news releases.

Management discussion and Analysis report included in the Annual Report for the year.

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### 8. GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting	31 <sup>st</sup> Annual General Meeting
Date, time and venue	Monday, 26 <sup>th</sup> September, 2016 at 12 noon at Indian Merchants' Chambers Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020.
Financial Calendar Particulars (April-March)	Date of Approval/publication
First Quarter Results	On or before 14 <sup>th</sup> August, 2016
Second Quarter Results	On or before 14 <sup>th</sup> November, 2016
Third Quarter Results	On or before 14 <sup>th</sup> February, 2017
Last Quarter Results	On or before 30 <sup>th</sup> May, 2017
Dates of Book Closure	Tuesday, 20 <sup>th</sup> September, 2016 to Monday, 26 <sup>th</sup> September, 2016 (both days inclusive).
Listing Details	BSE

The details of the Stock Exchanges on which the Company's shares are listed are as under:

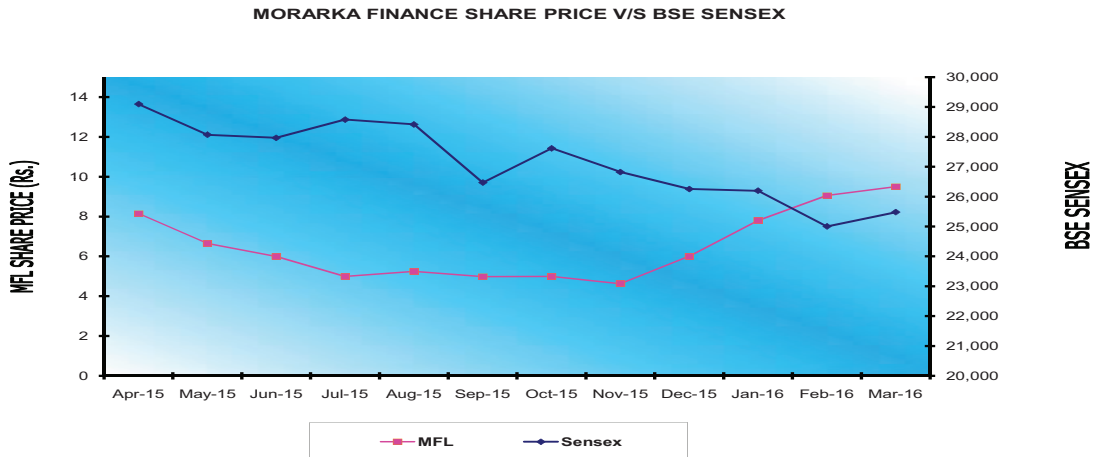
Name	Address	Stock Code
The Bombay Stock Exchange Ltd.	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	511549
International Securities Identification Number (ISIN)		INE 367A 01015

#### Market Price Data - Bombay Stock Exchange:

Month	Highest (₹) Of the Month	Lowest (₹) Of the Month	Volume (No. of Shares)
April, 2015	8.15	6.96	398
May, 2015	6.65	6.05	115
June, 2015	6.00	5.25	16
July, 2015	5.00	5.00	25
August, 2015	5.25	5.25	548
September, 2015	4.99	4.75	1,450
October, 2015	5.00	4.61	32,600
November, 2015	4.63	4.63	100
December, 2015	6.01	4.40	4,773
January, 2016	7.81	6.31	4,389
February, 2016	9.05	7.70	12,808
March, 2016	9.50	9.03	14,158



## MORARKA FINANCE SHARE PRICE VIS A VIS BSE SENSEX



### Registrar and Transfer Agents:

#### Universal Capital Securities Pvt.Ltd;

21, Shakil Niwas, Mahakali Caves Road,  
Andheri (East), Mumbai - 400 093.

#### ➤ Share Transfer System

Effective November 29, 1999, the Company's shares are compulsorily traded in dematerialised form.

All share transfers and other share related issues are approved by a Director authorised by the Board; approvals are obtained at intervals not exceeding 15 days.

#### ➤ Distribution of Shareholding as on 31<sup>st</sup> March, 2016

No. of Shares			No of Shareholders	Percentage	No. of Shares	Percentage
Upto 500			1,921	83.485	4,20,047	9.330
501	-	1000	218	9.474	1,73,699	3.858
1001	-	2000	78	3.390	1,25,730	2.793
2001	-	3000	26	1.130	67,241	1.494
3001	-	4000	16	0.695	55,195	1.226
4001	-	5000	12	0.522	56,501	1.255
5001	-	10000	11	0.478	63,316	1.406
10001	And	Above	19	0.826	35,40,371	78.638
Total			2,301	100.000	45,02,100	100.00

#### ➤ Categories of Shareholders on 31<sup>st</sup> March, 2016

Category		No. of Shares of ₹ 10/- each	%
Promoters			
*	Indian	6,77,032	15.04
*	Foreign	-	-
Persons Acting in Concert		22,07,831	49.04
Mutual Funds		-	-
Banks		-	-
Indian Institutional Investors		-	-
Foreign Institutional Investors		-	-
Private Corporate Bodies		-	-
General Public		15,64,730	34.75
NRIs, OCBs		51,269	1.14
Clearing Members		1,238	0.03
<b>Total</b>		<b>45,02,100</b>	<b>100.00</b>

## 31<sup>th</sup> ANNUAL REPORT 2015-16 MORARKA FINANCE LIMITED

➤ Dematerialisation of Shares

The company was amongst the first few companies to sign an agreement with the National Securities Depository Limited for joining the Depository System. The company has also signed an agreement with the Central Depository Services (India) Limited. As intimated by SEBI, trading in the shares of the company is compulsorily to be in the dematerialised form for all the investors with effect from November 29, 1999. As on 31<sup>st</sup> March, 2016, 93.69% of the total shares of the Company have been dematerialised.

➤ Address for Correspondence Corporate Secretarial Department

The Corporate Secretarial Department is located at the Company's Registered Office situated at 511, Maker Chambers - V, 221, Nariman Point, Mumbai - 400 021. Tel: 22832468; Fax: 22047288.

The shareholders may address their communications/grievances/ queries to Shri Hemalkumar Shah, Company Secretary at the above mentioned address.

### **Results**

Quarterly & Half-yearly results as published in the newspapers are made available to the Members on request.

### **Discretionary Requirements under Regulation 27 of the SEBI (Listing Obligation & Disclosure Requirements (LODR) Regulations, 2015:**

The status of compliance with discretionary recommendations of the Regulation 27 of the SEBI (LODR), Regulations is provided below:

Chairman's Office: Shri G. R. Morarka is designated as non-executive chairman of the company.

