



***28<sup>th</sup> Annual Report 2012-2013***



**BOARD OF DIRECTORS**

G. R. MORARKA  
S. H. NEVATIA  
B. J. MAHESHWARI  
PRIYANKA G. MORARKA  
VIJAY S. BANKA

**COMPANY SECRETARY**

HEMALKUMAR SHAH

**AUDITORS**

D.P. AGARWAL & CO.  
CHARTERED ACCOUNTANTS

**BANKER**

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

**NOTICE**

**NOTICE** is hereby given that the **Twenty-Eighth Annual General Meeting** of the Company will be held on Friday, 27th September, 2013 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 accounts for the year ended 31st March, 2013, Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri G.R.Morarka, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri S.H.Nevatia, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company and fix their remuneration.

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

Place : Mumbai  
Dated : 30th May, 2013

**Hemalkumar Shah**  
Company Secretary

Regd. off.: 511, Maker Chambers V,  
221, Nariman Point,  
Mumbai - 400 021.

**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.
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 Thursday, 12th September, 2013 to Friday, 27th September, 2013 (both days inclusive).
4. Consequent upon the introduction of Section 109A of the Companies Act, 1956, 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 2B which can be obtained from the Company's Registrar & Transfer Agents M/s Universal Capital Securities Pvt. Ltd.
5. In terms of Article 146 of the Articles of Association of the Company, Shri G.R.Morarka, & Shri S.H.Nevatia, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of Directors retiring by rotation / appointed / re-appointed in terms of requirement under Clause 49 of the Listing Agreement with the Stock Exchanges in India are provided in the Report of Corporate Governance forming part

of the Annual Report.

6. Members are requested to notify any change in their address immediately to the Company or its RTAs.
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. Unpaid dividend for following years is due as per the details below for transfer to the Investors Education and Protection Fund. Shareholders who have not yet encashed their dividend warrants are requested to make their claims.

Financial Year	Unpaid Dividend amount (Rs.) as on 31/03/2013	Due date of transfer to the Investor Education and Protection Fund
2005-06	128957.00	25/10/2013
2006-07	66479.00	26/10/2014.

10. Pursuant to the Green Initiatives by the Ministry Of Corporate Affairs, Annual Report of the Company has been forwarded by e mail on the Registered email id of the members provided to the company by the Depositories/RTAs. However, members shall be provided with copy of Annual Report on their request in writing. Soft copy of the Annual report is available on [www.morarkafinance.in](http://www.morarkafinance.in)

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

Place : Mumbai  
Dated : 30th May, 2013

**Hemalkumar Shah**  
Company Secretary

Regd. off.: 511, Maker Chambers V,  
221, Nariman Point,  
Mumbai - 400 021.



## MANAGEMENT DISCUSSION & ANALYSIS

### Global economy recovering at a snail's pace

The global economy has yet to shake off the fallout from the crisis of 2008-2009. Global growth rate has dropped to almost 3 percent in 2012. The world economy is expected to grow at the pace of 3.3% in 2013 factoring in the downgrade by 0.2% from the January 2013 estimates and the global growth rate for 2014 is expected to be at 4%. With emerging economies to take the leadership to vanquish from the financial crisis and propel the global growth, other countries too across the globe have to gear up sooner or later. Mature economies are still healing the scars of the 2008-2009 crisis. But unlike in 2010 and 2011, emerging markets did not pick up the slack in 2012, and won't do so in 2013. Uncertainty across the regions from the post-election 'fiscal debate' question in the U.S. to the Chinese leadership transition and reforms in the Euro Area will continue to have global impacts in sluggish trade and tepid foreign direct investment. Recession continues to afflict Europe, and the world still struggles with high unemployment, but the greatest risks, in particular from the threat of a country's leaving the euro zone and from fiscal policy uncertainty in the United States have faded. Although Global prospects have improved again but the road to recovery in the advanced economies will remain bumpy as per the IMF estimates. The murkiness shall still prevail in global growth outlook in 2013-14. The DOW and S&P500 which have started their momentum in March 2013, have been able to post new highs in May 2013 as the DOW crossed 15000 and S&P crossed 1600 levels.

### Indian Economy in abysmal state

The GDP growth in India has been consistently sluggish and going down from 9.3% to 6.7%, 8.4%, 8.4% and 6.5% in 2007-08 to 2011-12 respectively. Our economy is expected to grow at an abysmal rate of just 5.5% in 2013. The major factors attributing to the slow growth rate are higher inflation throughout the year due to low rain fall, political instability with scams, lower pace of reforms, weaker currency, high level of fiscal deficit and lack of strong leadership in the centre to name a few. With consistent inflationary pressure, the central bank too remained hawkish in 2012-13 in maintaining the balance between growth and inflation in their skirmishes while the government kept dangling carrots of sustainable and satisfactory growth rate going forward. The much awaited rate cut by industries have not been so frequent as expected by business fraternity although were done more often by RBI in 2012-13 with statements of not expecting the cuts too much in future leaving the sentiments dampened. With WPI inflation eased at 4.89% level posting 41 months low, the apprehension of rate cut is vivid and foreseeable.