Separate posts of Chairman and CEO: Shri G. R. Morarka is holding the position chairman and his son Shri Pranay G. Morarka is designated as Vice-President & CEO.

Shareholders' Rights: As the quarterly and half yearly financial performance along with significant events are published in the newspapers 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 for the year ended March 31, 2016 are unqualified.

Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

On behalf of the Board of Directors

Place: Mumbai.

Dated: May 26, 2016.

**B.J. Maheshwari**

Director

DIN: 00002075



To,  
**The Board of Directors,  
Morarka Finance Limited**

Re: Financial Statements for the year ended on 31<sup>st</sup> March, 2016

Dear Sirs,

We, G.R. Morarka Chairman and L.N. Heda, CFO of Morarka Finance Limited, on the basis of the review of the financial statements and the cash flow statement for the financial year ending 31<sup>st</sup> March, 2016 and to the best of our knowledge and belief, hereby clarify that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) 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) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which 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 that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they 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 have indicated to the auditors and the Audit committee
- (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) 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.
- (e) **We further declare that all the Board Of Directors and senior managerial personnel have affirmed compliance with code of conduct and ethics of the company for the current year.**

For Morarka Finance Limited

Place: Mumbai.

**G.R. Morarka**

**L.N. Heda**

Date: May 26, 2016.

Chairman

C.F.O.

## **AUDITORS' REPORT ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To,

**The Shareholders of Morarka Finance Limited**

Dear Sirs,

We have examined the compliance of conditions of Corporate Governance by **Morarka Finance Limited** ("the Company") for the year ended 31<sup>st</sup> March, 2016, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirement) Regulations, 2015 (erstwhile clause 49 of the Listing Agreement) with the documents and records maintained by the Company and the report on corporate governance as adopted by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for 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 according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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 D. P. AGARWAL & CO.**  
CHARTERED ACCOUNTANTS

Place: Mumbai.

Date : May 26, 2016.

**D P AGARWAL**  
PROPRIETOR  
Membership No:35500



## **INDEPENDENT AUDITOR'S REPORT**

To the Members of **Morarka Finance Limited**

### **Report on the Financial Statements**

We have audited the accompanying standalone financial statements of **Morarka Finance Limited ("the Company")**, which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and 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 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 the standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the standalone 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 March 31, 2016, its profit, and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") 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 paragraphs 3 and 4 of the Order.
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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2016, and 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” to this report;
- (g) With respect to the other matters to be included in the 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 explanations given to us:
  - i. The Company does not have any pending litigations having major implication on its financial position in its financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For D P Agarwal and Co.**  
Chartered Accountants  
Firm Registration Number 100068W

**D. P. Agarwal**  
(Proprietor)  
Membership No 35500

Place : Mumbai.  
Date : May 26, 2016.

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## MORARKA FINANCE LIMITED

### ANNEXURE TO AUDITOR'S REPORT

Annexure A referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: **Morarka Finance Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the year 2013-14 in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification. According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the company.
- (ii) The Company's business does not involve inventories except stock-in-trade and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) Undisputed applicable statutory dues such as provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- (vii) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues, whichever is applicable, were not outstanding, at the year end, for a period of more than six months from the date they became payable.
- (vii) (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon. Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

**For D P Agarwal and Co.**

Chartered Accountants

Firm Registration Number 100068W

**D. P. Agarwal**

(Proprietor)

Membership No 35500

Place : Mumbai.

Date : May 26, 2016.



## **ANNEXURE TO AUDITOR'S REPORT**

### **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MORARKA FINANCE LIMITED**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")  
To the Members of **Morarka Finance Limited**

We have audited the internal financial controls over financial reporting of **Morarka Finance Limited ("the Company")** as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the Company's 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 under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgement, 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 internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's 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. A company's 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company'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 March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For D P Agarwal and Co.**

Chartered Accountants

Firm Registration Number 100068W

**D. P. Agarwal**

(Proprietor)

Membership No 35500

Place : Mumbai.

Date : May 26, 2016.



## BALANCE SHEET AS AT 31ST MARCH, 2016

(Amount in ₹)

	Particulars	Note No.		As at 31/03/2016	As at 31/03/2015
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>				
(1)	<b>Shareholder's Funds</b>				
	(a) Share capital	1	4,50,21,000	4,50,21,000	
	(b) Reserves and surplus	2	4,53,89,943	4,52,90,395	
	(c) Money received against share warrants		-	-	
				<b>9,04,10,943</b>	9,03,11,395
(2)	<b>Share application money pending allotment</b>			-	-
(3)	<b>Non-Current Liabilities</b>				
	(a) Long-term borrowings		-	-	
	(b) Deferred tax liabilities (net)		-	-	
	(c) Other long term liabilities		-	-	
	(d) Long term provisions	3	1,81,088	3,54,279	
				<b>1,81,088</b>	3,54,279
(4)	<b>Current Liabilities</b>				
	(a) Short-term borrowings	4	-	-	
	(b) Trade payables	5	35,457	28,693	
	(c) Other current liabilities	6	-	-	
	Current maturities of long term debts		-	-	
	Others		1,92,497	1,69,541	
	(d) Short-term provisions		-	-	
				<b>2,27,954</b>	1,98,234
	<b>TOTAL</b>			<b>9,08,19,985</b>	<b>9,08,63,908</b>
<b>II.</b>	<b>ASSETS</b>				
(1)	<b>Non-current assets</b>				
	(a) Fixed assets	7			
	(i) Tangible assets		8,18,919	8,64,485	
	(ii) Intangible assets		-	-	
	(iii) Capital work-in-progress		-	-	
	(iv) Intangible assets under development		-	-	
			<b>8,18,919</b>	8,64,485	
	(b) Non-current investments	8	8,60,80,865	8,60,80,865	
	(c) Long term loans and advances		-	-	
	(d) Other non-current assets		-	-	
				<b>8,68,99,784</b>	8,69,45,350
(2)	<b>Current assets</b>				
	(a) Current investments		-	-	
	(b) Inventories	9	16,99,913	16,00,208	
	(c) Trade receivables		-	-	
	(d) Cash and bank balances	10	1,44,683	1,61,283	
	(e) Short-term loans and advances	11	91,422	99,508	
	(f) Other current assets		-	-	
	(g) Deferred tax assets (net)	12	19,84,184	20,57,559	
				<b>39,20,201</b>	39,18,558
	<b>TOTAL</b>			<b>9,08,19,985</b>	<b>9,08,63,908</b>
Significant Accounting Policies & Notes to Accounts form an intergral part of these financial statements					

As per our report of even date attached  
**FOR D.P. AGARWAL & CO.**  
Chartered Accountants