### NBFC sector

There are over 12,385 Non-Banking Finance Companies (NBFCs) in India which are registered with Reserve Bank Of India (RBI). Whereas most of these NBFCs are Non-Deposit taking NBFCs known as NBFC-ND, almost 271 of them are authorized to accept public deposits. There has been sharp decline in Deposit taking NBFCs which has fallen from 624 in 1999 to 271 in March

2012. Erstwhile, there were equipment leasing companies, hire purchase companies together with loan companies, investment companies and asset finance companies but post 2006, there are just last three types of NBFCs categorized in India. Of late, fourth category of infrastructure finance was categorized seeing the significance of infrastructure finance in our country and recently in 2012, RBI has inducted new fifth category of NBFC viz. NBFC-Factor. These NBFCs are primarily in the business of financing the purchase of commercial vehicles, passenger cars, multi utility and multi purpose vehicles, two and three wheelers, construction equipments financing and financing of consumer durables and other forms of financing. The segment of NBFC is growing at the steady pace over the period of time confronting stiff competition from banks. While most of the business of NBFCs have been bettered off by the banks which have extended their area of activities, the NBFCs have confined their activities to very limited extend in the recent times. This is on account of reforms in the laws that have taken place over a period of time that have put the banks on the stronger footing and allowing them to caper into almost all the finance related activities. Banks too, in line with this law reforms, have well exploited the benefits by dispersion of their activities manifold. Whereas the NBFCs in India are active only in very limited arenas, they are quite active in other economies like US, UK and Malaysia and have lions share with their peers like banking and other form of financing business. However, in Non-banking financial Institutes (NBFIs), the contribution of NBFCs cant be undermined for providing the financial assistance to common people for whom banks and other FIs are at no patronage. NBFCs giving loan against gold have been mushrooming these days in India.

Recently, the non-banking financial sector has been under consolidation phase, with smaller NBFCs (deposit-taking) opting for either merger or closure and some larger ones getting converted into non-deposit-taking NBFCs. NBFCs are comfortably placed with higher capital. The financial performance of deposit-taking Non-Banking Financial Companies (NBFCs-D) showed an improvement as reflected in their operating profits which have been slewed mainly emanating from growth in fund-based income. Systemically Important-Non-deposit taking NBFCs (NBFCs-ND-SI) segment continued to rely on bank finances for their resource requirement. There is sign of deterioration in the quality of assets in respect of NBFCs-ND-SI. The set of regulations prescribed for NBFCs sector is expected to make the NBFCs more resilient in the medium term. The combined balance sheets of financial institutions (FIs) expanded and operating profit as well as net profit have increased significantly. The impaired assets of the FIs showed increase and are a matter of concern. The increase in expenses of PDs more than compensated for the increase in income which led to reduced profit. PDs are comfortably placed with higher CRAR. The NBFCs in loan against gold business were doing well until now when the gold rate has started its southward journey. The PONZI scheme running in small towns of India to deceit the illiterate poor people in the lure of high return fancies is matter of serious concern for RBI to control and Ministry of Company Affairs too have initiated



actions against 87 companies for indulgence in such matters. Making the banking business way open for qualified NBFCs is a welcome move.

**Outlook, Risks and Concerns**

The Company through its risk management systems clearly identified the external and internal risks affecting its business operations. External risk may arise because of fluctuations in interest rates in the financial market, frequent changes in government policies especially in tax matters and periodically from economic downturns which affect the cash flow capacity of customers to remit rentals etc.

**Some of the identifiable risks can be outlined as follows:**

- Liquidity and interest rate risk
- Operational risk
- Regulatory risk
- Human resource risk
- Risk of change in government policies
- Regulatory risk
- Economic risk

**Opportunities :**

- Excellent investment opportunities seeing India as a developing economies with robust headroom in infrastructure arena, rising income of middle income group, higher savings, excellent demographic conditions, robust numbers of productive age group and young people.
- Global economy is on the path of fast recovery after the big financial turmoil that lasts for five years which shall be led by emerging economies like China, Japan and India.
- Increasing per capita income and GDP.
- Excellent home consumption story with population of almost 140 crores.
- Huge headroom for diverting saving to come into equities from 5% to 30 to 50% in line with developed nations.

**Threats:**

- High inflation
- Negative flows from FIIs
- Risk of execution
- Change in laws and regulations
- Enchanting and retaining of human capital.
- Global market conditions
- Risk of liquidity squeeze, dampened sentiments, poor fundamentals

**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 wise performance:**

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.

**Company's financial scorecard**

In this unstable economic environment and global carnage where most of the companies put a poor show, your company too is no exception to that incurring a loss of Rs. 14.54 lacs in current fiscal as against loss of Rs.10.03 lacs in the last year largely on account of subdued capital market. The company's revenue is derived from the dividend income, profit from sale of investments and interest income from advances etc. The fall in market is taken up as an opportunity to buy the bellwether companies. The company would consistently look to pick up every available investment opportunity by doing the cherry pick of blue chip companies from the capital market.

**Human Capital:**

For enhanced performance of any organization, it is important that its human resources are abreast of new developments and possess relevant skill sets. To realize this, the emphasis on training and development activities has been increased. Executives were nominated for various program and seminars at local and national levels by premier institutes.

**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 31st March, 2013.

#### 1. FINANCIAL RESULTS:

[IN RUPEES]

	For the year ended 31/03/2013	For the year ended 31/03/2012
Profit / (Loss) before tax	(1,837,992)	(1,516,405)
Less : Provision for taxation for the year	-	-
Provision for taxation earlier year	(110)	(49037)
Deferred Tax	(383,994)	(464,143)
Fringe Benefit Tax	-	-
Profit / (loss) after tax	(1,453,888)	(1,003,225)
Add : Balance b/f from previous years	4,06,01,936	4,16,05,161
<b>Amount available for Appropriation</b>	<b>3,91,48,048</b>	<b>4,06,01,936</b>
Appropriations:		
Proposed Dividend :		
- On Equity Shares	-	-
Additional Dividend Tax	-	-
	-	-
Balance Carried over to next year	3,91,48,048	4,06,01,936
	<b>3,91,48,048</b>	<b>4,06,01,936</b>

#### 2. DIVIDEND:

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

#### 3. DIRECTORS:

Pursuant to Article 146 of the Articles of Association of the company, Shri G.R.Morarka, & Shri S.H.Nevatia, Directors retire by rotation and being eligible offer themselves for re-appointment.

#### 4. STATEMENT OF DIRECTOR'S RESPONSIBILITIES:

The Directors are responsible for the preparation of financial statements which comply with the Companies Act, 1956. In preparing those financial statements, the directors have:-

- Selected suitable accounting policies and then applied them consistently.
- Made judgments and estimates those are reasonable and prudent.
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- Prepared the financial statements on the going concern basis.
- They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### 5. CORPORATE GOVERNANCE:

Your company is committed to adhere to appropriate standards for good Corporate Governance. Towards this end and in line with the Guidelines recommended by SEBI Committee on Corporate Governance, adequate steps have been taken to ensure



that all provisions of the Clause 49 of the Listing Agreement are duly complied with.

A report on the Corporate Governance along with a Certificate from the Statutory Auditors of the Company on the Compliance of the provisions of the Corporate Governance along with the Management Discussion and Analysis Report as stipulated under clause 49 of the Listing Agreement are annexed to this report.

**6. FORMATION OF VARIOUS COMMITTEES:**

Details of various committees constituted by the Board of Directors are given in the Corporate Governance Report annexed and form part of this report.

**7. EMPLOYEES:**

The company does not have any employee drawing remuneration equivalent to or more than the limit prescribed in terms of provisions of section 217(2A) of the Companies Act, 1956.

**8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE AND OUTGO:**

Since your Company is engaged in the activities of dealing in shares, advancing of money, etc, the Board of Directors is advised that the requirements of disclosure for conservation of energy and technology absorption are not applicable to the Company. There are no foreign exchange transactions during the year.

**9. AUDITORS:**

M/s. D.P. Agarwal & Co., Chartered Accountants retire at this Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. They have given a certificate to the effect that the re-appointment if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956. The Audit Committee and the Board of Directors recommend re-appointment of M/s. D.P. Agarwal & Co., Chartered Accountants as statutory auditors of the Company for the Year 2013-2014.

Notes forming part of accounts are self explanatory and therefore do not call for any further comments.

**10. DEPOSITS:**

The Company did not accept or renew any deposits during the year.

**11. LISTING OF SHARES:**

Your Company is listed on the Bombay Stock Exchange. The Listing fees for the financial years 2012-13 & 2013-14 are paid to the Stock Exchange within the prescribed time limits.

**12. 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

**B. J. MAHESHWARI**  
Director

Place : Mumbai  
Dated : 30th May, 2013



## 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"

#### CLAUSE 49 OF THE LISTING AGREEMENT

Clause 49 of the Listing Agreement with the Stock Exchange sets up the norms and disclosures that are to be met by the Company on the Corporate Governance front. We confirm our compliance with Corporate Governance criteria, as required under the said clause, vide this report. Certificate of the Statutory Auditors of your company regarding compliance of the conditions of Corporate Governance as stipulated in the Clause 49 of the Listing Agreement with the Stock Exchange, is enclosed.

### 2. Composition of Board of Directors

As at 31st March, 2013, the Board of Directors comprised 5 Directors as under:

- ❖ All Directors are Independent Non-Executive Directors except Mr. 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.

During the year, 5 Board Meetings were held on : April 9, 2012, May 30, 2012, August 10, 2012, November 5, 2012 and February 11, 2013.

The details of attendance and other Directorships of the Directors comprising the Company's Board of Directors during the financial year 2012-2013 are as under:

Name of Director	Category	Attendance Board Meeting	Last AGM	Other Board Representation*	
				Directorships	Committees
Shri G. R. Morarka	Promoter, Chairman & Non-Executive Director	5	No	4	-
Shri S. H. Nevatia	Independent Non-Executive Director	0	No	-	-
Shri B. J. Maheshwari	Independent Non-Executive Director	5	Yes	3	1
Shri Vijay S. Banka	Independent Non-Executive Director	2	N.A.	2	2
Ms. Priyanka G. Morarka	Promoter Non-Executive Director	5	No	2	-

- In accordance with Clause 49, Memberships and Chairmanships of only Audit Committee and Shareholders / Investors Grievance Committee of all Public Limited Companies (excluding Morarka Finance Limited) have been considered.

### 3. Committees of Board

#### A. Audit Committee

Pursuant to Clause 49 II of the Listing Agreement and also pursuant to the provisions of the Companies Act, 1956, the Committee was reconstituted on 26th 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:

- Overseeing the financial reporting process.



- Appointment and remuneration of Auditors.
- Reviewing the financial and risk management policies.
- Reviewing the adequacy of internal control systems.
- Compliance with listing and other legal requirements.
- Changes in accounting policies and practices and reasons for the same.
- Periodical and yearly financial results of the Company.

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 30, 2013, August 10, 2012, November 5, 2012, February 11, 2013.