**G.R.Morarka**  
DIN 00002078  
Chairman

**B.J.Maheshwari**  
DIN 00002075  
Director

**Hemalkumar H. Shah**  
Company Secretary

**D P AGARWAL**  
PROPRIETOR  
MEMBERSHIP NO. 35500  
Firm Regn. No. 100068W  
Place: Mumbai.  
Dated: 26th May, 2016

**V.S.Banka**  
DIN 00963355  
Director

Place: Mumbai.  
Dated: 26th May, 2016

**31<sup>th</sup> ANNUAL REPORT 2015-16**  
**MORARKA FINANCE LIMITED**

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

(Amount in ₹)

	Particulars	Note No.	Year ended 31-03-2016	Year ended 31-03-2015
	<b>REVENUE:</b>			
I.	Revenue from operations (Gross)	13	16,61,892	4,62,053
II.	Other income	14	17,75,952	16,35,303
III.	<b>Total Revenue (I +II)</b>		<b>34,37,843</b>	20,97,356
IV.	<b>EXPENSES:</b>			
	Cost of materials consumed		-	-
	Purchase of stock-in-trade		1,48,000	-
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	15	(99,705)	(45,505)
	Employee benefit expenses	16	18,92,101	16,66,536
	Finance cost	17	-	-
	Depreciation and amortization expenses	18	45,566	48,492
	Other expenses	19	12,78,959	5,26,586
	<b>Total Expenses</b>		<b>32,64,921</b>	21,96,109
V.	Profit before exceptional and extraordinary items and tax (III-IV)		1,72,923	(98,752)
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V - VI)		1,72,923	(98,752)
VIII.	Extraordinary items		-	-
IX.	<b>Profit before tax (VII - VIII)</b>		1,72,923	(98,752)
X.	Tax expense:			
	(1) Current tax			
	Current year		-	-
	Less: MAT credit entitlement		-	-
	Add: Reversal of MAT credit entitlement		-	-
	Previous year		-	-
	(2) Deferred tax		73,375	2,76,737
XI.	<b>Profit/(Loss) for the period (IX-X)</b>		99,548	(3,75,490)
XII.	Earning per equity share:			
	(1) Basic		0.02	(0.08)
	(2) Diluted		0.02	(0.08)
	Weighted average number of shares outstanding		45,02,100	45,02,100
Significant Accounting Policies & Notes to Accounts form an intergral part of these financial statements				

As per our report of even date attached  
**FOR D.P. AGARWAL & CO.**  
Chartered Accountants

**D P AGARWAL**  
PROPRIETOR  
MEMBERSHIP NO. 35500  
Firm Regn. No. 100068W  
Place: Mumbai.  
Dated: 26th May, 2016

**G.R.Morarka**  
DIN 00002078  
Chairman

**B.J.Maheshwari**  
DIN 00002075  
Director

**V.S.Banka**  
DIN 00963355  
Director

**Hemalkumar H. Shah**  
Company Secretary

Place: Mumbai.  
Dated: 26th May, 2016



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Particulars		2015-2016 (₹)		2014-2015 (₹)	
A.	CASH FLOW FROM OPERATING ACTIVITIES :				
	NET PROFIT/(LOSS) BEFORE TAX		1,72,923		(98,752)
	ITEMS				
	ADJUSTMENTS FOR :				
	DEPRECIATION	45,566		48,492	
	INVESTMENT INCOME	-		-	
			<b>45,566</b>		48,492
	OPERATING PROFIT BEFORE WORKING CAPITAL		<b>2,18,489</b>		(50,260)
	CHANGES				
	ADJUSTMENTS FOR :				
	TRADE AND OTHER RECEIVABLES	81,461		2,22,607	
	INVENTORIES	(99,705)		(45,505)	
	TRADE PAYABLES	(1,43,471)		58,831	
	DIRECT TAXES & DEFERRED TAX	(73,375)	(2,35,090)	(2,76,737)	(40,804)
	CASH GENERATED FROM OPERATIONS		(16,601)		(91,064)
	NET CASH FLOW FROM OPERATING ACTIVITIES		(16,601)		(91,064)
B.	CASH FLOW FROM INVESTING ACTIVITIES :				
	PURCHASE OF INVESTMENTS/SALE OF INVESTMENT	-		(250)	
	INVESTMENT INCOME	-		-	
	NET CASH FLOW FROM INVESTING ACTIVITIES		-		(250)
C.	CASH FLOW FROM FINANCING ACTIVITIES				
	UNSECURED LOAN		-		-
	NET INCREASE/DECREASE IN CASH AND				
	CASH EQUIVALENTS(A-B+C)		(16,601)		(91,314)
	CASH AND CASH EQUIVALENTS(OPENING BALANCE)		1,61,284		2,52,598
	CASH AND CASH EQUIVALENTS(CLOSING BALANCE)		1,44,683		1,61,284

Notes :

- Above statement has been prepared by the indirect method except in case of interest, dividend, purchase and sale of investments and taxes which have been considered on the basis of actual movement of cash and cash equivalents with corresponding adjustments in assets and liabilities investments and taxes which have been considered on the basis of actual movement of cash and cash equivalents with corresponding adjustments in assets and liabilities.
- Previous year figures have been regrouped, wherever required.

As per our report of even date attached  
**FOR D.P. AGARWAL & CO.**  
Chartered Accountants

**D P AGARWAL**  
PROPRIETOR  
MEMBERSHIP NO. 35500  
Firm Regn. No. 100068W  
Place: Mumbai.  
Dated: 26th May, 2016

**G.R.Morarka**  
DIN 00002078  
Chairman  
**B.J.Maheshwari**  
DIN 00002075  
Director  
**V.S.Banka**  
DIN 00963355  
Director  
**Hemalkumar H. Shah**  
Company Secretary

Place: Mumbai.  
Dated: 26th May, 2016.

# 31<sup>th</sup> ANNUAL REPORT 2015-16

## MORARKA FINANCE LIMITED

### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES & PRACTICES

(Annexed to and forming part of financial statements for the year ended March 31, 2016)

#### 1. SIGNIFICANT ACCOUNTING POLICIES:

##### a. Basis of presentation

These financial statements have been prepared on an accrual basis and under historical cost convention and in compliance, in all material aspects, with the applicable accounting principles in India, the applicable accounting standard notified under section 133 and other relevant provisions of the Companies Act, 2013 read with Rule 7 of the Companies (accounts) Rules, 2014.

All the assets and liabilities have been classified as current or non-current as per company's normal operating cycle based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the company has recognized its operating cycle being period of 12 months.

##### b. Fixed Assets

(i) Fixed assets are valued at cost of acquisition.

(ii) Expenditure relating to existing fixed assets is added to the cost of the assets where it increases the performance/ life of the assets as assessed earlier.