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

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

#### **B. Remuneration Committee**

The Board of Directors of the Company at their meeting held on 4th 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 Company Secretary acts as the secretary to the Committee.

The 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 Remuneration Committee are as under:

1. Shri G.R. Morarka Non-executive Promoter Director  
(Chairman of the Board)
2. Shri S.H. Nevatia Non-executive Independent Director
3. Shri B.J. Maheshwari Non-executive Independent Director

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

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

#### **C. Shareholders / Investors Grievance Committee**

The Board has constituted a Shareholders/Investors Grievance Committee as a step to achieve the objectives of Corporate Governance, consisting of the following directors:

1. Shri G.R. Morarka Non-executive Promoter Director  
(Chairman of the Board)
2. Shri S.H. Nevatia Non-executive Independent Director
3. Shri B.J. Maheshwari Non-executive Independent Director

The scope of Shareholders / Investors Grievance Committee is as follows:

1. To attend to investors grievances or shareholders 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 Shareholders 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 @ Rs. 250/- per meeting is payable to a member for attending the committee meeting.

The Shareholders / Investors Grievance Committee is also required to submit their reports / suggestions to the Board of Directors of the Company from time to time.

#### **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.



#### 4. General Body Meetings

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

Financial Year	Location	Date	Time
2009-10	Kilachand conference Room, Indian Merchants' Chambers Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020	29/09/2010	12.00 noon
2010-11	Kilachand conference Room, Indian Merchants' Chambers Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020	29/09/2011	12.00 noon
2011-12	Kilachand conference Room, Indian Merchants' Chambers Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020	28/09/2012	12.00 noon

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

Date	Particulars
September 28, 2012	a. Alteration of article 134 of articles of association by way of increasing the sitting fees payable to directors.

#### 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 pursuant to Clause 49 of the Listing Agreement. 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 Listing Agreement 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.
- **Disclosures regarding appointment or reappointment of Directors [Pursuant to clause 49 of the Listing Agreement with the Stock Exchange] :**

Given below are the brief resumes of the directors retiring by rotation and / or seeking appointment / re-appointment.

**Shri G.R. Morarka :** aged 51 years, a Commerce graduate and ICWA Inter, Mr. G. R. Morarka is the recipient of Indira Gandhi Priyadarshini Award for Management. He has also been honoured with "Bhamasha Award" for the year 2006 and again in the year 2011 by Rajasthan State Government for social service in the field of education. He has also been awarded "Indira Gandhi Sadbhavna Award" in the year 2011. He has recently been awarded "Swami Krishnanand Saraswati Purashkar".

**Shri S.H.Nevatia:** Age 51 years, is a director of the company. He is a commerce graduate and chartered accountant. He has 3 decades of experience in the arena of profession and business. He is not related to any directors of the company.

**Details of Directors retiring by rotation seeking appointment / re- appointments**

Particular	Shri G.R. Morarka	Shri S.H.Nevatia
Date of appointment	March 15, 1985	December 13, 1989
Qualification	B.Com, ICWA- Inter.	B Com; FCA
Expertise in specific functional arena	Wide experience of finance, business and industry	Rich experience in arenas of finance, accounting, business and industry
Directorship held in other public companies	Dwarikesh Trading Company Limited. Dwarikesh Sugar Ind.Ltd. Faridpur Sugars Limited. Dwarikesh Informatics Limited Dwarikesh Agriculture Research Institute	Nil
Committee membership or chairmanship across public companies	Nil	Nil
Shareholding	8221 Equity shares	113 Equity shares
Relationship with Directors inter-se	Mr Morarka is not related with any other directors except Ms Priyanka Morarka who is his daughter.	Not related

**7. Means of Communication**

The Company's quarterly results in the pro-forma prescribed by the Stock Exchanges pursuant to clause 41 of the Listing Agreement 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 - Free Press Journal in English & Navshakti in Marathi.

As per the requirements of clause 52 of the Listing Agreement, all the data related to quarterly financial results, shareholding pattern etc. has been posted on the Corpfilling website ([www.corpfilling.co.in](http://www.corpfilling.co.in)) and also on the Company's website:([www.morarkafinance.in](http://www.morarkafinance.in)) within the time prescribed in this regard. The Company's website also displays the official news releases.

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

**8. General Shareholder Information:**

- Annual General Meeting                      28th Annual General Meeting  
Date, time and venue                      Friday, 27th September, 2013 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(tentative and subject to change)  
First Quarter Results                      On or before 14th August, 2013  
Second Quarter Results                      On or before 14th November, 2013  
Third Quarter Results                      On or before 14th February, 2014  
Last Quarter Results                      On or before 30th May, 2014
- Dates of Book Closure                      Thursday, 12th September, 2013 to Friday, 27th September, 2013 (both days inclusive).
- Listing Details                                      BSE

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

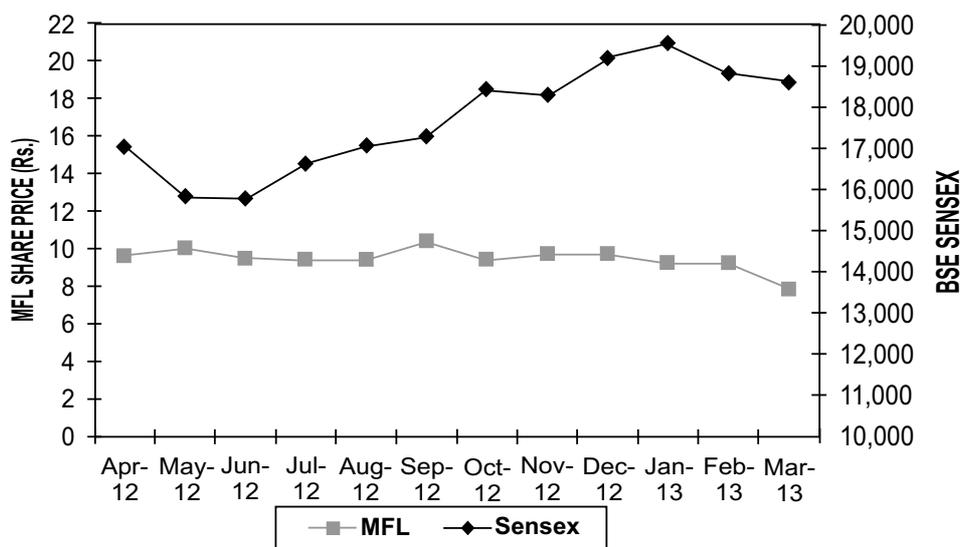
<b>Name</b>	<b>Address</b>	<b>Stock Code</b>
The Bombay Stock Exchange Ltd.	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	511549
International Securities Identification Number (ISIN)		INE 367A 01015



➤ **Market Price Data - Bombay Stock Exchange**

Month	Highest (Rs.) Of the Month	Lowest (Rs.) Of the Month	Volume (No. of Shares)
April, 2012	9.61	9.60	25
May, 2012	10.10	10.00	111
June, 2012	10.00	9.50	14
July, 2012	9.50	9.40	268
August, 2012	10.36	9.40	31
September, 2012	10.37	10.37	1
October, 2012	10.30	9.40	420
November, 2012	10.68	9.70	23
December, 2012	10.20	9.70	6
January, 2013	10.18	9.22	412
February, 2013	NA	NA	0
March, 2013	9.40	7.84	13382

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.

Tel. No. : +91 22 2820 7201 / 03 / 04 / 05, Fax : +91 22 2836 9704

email : info@unisec.in

➤ **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 and during the last financial year, 4 Approvals were obtained.

The total number of shares in physical form transferred during the year under review was 700.



➤ **Distribution of Shareholding as on 31st March, 2013**

No. of Shares	No of Shareholders	Percentage	No. of Shares	Percentage
Upto 500	1978	83.214	436929	9.705
501 - 1000	225	9.466	179514	3.987
1001 - 2000	81	3.408	129409	2.874
2001 - 3000	27	1.136	68931	1.531
3001 - 4000	17	0.715	59686	1.326
4001 - 5000	16	0.673	74223	1.649
5001 - 10000	11	0.463	72273	1.606
10001 And Above	22	0.925	3481135	77.322
Total	2377	100.000	4502100	100.00

➤ **Categories of Shareholders on 31st March, 2013**

Category	No. of Shares of Rs. 10/- each	%
Promoters		
* Indian	510595	11.34
* Foreign	-	-
Persons Acting in Concert	2207831	49.04
Mutual Funds	-	-
Banks	-	-
Indian Institutional Investors	-	-
Foreign Institutional Investors	-	-
Private Corporate Bodies	36329	0.80
General Public	1737214	38.59
NRIs, OCBs	7892	0.18
Clearing Members	2239	0.05
Total	4502100	100.00

➤ **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 31st March, 2013, 93.45% 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 Mr. Hemalkumar Shah, Company Secretary at hemalshah@morarkafinance.in or at the above mentioned address.

➤ **Results**

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

➤ **Non-Mandatory Requirements:**

Mandatory requirements of Clause 49 of the Listing Agreement have been complied with by the Company. Non-mandatory requirements are as hereunder:

**1. The Board**

The Company has non executive chairman. Maximum tenure of Independent Directors as mentioned is not adopted.

**2. Remuneration Committee**

The Company has already appointed Remuneration Committee on 4th March, 2003 and the Committee is operational.

**3. Shareholders Rights**

The quarterly, Half Yearly and Annual Results are published in leading English News Paper having circulation all over India and also in Marathi News Paper circulating in the District. The results are also posted on the Company's website and Corp Filing Website, therefore the same are not sent to the Shareholders individually.

**4. Audit Qualification**

The company is in the regime of un-qualified financial statements

**5. Training of Board Members**

The Board of Directors consists of professionals having considerable experience and expertise in their respective fields and industry.

**6. Mechanism for evaluating Non-Executive Board Members**

As the Non-Executive Directors are professionals, no such mechanism exists.

**7. Whistle Blower Policy**

There is no Whistle Blower Policy. However, the company recognises the importance of reporting to the management by any employee at any level about the unethical behaviour or suspected fraud in violation of the Company's Code of Conduct or any other point of concern.

**On behalf of the Board of Directors**

Place : Mumbai  
Dated : 30th May, 2013

**B.J. Maheshwari**  
Director

**CERTIFICATE FROM CHAIRMAN & CFO FOR COMPLIANCE WITH CODE OF CONDUCT FOR BOARD AND SENIOR MANAGEMENT**

To,

**The Shareholders of  
Morarka Finance Limited**

Dear Sirs,

This is certify that your company has put in place the Code of Conduct for the Board of Directors and Senior Management with effect from 1st July, 2005 and the same has been revised with effect from 29th September, 2010 applicable to all the Directors of the company and the members of senior management, which includes the employees of the Company who are one level below the Whole time directors and all the functional heads. The Directors and Members of the Senior Management have affirmed compliance with the code of Conduct for Board and Senior Management as on 31st March, 2013.