##### c. Inventories

Inventories representing stock of shares, debentures etc. are valued at lower of cost or market price.

##### d. Investments

Long term investments are carried at cost after providing for any diminution in value, if such diminution is of permanent nature.

##### e. Retirement Benefits

Provision for leave encashment are determined and accrued on actual basis. Gratuity is accounted for on cash basis.

##### f. Depreciation

The Company provides for depreciation on fixed assets at the rates and in the manner specified in Schedule II of the Companies Act, 2013, on written down value method.

##### g. Taxes on Income

(i) Provision for income tax ₹Nil is determined on the basis of the estimated taxable income of the current year in accordance with the Income Tax Act, 1961.

(ii) Deferred tax is recognized in respect of deferred tax assets (subject to the consideration of prudence) and to the extent there is virtual certainty that the asset will be realized in future and deferred tax liabilities on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

##### h. Contingencies and events occurring after the Balance Sheet Date

Accounting for contingencies (gains & losses) arising out of contractual obligations, are made only on the basis of mutual acceptances. Events occurring after the date of the Balance Sheet are considered up to the date of approval of the accounts by the Board, where material.





**i. Intangible Assets:**

- i. Intangible Assets are recognized only where:
  - a) It is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and
  - b) The cost of the asset can be measured reliably.
- ii. Intangible Assets are capitalized at cost of acquisition including any import duty and other taxes and any directly attributable expenditure on making the assets ready for its intended use.
- iii. Amortization of Intangible Assets:
  - a) Intangible assets recognized are amortized over its best-estimated useful life, under a rebuttable presumption that the useful life of an intangible asset will not exceed ten years.
  - b) Where the expenditure incurred on intangible assets do not meet recognition criteria, it is recognized as an expense for the period.

**j. USE OF ESTIMATES:**

The preparation of financial statements requires the use of estimates and assumptions to be made that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

**k. GOVERNMENT GRANTS:**

Grants relating to specific fixed assets are deducted from the original cost of specified assets.

**l. BORROWING COSTS:**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

**m. IMPAIRMENT:**

Where the recoverable amount of the fixed asset is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided for on the revised carrying value of the asset over its remaining useful life. The impairment loss recognized in prior accounting period is reversed if there is a favourable change in the estimate of recoverable amount.

# 31<sup>th</sup> ANNUAL REPORT 2015-16

## MORARKA FINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

Note No.	Particulars	As at 31/03/2016	As at 31/03/2015
<b>1</b>	<b><u>SHARE CAPITAL</u></b>		
	<b>AUTHORISED:</b>		
	48,00,000 equity shares of ₹ 10 each	4,80,00,000	4,80,00,000
	1% 1,50,000 Redeemable non cumulative preference shares of ₹ 100 each	1,50,00,000	1,50,00,000
		<b>6,30,00,000</b>	<b>6,30,00,000</b>
	<b>ISSUED, SUBSCRIBED AND PAID UP:</b>		
	45,02,100 equity shares of ₹ 10 each fully paid up	4,50,21,000	4,50,21,000
	<b>Total Share Capital</b>	<b>4,50,21,000</b>	<b>4,50,21,000</b>
<b>A</b>	Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period. There was no change in the paid up capital (Equity) of the company during the Financial Years 2014-2015 & 2015-16.		
<b>B</b>	Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:	<b>March 31, 2016</b>	<b>March 31, 2015</b>
	<b>Equity Shares:-</b>		
	Dwarikesh Trading Company Limited	22,07,831	22,07,831
		49.04%	49.04%
	Pranay Gautam Morarka	5,06,032	4,87,831
		11.24%	10.84%
	Satishkumar Subbiah	2,26,000	2,26,000
		5.02%	5.02%
<b>C</b>	Rights & restrictions attached to various shares are as under: Equity Shares:- The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.		
<b>2</b>	<b><u>RESERVES AND SURPLUS</u></b>		
<b>a)</b>	<b>Capital redemption reserves*</b>		
	As per last account	65,30,000	65,30,000
	Add: during the year	-	-
	Less: utilised during the year	-	-
		<b>65,30,000</b>	<b>65,30,000</b>
<b>b)</b>	<b>Other reserves</b>		
	<b>General reserve</b>		
	As per last account	21,02,454	21,02,454
	Add: during the year	-	-
	Less: utilised during the year	-	-
		<b>21,02,454</b>	<b>21,02,454</b>



## NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

Note No.	Particulars	As at 31/03/2016	As at 31/03/2015
<b>c)</b>	<b>Surplus in Profit and Loss Account</b>		
	As per last account	3,66,57,941	3,70,33,431
	Add: during the year	99,548	(3,75,490)
	Less: appropriations	-	-
	Dividend on equity/preference shares	-	-
	Transfer to general reserve	-	-
		<b>3,67,57,489</b>	<b>3,66,57,941</b>
	<b>Total Reserves &amp; Surplus</b>	<b>4,53,89,943</b>	<b>4,52,90,395</b>
	* Capital Redemption Reserve represents reserve created on account of Redemption of 65,300 1% redeemable non cumulative preference shares of ₹ 100 each amounting to ₹ 65,30,000 in terms of section 80 of the Companies Act, 1956		
<b>3</b>	<b><u>LONG-TERM PROVISIONS</u></b>		
	Provision for employee benefits		
	Gratuity	82,788	2,82,087
	Leave encashment	98,300	72,192
	<b>Total Long Term Provisions</b>	<b>1,81,088</b>	<b>3,54,279</b>
<b>4</b>	<b><u>SHORT-TERM BORROWINGS</u></b>		
	<b>Unsecured</b>		
	Loan & advances from related parties		
	inter corporate deposits	-	-
	<b>Total Short Term Borrowings</b>	-	-
<b>5</b>	<b><u>TRADE PAYABLES</u></b>		
	Others	35,457	28,693
	<b>Total Trade Payables</b>	<b>35,457</b>	<b>28,693</b>
<b>6</b>	<b><u>OTHER CURRENT LIABILITIES</u></b>		
	Other payables		
	TDS liability	13,038	8,976
	Salary & wages payable	1,31,469	1,14,547
	Others	47,990	46,018
	<b>Total Other Current Liabilities</b>	<b>1,92,497</b>	<b>1,69,541</b>

NOTES TO THE FINANCIAL STATEMENTS

7 FIXED ASSETS

PARTICULARS	Gross Block			DEPRECIATION				Net Block		
	As at 01-04-2015	Added during the year	Disposals	As at 31/03/2016	Up to 01-04-2015	For the year	Disposals	Up to 31-03-2016	As at 31-03-2015	As at 31-03-2016
i) <b>Tangible Assets</b>										
Buildings *	28,76,706 (28,76,706)	-	-	28,76,706 (28,76,706)	20,31,082 (19,86,575)	42,281 (44,507)	-	20,73,363 (20,31,082)	8,45,624 (8,90,131)	8,03,343 (8,45,624)
Furniture and Fixtures	11,26,053 (11,26,053)	-	-	11,26,053 (11,26,053)	11,10,264 (11,06,775)	2,858 (3,489)	-	11,13,122 (11,10,264)	15,789 (19,278)	12,931 (15,789)
Office equipment	79,227 (79,227)	-	-	79,227 (79,227)	76,155 (75,659)	427 (496)	-	76,582 (76,155)	3,072 (3,568)	2,645 (3,072)
Total	40,81,986 (40,81,986)	-	-	40,81,986 (40,81,986)	32,17,501 (31,69,009)	45,566 (48,492)	-	32,63,067 (32,17,501)	8,64,485 (9,12,977)	8,18,919 (8,18,919)
ii) <b>Intangible Assets</b>										
Grand Total	40,81,986 (40,81,986)	-	-	40,81,986 (40,81,986)	32,17,501 (31,69,009)	45,566 (48,492)	-	32,63,067 (32,17,501)	8,64,485 (9,12,977)	8,18,919 (8,18,919)
Previous Year										

Note:- Figures in the brackets are for the previous year.

\* Building represents value of office premises on ownership basis in a Co-operative society and includes cost of five shares of ₹ 50/- each aggregating to ₹250/-



## NOTES TO THE FINANCIAL STATEMENTS

		(Amount in ₹)	
Note No.	Particulars	As at 31/03/2016	As at 31/03/2015
<b>8</b>	<b><u>NON-CURRENT INVESTMENTS</u></b>		
<b>1</b>	<b>Trade investments</b>		
	<b>Total Traded Investments</b>		
<b>2</b>	<b>Non trade investments</b>		
	long term, unquoted investments valued at cost in associate companies		
<b>a)</b>	<b>Investment in equity instruments</b>		
	21,59,118 (previous year 21,59,118) equity shares of ₹10 each fully paid up in "Dwarikesh Sugar Industries Limited" extent of holding : 13.23% (previous year 13.23%)	<b>4,74,41,611</b>	4,74,41,611
<b>b)</b>	<b>Investment in equity instruments</b>		
	12,582 (previous year 12,582) equity shares of ₹ 10 each fully paid up in 'Dwarikesh Trading company Limited' extent of holding : 4.11% (previous year 4.11%)	<b>3,26,553</b>	3,26,553
	19,100 (previous year 19,100) equity shares of ₹ 4 each fully paid up in 'Ormerods (India) Private Limited' extent of holding :18.40% (previous year 18.40%)	<b>2,42,450</b>	2,42,450
	23,000 (previous year 23,000) equity shares of ₹ 10 each fully paid up in 'Dwarikesh Informatics Limited' extent of holding : 46% (previous year 46%)	<b>1</b>	1
	10,000 (previous year 10,000) equity shares of ₹ 10 each fully paid up in 'Faridpur Sugars Limited' extent of holding : 20% (previous year 20%)	<b>1,00,000</b>	1,00,000
<b>c)</b>	<b>Investments in preference shares</b>		
	3,00,000 (previous year 3,00,000) 8% Non redeemable cumulative preference shares of ₹ 100 each fully paid up in 'Dwarikesh Trading company Limited' extent of holding : 100% (previous year 100%)	<b>3,00,00,000</b>	3,00,00,000
	4,500 (previous year 4,500) 12% redeemable cumulative preference shares of ₹ 100 each fully paid up in 'Dwarikesh Sugar Industries Limited' extent of holding : 4.09% (previous year 4.09%)	<b>4,50,000</b>	4,50,000
	75,200 (previous year 75,200) 6% Non redeemable non cumulative preference shares of ₹ 100 each fully paid up in 'Dwarikesh Trading company Limited' extent of holding : 94% (previous year 94%)	<b>75,20,000</b>	75,20,000
	250 (previous year Nil) Equity shares of ₹ 50 each fully paid up in 'Maker Chambers V Premises Co-op Society Ltd.'	<b>250</b>	250
	<b>Total Non Trade Investments</b>	<b>3,86,39,254</b>	3,86,39,254
	<b>Total Non-Current Investments</b>	<b>8,60,80,865</b>	8,60,80,865
	Aggregate amount of unquoted investments	<b>3,86,39,254</b>	3,86,39,254
	Aggregate amount of quoted investments	<b>4,74,41,611</b>	4,74,41,611

**Note:** Company is having investment in associate companies namely 'Dwarikesh Informatics Limited' and 'Faridpur Sugars Limited' and the accounts of these companies are required to be consolidated as per the section 129 (3) of the Companies Act, 2013. In view of the intention of the management to dispose the same in part or in full in the near future, the investment in these associates companies is considered temporary, and therefore, the consolidation of accounts with above mentioned companies is not required as enunciated in Accounting Standard AS-21 'Consolidated Financial Statement' specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Company (Accounts) Rules, 2014.

**31<sup>th</sup> ANNUAL REPORT 2015-16**  
**MORARKA FINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

(Amount in ₹)

Note No.	Particulars	As at 31/03/2016	As at 31/03/2015
<b>9</b>	<b><u>INVENTORIES</u></b> (At lower of cost or Market Value)		
	Stock of Securities	16,99,913	16,00,208
	<b>Total Inventories</b>	<u>16,99,913</u>	<u>16,00,208</u>
<b>10</b>	<b><u>CASH &amp; BANK BALANCES</u></b>		
	<b>Cash &amp; Cash Equivalents</b>		
	<b>Balance with scheduled banks</b>		
	Current accounts	53,162	74,141
	<b>Cash on hand</b>	91,521	87,142
	<b>Total Cash &amp; Cash Equivalents</b>	<u>1,44,683</u>	<u>1,61,283</u>
	* There are no amounts outstanding in respect of unpaid dividend for more than seven years to be transferred to Investor Education and Protection Fund.		
<b>11</b>	<b><u>SHORT TERM LOANS &amp; ADVANCES</u></b> unsecured, considered good		
a)	Loans & advances to related parties	-	-
b)	Others		
	Security Deposit	15,730	15,730
	Advance taxes & TDS	65,572	26,278
	Advances recoverable in cash or in kind or for value to be received	10,120	57,500
	<b>Total Short Term Loans &amp; Advances</b>	<u>91,422</u>	<u>99,508</u>
<b>12</b>	<b><u>DEFERRED TAX LIABILITIES (NET):</u></b>		
		<b>AS AT 31-03-2016</b>	<b>AS AT 31-03-2015</b>
		<b>Deferred Tax Asset ₹</b>	<b>Deferred Tax Liability ₹</b>
		<b>₹</b>	<b>₹</b>
	Difference between book depreciation and tax depreciation		(1,63,803)
	Non payment of bonus, leave & gratuity	28,980	13,011
	Brought forward losses & depreciation	21,19,008	22,12,515
	<b>Total</b>	<u>21,47,988</u>	<u>(1,63,803)</u>
	<b>Total</b>	<u>19,84,185</u>	<u>20,57,559</u>

Deferred tax assets in respect of brought forward losses and depreciation have been recognized owing to virtual certainty of availability of future taxable income to realize such assets.