For **Morarka Finance Limited**

Place : Mumbai  
Date : 30th May, 2013

**G. R. MORARKA**      **L.N. HEDA**  
CHAIRMAN                      C.F.O.



To,

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

Re: Financial Statements for the year ended on 31st March, 2013

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 31st March, 2013 and to the best of our knowledge and belief, hereby clarify that:

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2013 which are fraudulent, illegal and violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We hereby certify that:
  - a) there have been no significant changes in internal control during this year
  - b) there have been no significant changes in accounting policies during this year
  - c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems.

For **Morarka Finance Limited**

Place : Mumbai  
Date : 30th May, 2013

**G. R. MORARKA**      **L.N. HEDA**  
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 M/s. Morarka Finance Limited for the year ended on 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchange.

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.

To our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied in all material respects with the conditions of Corporate Governance as stipulated to the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Grievance Committee.

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**  
Firm Reg. No. 100068W

Place: Mumbai  
Date: 30th May, 2013

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



## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF MORARKA FINANCE LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Morarka Finance Limited which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the company. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Account, of the loss of the company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the 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, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the company so far as 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 balance sheet, statement of profit and loss, and cash flow statement comply with the accounting standards referred to in subsection (3c) of section 211 of the companies act, 1956;
  - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the board of directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies act, 1956.

For **D.P. AGARWAL & CO.**  
**CHARTERED ACCOUNTANTS**  
 Firm Reg. No. 100068W

Place : Mumbai  
 Date : 30th May, 2013

**D.P. AGARWAL**  
 Membership No. FCA 35500

### ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (3) of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. We are informed that the fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
3. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.



4. In our opinion, and according to the information and explanation given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of stocks as compared to book records.
6. The Company has not granted any unsecured loan to any associate / group companies which are required to be entered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 2760000/- reflecting the loan taken by the company from associate / group companies and the year-end balance of loans granted to the said companies was Rs.nil.
7. In our opinion, the rate of interest and other terms and conditions on which loan has been granted to the company listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
8. According to the records of the company and information and explanation given to us, repayment of principal amount and interest on the loan granted aforesaid are regular.
9. According to the record of the company and information and explanations given to us, there were no overdue amount of loan granted to companies covered in the register maintained under section 301 of the Companies Act, 1956.
10. The Company has not taken any Deposit from any parties covered in the register maintained under section 301 of the Act.
11. In our opinion, and according to the information and explanations given to us, there are adequate control procedure commensurate with the size of the company and nature of its business with regards to purchase of inventory, fixed assets and for sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
12. According to the information and explanations given to us, the transactions that need to be entered into register in pursuance of section 301 of the Companies Act 1956 have been duly entered.
13. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
14. The Company has not accepted deposits from the public; therefore the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company. According to the information and explanation given to us, no order has been passed by the Company Law Board.
15. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
16. According to the information and explanation to us, Central Government has not prescribed maintenance of cost record under clause (d) of sub section (1) of section 209 of the Companies Act, 1956.
17. The Company is regular in depositing with appropriate authorities undisputed statutory dues including Investor Education and Protection Fund, Income tax, Wealth Tax and other statutory dues applicable to it. As explained to us, the Company has no liability in the course of its business of Employee's State Insurance, Custom Duty, Excise Duty, Cess and Sales Tax during the year.
18. According to the records of the Company and the information and explanations given to us, there are no dues of Income Tax and Wealth Tax which have not been deposited on account of dispute.
19. The Company does not have any accumulated losses as at 31st March 2013. The Company has incurred any cash losses during the financial year covered by the audit and immediately preceding the financial year.
20. The Company has made no borrowings from financial institutions or banks nor it has issued any debentures and therefore the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
21. According to the records of the Company and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
22. We are informed that the provisions of special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Society do not apply to the Company and, therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
23. Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts in relation to dealing in shares, securities, debentures and other investments and timely entries have been made in those records. We also report that the Company has held shares, securities, debentures and other investments and timely entries have been made in those records. We also report that the Company has held shares, securities, debentures and other securities in its own name.
24. The Company has not taken any term loans and therefore the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable.
25. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets.
26. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
27. The Company has not issued debentures and hence question of creating security does not arise.
28. The Company has not raised any money by public issue during the year.
29. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **D.P. AGARWAL & CO.**  
**CHARTERED ACCOUNTANTS**  
Firm Reg. No. 100068W

Place : Mumbai  
Date : 30th May, 2013

**D.P. AGARWAL**  
Membership No. FCA 35500



## BALANCE SHEET AS AT 31ST MARCH, 2013

(Amount in ₹)