## NOTES TO THE FINANCIAL STATEMENTS

Note No.	Particulars	(Amount in ₹)	
		Year ended 31-03-2016	Year ended 31-03-2015
<b>13</b>	<b><u>REVENUE FROM OPERATIONS</u></b>		
	Sale of Securities	16,61,892	4,62,053
	<b>Total Net Revenue From Operations</b>	<b>16,61,892</b>	<b>4,62,053</b>
<b>14</b>	<b><u>OTHER INCOME</u></b>		
	Other non operating income	17,75,952	16,35,303
	<b>Total Other Income</b>	<b>17,75,952</b>	<b>16,35,303</b>
<b>15</b>	<b><u>(INCREASE)/DECREASE IN STOCKS</u></b>		
	Closing stock of shares & debentures	(16,99,913)	(16,00,208)
	Opening stock of shares & debentures	16,00,208	15,54,703
	<b>NET (INCREASE)/DECREASE IN STOCK</b>	<b>(99,705)</b>	<b>(45,505)</b>
	<b>Total (Increase)/Decrease In Stocks</b>	<b>(99,705)</b>	<b>(45,505)</b>
<b>16</b>	<b><u>EMPLOYEE BENEFIT EXPENSES</u></b>		
a)	Salary and wages		
	Salary and wages	17,52,731	15,92,107
	Bonus	45,500	32,238
	Leave encashment	75,008	6,600
	Gratuity	18,778	35,507
		<b>18,92,017</b>	<b>16,66,452</b>
b)	Contribution to provident and other funds		
	Provident fund	84	84
		<b>18,92,101</b>	<b>16,66,536</b>
c)	Staff welfare expenses	-	-
	<b>Total Employee Benefit Expenses</b>	<b>18,92,101</b>	<b>16,66,536</b>
<b>17</b>	<b><u>FINANCE COST</u></b>		
	Other borrowing costs	-	-
	<b>Total Finance Cost</b>	<b>-</b>	<b>-</b>
<b>18</b>	<b><u>DEPRECIATION AND AMORTIZATION EXPENSES</u></b>		
a)	Depreciation		
	Depreciation of tangible assets	45,566	48,492
	Obsolescence	-	-
		<b>45,566</b>	<b>48,492</b>
b)	Amortization of intangible assets	-	-
	<b>Total Depreciation and Amortization Expenses</b>	<b>45,566</b>	<b>48,492</b>

**31<sup>th</sup> ANNUAL REPORT 2015-16**  
**MORARKA FINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

(Amount in ₹)

Note No.	Particulars	Year ended 31-03-2016	Year ended 31-03-2015
<b>19</b>	<b><u>OTHER EXPENSES</u></b>		
	Rates and taxes	13,424	12,904
	Travelling & conveyance	1,08,503	63,917
	Postage, telephone & telex	19,770	40,302
	Printing & stationery	35,386	36,104
	Payment to the auditors		
	Audit fees	40,000	40,000
	Taxation matters	-	-
	Reimbursement of expenses	-	-
	Miscellaneous expenses	10,61,876	3,33,359
	<b>Total Other Expenses</b>	<b>12,78,959</b>	<b>5,26,586</b>

**20 Related party disclosures as required by Accounting Standard AS-18 for the year ended 31st March, 2016**

**a) Names of the related parties and description of relationship:**

- i) Enterprises over which key management personnel are able to exercise significant influence** Associate companies
- Dwarikesh Trading Company Limited
  - Dwarikesh Informatics Limited
  - Faridpur Sugars Limited
- ii) Key Management Personnel**
- Shri Pranay G. Morarka CEO And Vice-President
  - Shri L.N. Heda CFO
  - Shri Hemalkumar Shah CS
- iii) Relatives of Key Managerial Personnel**  
**Shri Prany G. Morarka**
- Smt. Smriti G. Morarka ( Mother)
  - Ms. Priyanka G. Morarka ( Sister)
  - Shri G.R. Morarka (Father)

**b) Details of Transactions**

Sl. No.	Name of Related Party	Nature of Transaction	Volume of Transaction (₹)	Amount due to (₹)	Amount due from (₹)
1	Dwarikesh Sugar Industries Ltd.	Inter Corporate Deposit Repaid	(Nil)	(Nil)	
		Inter Corporate Deposit Received	(Nil)	(Nil)	
		Management consultancy charges	1,14,500	(Nil)	
		Lease Rent Received	17,65,120	(Nil)	





21. a) Provision for income tax has not been made in these accounts since the Company does not have taxable income.  
 b) The Company does not have taxable wealth and hence no provision for wealth tax has been made in these accounts.
22. The Board of Directors are of the opinion that with respect to the disclosure of investments in shares and debentures held by the Company for trade as at 31st March, 2016 as required under Companies Act, 2013, in view of the number of scrips bought and sold being large, it is not practicable to disclose the same individually.
23. Pursuant to the Accounting Standard 22 relating to “Accounting for Taxes on Income”, the Company has recognized net eferred Tax Assets to the extent of ₹19, 84,184/- for the year. The same has been recognized since the management is virtually certain of realizing the same in due course within the statutory time frame of allow ability of the unabsorbed losses / allowances under the Income Tax Act, 1961, particularly in view of the income arising from financing activities in the subsequent period.

#### 24. Earnings per Share:

In view of Accounting Standard 20 on “Earning per Share” issued by “The Institute of Chartered Accountants of India” and made mandatory w.e.f. 1<sup>st</sup> April, 2001, the following are the disclosures in respect of the calculation of earnings per share for the year ended 31<sup>st</sup> March, 2016.

	Particulars		31/03/2016	31/03/2015
a)	Numerator Profit / (loss) after tax	₹	99548	(3,75,490)
b)	Denominator Weighted average number of equity shares	Nos.	4502100	4502100
c)	Earnings per Share (Basic & diluted) = Numerator / Denominator	₹	0.02	(0.08)

#### Contingent Liabilities in respect of :

PARTICULARS	Amount [₹ In Crores]	
	2015-2016	2014-2015
a) In respect of show cause notice from SEBI under Regulation 8(3) of SEBI take over code regulation	0.0175	0.0175

#### 25. Related Party Disclosures:

##### A. Name of the related party and nature of relationship where control exists

- i. Associates & Group companies
- Dwarikesh Sugar Ind. Limited.
  - Dwarikesh Trading Company Limited
  - Dwarikesh Informatics Limited
  - Faridpur Sugars Limited.

##### ii. Key Management Personnel:

Name	Designation
Shir Hemalkumar Shah	CS
Shri Pranay G. Morarka	CEO and President
Shri L.N. Heda	CFO

##### B. Transactions with related parties as per the books of account

	31 <sup>st</sup> March, 2016	
	Associates	Key Management Personnel
	₹	₹
1. Lease Rent Received Management Consultancy Dwarikesh Sugar Ind. Ltd.	17,65,120	1,14,500
2. Maximum amount Receivable at any time	3,99,608	

Related parties have been identified by the management. This has been relied upon by the auditors.

## 31<sup>th</sup> ANNUAL REPORT 2015-16 MORARKA FINANCE LIMITED

C. No amounts have been written off / back in respect of the aforesaid related parties.

26. There are no Small Scale and Ancillary Industrial Undertakings to which the Company owes any sum for a period exceeding thirty days.
27. There are no amounts due and outstanding to be transferred to Investor Education & Protection Fund as on 31<sup>st</sup> March, 2016
28. Notes to Balance Sheet of a Non-Banking Financial Company as required in terms of para 13 of Non-Banking Financial (Non-deposit accepting or holding) companies prudential norms (Reserve Bank) Directors, 2007 issued by Reserve Bank of India. is annexed.

### FORM AOC-1

[Pursuant to the first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014.]

#### STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES

##### PART –A : SUBSIDIARIES – NONE

##### PART –B : ASSOCIATES

Particulars	Dwarikesh Informatics Limited	Faridpur Sugars Limited
<b>Latest audited balance sheet date</b>	March 31, 2016	March 31, 2016
<b>Share of associate held by group on the year end</b>		
Nos.	23,000	10,000
Amount of investments in associates	2,30,000	1,00,000
Extent of holding	46%	20%
<b>Description of how there is significance influence</b>	Ownership of 20% or more of the voting power	Ownership of 20% or more of the voting power
<b>Reason why associate is not consolidated</b>	Ownership of less than 50% of voting power and no control over the board	Ownership of less than 50% of voting power and no control over the board
<b>Networth attributable to shareholding as per latest audited balance sheet</b>	Rs 40,94,842	Rs 5,18,003
<b>Profit / loss of the year</b>	₹ 3,27,707	₹(9,284)
1. Considered in consolidation	0%	0%
2. Not Considered in consolidation	100%	100%

##### Notes:

- (1) For the purpose of preparation of consolidation financial statements, the group has considered unaudited financial statement.
- (2) Significant influence has been determined as per Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (3) Share of audited Networth based on share holding as on 31 March, 2016 of 46 % is ₹18,83,627
- (4) Share of audited Networth based on share holding as on 31 March, 2016 of 20 % is ₹ 1,03,600



**Refer to in Note No. 28 to Notes on Accounts to the Balance Sheet of a  
Non-Banking Financial Company**

*(Additional disclosure as required in term of para 13 of Non- banking financial (Non-deposit accepting or holding) companies prudential norms (Reserve Bank) Directors, 2007 issued by Reserve Bank of India.*

(₹ in lakhs)

Particulars			
	<b>Liabilities side :</b>		
(1)	<b>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>	Amount out- standing	Amount overdue
	(a) Debentures Secured	-	
	Unsecured (Other than falling with meaning of public deposits*)		
	(b) Deferred Credits	-	
	(c) Term Loans	-	
	(d) Inter-corporate loans and borrowing	-	
	(e) Commercial Paper	-	
	(f) Public Deposits*	-	
	(g) Other Loans (specify nature)	-	
	* Please see Note 1 below		
(2)	<b>Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>		
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		
	(c) Other public deposits		
	<b>Assets side :</b>		
		Amount outstanding	
(3)	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>		
	a) Secured	-	
	b) Unsecured	-	
(4)	<b>Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities</b>		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	
	(b) Operating lease	-	
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	
	(b) Repossessed Assets	-	
	(iii) Hypothecation loans counting towards EL/HP activities		
	(a) Loans where assets have been repossessed	-	
	(b) Loans other than (a) above	-	

**31<sup>th</sup> ANNUAL REPORT 2015-16**  
**MORARKA FINANCE LIMITED**

Particulars	(₹ in lakhs)		
(5) <b>Break-up of Investments :</b> <u>Current Investments :</u> 1. Quoted: (i) Shares: (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify) 2. Unquoted: (i) Shares: (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)	(a) Equity (b) Preference	- - - - -	- - - - -
<u>Long Term investments :</u> 1. Quoted: (i) Shares: (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify) 2. Unquoted: (i) Shares: (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)	(a) Equity (b) Preference	474.42 - - - -	6.69 379.70 - - -
(6) <b>Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :</b> Please see Note 2 below			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties ** (a) Subsidiaries (b) Companies in the same Group (c) Other related parties	- - -	- - -	- - -
2. <i>Other than related parties</i>		-	-
<i>Total</i>		-	-



(7)	<b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b>		
	Please see note 3 below (₹ in lakhs)		
	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	-	-
	(c) Other related parties	-	
	i) DSIL Equity Shares	4465.06	474.42
	ii) DTCL - Preference Shares	379.70	379.70
	iii) DTCL – Equity	3.27	3.27
	iv) DIL – Equity	0.00	0.00
	iv) FSL – Equity	1.00	1.00
	<b>2. Other than related parties</b>		
	i) Ormerods India – Equity	2.42	2.42
	<b>Total</b>	<b>4851.45</b>	<b>860.81</b>

\*\* As per Accounting Standard of ICAI (Please see Note 3)

(8)	<b>Other information</b>		
		Particulars	Amount
	(i)	Gross Non-Performing Assets	
		(a) Related parties	-
		(b) Other than related parties	-
	(ii)	Net Non-Performing Assets	
		(a) Related parties	-
		(b) Other than related parties	-
	(iii)	Assets acquired in satisfaction of debt	-

**Notes:**

- As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

As per our report of even date attached  
**FOR D.P. AGARWAL & CO.**  
Chartered Accountants

**D P AGARWAL**  
PROPRIETOR  
MEMBERSHIP NO. 35500  
Firm Regn. No. 100068W  
Place: Mumbai.  
Dated: 26th May, 2016

**G.R.Morarka**  
DIN 00002078  
Chairman

**B.J.Maheshwari**  
DIN 00002075  
Director

**V.S.Banka**  
DIN 00963355  
Director

**Hemalkumar H. Shah**  
Company Secretary

Place: Mumbai.  
Dated: 26th May, 2016





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# MORARKA FINANCE LIMITED

Regd. Office :511, Maker Chamber - V, 221, Nariman Point, Mumbai - 400 021

CIN : L67120MH1985PLC035632

## ATTENDANCE SLIP

(TO BE SIGNED AND HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional Slip at the venue of the meeting.