Particulars	Note No.	As at 31-03-2013	As at 31-03-2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share capital	1	45,021,000	45,021,000
(b) Reserves and surplus	2	47,780,502	49,234,390
(c) Money received against share warrants		-	-
		<b>92,801,502</b>	94,255,390
<b>(2) Share application money pending allotment</b>			
		-	-
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (net)		-	-
(c) Other long term liabilities		-	-
(d) Long term provisions	3	225,285	191,093
		<b>225,285</b>	191,093
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	4	2,760,000	1,190,000
(b) Trade payables	5	81,646	40,162
(c) Other current liabilities	6	-	-
Current maturities of long term debts		-	-
Others		151,537	141,198
(d) Short-term provisions		-	-
		<b>2,993,183</b>	1,371,360
<b>TOTAL</b>		<b>96,019,970</b>	95,817,843
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	7		
(i) Tangible assets		964,662	1,019,849
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
		<b>964,662</b>	1,019,849
(b) Non-current investments	8	91,110,615	91,110,615
(c) Long term loans and advances		-	-
(d) Other non-current assets		-	-
		<b>92,075,277</b>	92,130,464
<b>(2) Current assets</b>			
(a) Current investments		-	-
(b) Inventories	9	1,639,213	1,589,593
(c) Trade receivables		-	-
(d) Cash and bank balances	10	157,654	139,299
(e) Short-term loans and advances	11	22,630	217,285
(f) Other current assets		-	-
(g) Deferred tax assets (net)	12	2,125,196	1,741,202
		<b>3,944,693</b>	3,687,379
<b>TOTAL</b>		<b>96,019,970</b>	95,817,843

Significant Accounting Policies & Notes to Accounts form an integral part of these financial statements

As per our report of even date attached

**For D.P. AGARWAL & CO.**  
Chartered Accountants  
Firm Reg. No. 100068W

**DAMODAR AGARWAL**  
Proprietor  
Membership No.35500

Place: Mumbai  
Date: 30th May, 2013

**G. R. MORARKA**  
Chairman

**B. J. MAHESHWARI**  
Director

**VIJAY S. BANKA**  
Director

Place: Mumbai  
Date: 30th May, 2013



## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	(Amount in ₹)	
		Year ended 31-03-2013	Year ended 31-03-2012
<b>REVENUE:</b>			
I. Revenue from operations (Gross)	13	-	354,211
II. Other income	14	169,996	128,590
III. <b>Total Revenue (I +II)</b>		<b>169,996</b>	<b>482,801</b>
<b>IV. EXPENSES:</b>			
Cost of materials consumed		-	-
Purchase of stock-in-trade		-	48,645
Changes in inventories of finished goods, work-in-progress and stock-in-trade	15	(49,620)	238,237
Employee benefit expenses	16	1,189,271	1,014,700
Finance cost	17	192,751	67,083
Depreciation and amortization expenses	18	55,187	59,040
Other expenses	19	620,399	571,500
<b>Total Expenses</b>		<b>2,007,988</b>	<b>1,999,205</b>
V. Profit before exceptional and extraordinary items and tax (III-IV)		(1,837,992)	(1,516,405)
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(1,837,992)	(1,516,405)
VIII. Extraordinary items		-	-
IX. <b>Profit before tax (VII - VIII)</b>		<b>(1,837,992)</b>	<b>(1,516,405)</b>
X. Tax expense:			
(1) Current tax			
Current year		-	-
Less: MAT credit entitlement		-	-
Add: Reversal of MAT credit entitlement		-	-
Previous year		(110)	(49,037)
(2) Deferred tax		(383,994)	(464,143)
XI. <b>Profit/(Loss) for the period (IX-X)</b>		<b>(1,453,888)</b>	<b>(1,003,225)</b>
<b>XII. Earning per equity share:</b>			
(1) Basic		(0.32)	(0.22)
(2) Diluted		(0.32)	(0.22)
Weighted average number of shares outstanding		4,502,100	4,502,100

Significant Accounting Policies & Notes to Accounts form an integral part of these financial statements

As per our report of even date attached

**For D.P. AGARWAL & CO.**  
Chartered Accountants  
Firm Reg. No. 100068W

**DAMODAR AGARWAL**  
Proprietor  
Membership No.35500

Place: Mumbai  
Date: 30th May, 2013

**G. R. MORARKA**  
Chairman

**B. J. MAHESHWARI**  
Director

**VIJAY S. BANKA**  
Director

Place: Mumbai  
Date: 30th May, 2013


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST, MARCH 2013**

PARTICULARS	YEAR ENDED 31ST MARCH, 2013 (RUPEES)		YEAR ENDED 31ST MARCH, 2012 (RUPEES)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>			
NET PROFIT/(LOSS) BEFORE TAX		(1,837,992)	(1,516,405)
ITEMS			
ADJUSTMENTS FOR :			
DEPRECIATION	55,187		59,040
INVESTMENT INCOME	(152,508)		(128,940)
		(97,321)	(69,900)
OPERATING PROFIT BEFORE WORKING CAPITAL		(1,935,313)	(1,586,305)
CHANGES			
ADJUSTMENTS FOR :			
TRADE AND OTHER RECEIVABLES	194,655		185,890
INVENTORIES	(49,620)		238,237
TRADE PAYABLES	86,015		24,693
DIRECT TAXES PAID	110	231,160	49,037
		231,160	49,037
CASH GENERATED FROM OPERATIONS		(1,704,153)	(1,088,448)
NET CASH FLOW FROM OPERATING ACTIVITIES		(1,704,153)	(1,088,448)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>			
PURCHASE OF INVESTMENTS	0		(191,807)
INVESTMENT INCOME	152,508		128,940
NET CASH FLOW FROM INVESTING ACTIVITIES		152,508	(62,867)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
UNSECURED LOAN		1,570,000	1,190,000
NET INCREASE/DECREASE IN CASH AND		18,355	38,685
CASH EQUIVALENTS(A-B+C)			
CASH AND CASH EQUIVALENTS(OPENING BALANCE)		139,299	100,614
CASH AND CASH EQUIVALENTS(CLOSING BALANCE)		157,654	139,299

## 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  
Firm Reg. No. 100068W

**DAMODAR AGARWAL**

Proprietor  
Membership No.35500

Place: Mumbai

Date: 30th May, 2013

**G. R. MORARKA**

Chairman

**B. J. MAHESHWARI**

Director

**VIJAY S. BANKA**

Director

Place: Mumbai

Date: 30th May, 2013

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES & PRACTICES**

(annexed to and forming part of financial statements for the year ended March 31, 2013)

**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 211(3C) and other relevant provisions of the Companies Act, 1956.