DP Id*	
Client Id*	

Folio No.	
No. of Shares	

### NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the **31<sup>th</sup> ANNUAL GENERAL MEETING** of the Company held on Monday, 26<sup>th</sup> September, 2016 at 12 noon at Kilachand conference Room, Indian Merchants' Chambers Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai - 400020.

\* Applicable for investors holding shares in electronic form.

Signature of Shareholder / proxy



# MORARKA FINANCE LIMITED

## PROXY FORM

CIN : L67120MH1985PLC035632

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]  
Regd. Office : 511, Maker Chamber - V, 221, Nariman Point, Mumbai - 400 021.

Name of Member(s) Registered address	E-mail Id Folio No/ *Client Id *DP Id
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I/We, being the member(s) of \_\_\_\_\_ shares of Morarka Finance Limited, hereby appoint:

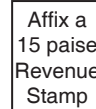
- 1) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id or failing him \_\_\_\_\_ or failing him
- 2) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id or failing him \_\_\_\_\_ or failing him
- 3) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id or failing him \_\_\_\_\_

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **31<sup>th</sup> Annual General Meeting** of the Company, to be held on Monday, 26<sup>th</sup> September, 2016 at 12:00 a.m. at Kilachand conference Room, Indian Merchants' Chambers Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai - 400020 and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

Resolutions No.		For	Against
1.	Adoption of financial statement for the year ended March 31, 2016		
2.	Re-appointment of Mr G. R. Morarka (DIN 00002078); who retires by rotation.		
3.	Re-appointment of Ms Priyanka G. Morarka (DIN 00001088); who retires by rotation.		
4.	Appointment of M/s. D.P. Agarwal & Co; Chartered Accountants, as auditors and fixing their remuneration		
5.	Approval of Related Party Transaction with Dwarikesh Sugar Ind. Ltd.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016



Signature of shareholder

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

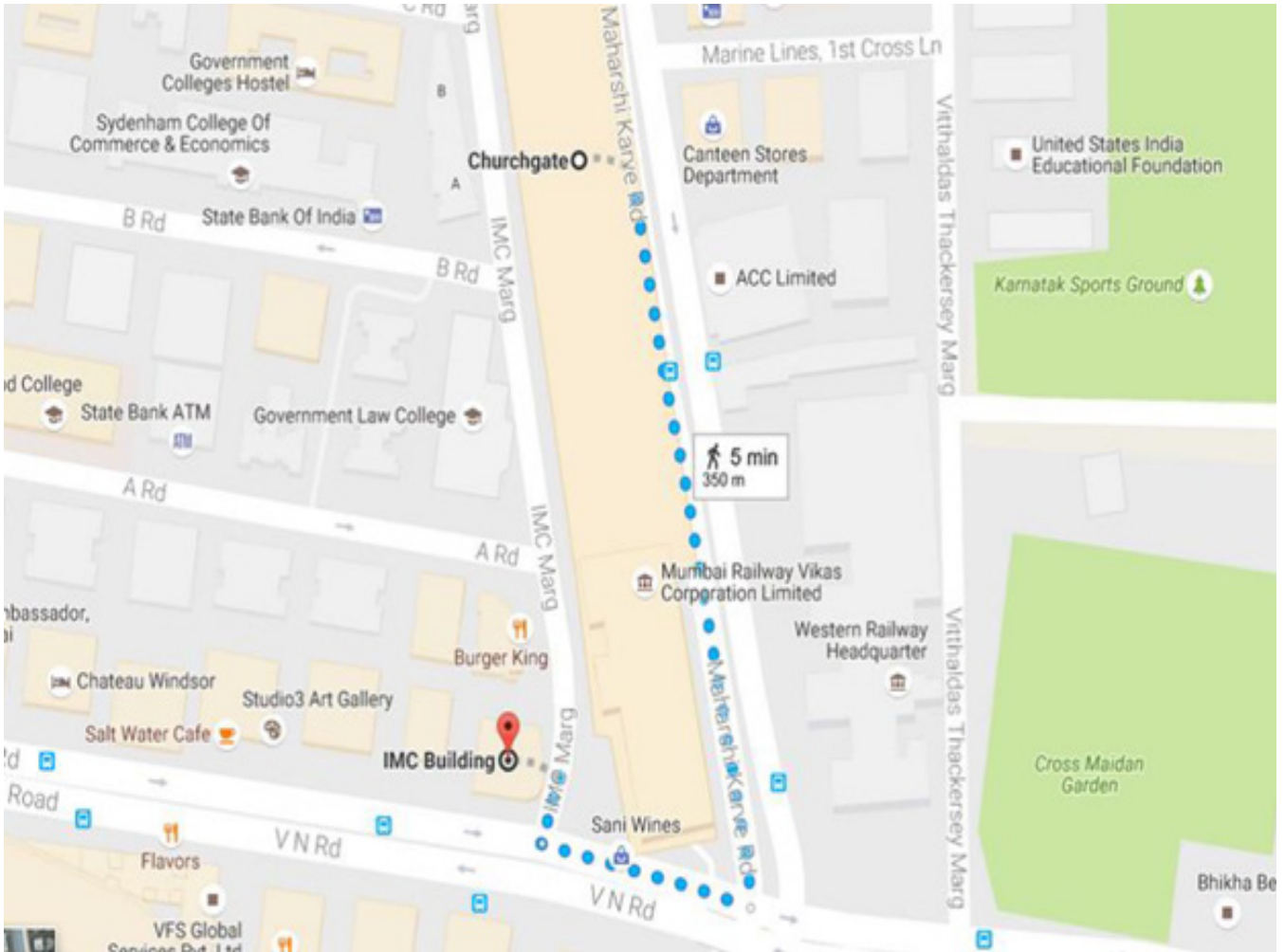
### Notes:

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (2) A Proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- \*\* (4) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (5) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- (6) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated





# AGM VENUE ROUTE MAP



If undelivered, please return to :  
**MORARKA FINANCE LIMITED**  
511, Maker Chambers V,  
221, Nariman Point,  
Mumbai - 400 021.