All the assets and liabilities have been classified as current or non current as per company's normal operating cycle and other criteria set out in Schedule VI of the Companies Act, 1956. 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 XIV of the Companies Act, 1956, on written down value method.

**g. Taxes on Income**

- (i) Provision for income tax Rs.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 upto the date of approval of the accounts by the Board, where material.

**i. Intangible Assets:**

Intangible Assets are recognized only where:

- i. 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.



## NOTES TO THE FINANCIAL STATEMENTS

		(Amount in ₹)	
Note No.	Particulars	As at 31/03/2013	As at 31/03/2012
<b>1</b>	<b>SHARE CAPITAL</b>		
	<b>AUTHORISED:</b>		
	48,00,000 equity shares of ₹ 10 each	48,000,000	48,000,000
	1% 1,50,000 Redeemable non cumulative preference shares of ₹ 100 each	15,000,000	15,000,000
		<b>63,000,000</b>	<b>63,000,000</b>
	<b>ISSUED, SUBSCRIBED AND PAID UP:</b>		
	45,02,100 equity shares of ₹ 10 each fully paid up	45,021,000	45,021,000
	<b>Total Share Capital</b>	<b>45,021,000</b>	<b>45,021,000</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 2011-2012 & 2012-13		
<b>B</b>	Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:	<b>March 31, 2013</b>	<b>March 31, 2012</b>
	<b>Equity Shares:-</b>		
	Dwarikesh Trading Company Limited	2,207,831	2,207,831
		49.04%	49.04%
	Pranay Gautam Morarka	431,174	431,174
		9.58%	9.58%
	Satishkumar Subbiah	226,000	226,000
		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>RESERVES AND SURPLUS</b>		
	<b>a) Capital redemption reserves*</b>		
	As per last account	6,530,000	6,530,000
	Add: during the year	-	-
	Less: utilised during the year	-	-
		<b>6,530,000</b>	<b>6,530,000</b>



## NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

Note No.	Particulars	As at 31/03/2013	As at 31/03/2012
b)	<b>Other reserves</b>		
	<b>General reserve</b>		
	As per last account	2,102,454	2,102,454
	Add: during the year	-	-
	Less: utilised during the year	-	-
		<b>2,102,454</b>	<b>2,102,454</b>
c)	<b>Surplus in Profit and Loss Account</b>		
	As per last account	40,601,936	41,605,161
	Add: during the year	(1,453,888)	(1,003,225)
	Less: appropriations	-	-
	Dividend on equity/preference shares	-	-
	Transfer to general reserve	-	-
		<b>39,148,048</b>	<b>40,601,936</b>
	<b>Total Reserves &amp; Surplus</b>	<b>47,780,502</b>	<b>49,234,390</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		
3	<b><u>LONG-TERM PROVISIONS</u></b>		
	Provision for employee benefits		
	Gratuity	175,385	150,510
	Leave encashment	49,900	40,583
	<b>Total Long Term Provisions</b>	<b>225,285</b>	<b>191,093</b>
4	<b><u>SHORT-TERM BORROWINGS</u></b>		
	<b>Unsecured</b>		
	Loan & advances from related parties inter corporate deposits	2,760,000	1,190,000
	<b>Total Short Term Borrowings</b>	<b>2,760,000</b>	<b>1,190,000</b>
5	<b><u>TRADE PAYABLES</u></b>		
	Others	81,646	40,162
	<b>Total Trade Payables</b>	<b>81,646</b>	<b>40,162</b>
6	<b><u>OTHER CURRENT LIABILITIES</u></b>		
	Other payables		
	TDS liability	13,003	7,779
	Salary & wages payable	99,685	66,060
	Security/Retention money payable	-	26,000
	Others	38,849	41,359
	<b>Total Other Current Liabilities</b>	<b>151,537</b>	<b>141,198</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 7 FIXED ASSETS

PARTICULARS	Gross Block				DEPRECIATION				Net Block	
	As at 01-04-2012 ₹	Added during the year ₹	Disposals	As at 3/31/2013 ₹	Up to 01-04-2012 ₹	For the year ₹	Disposals ₹	Up to 31-03-2013 ₹	As at 31-03-2012 ₹	As at 31-03-2013 ₹
<b>i) Tangible Assets</b>										
Buildings *	2,876,706	-	-	2,876,706	1,890,411	49,315	-	1,939,726	986,295	936,980
	(2,876,706)	-	-	(2,876,706)	(1,838,501)	(51,910)	-	(1,890,411)	(1,038,205)	(986,295)
Furniture and Fixtures	1,126,053	-	-	1,126,053	1,097,312	5,202	-	1,102,514	28,741	23,539
	(1,126,053)	-	-	(1,126,053)	(1,090,960)	(6,352)	-	(1,097,312)	(35,093)	(28,741)
Office equipment	79,227	-	-	79,227	74,414	670	-	75,084	4,813	4,143
	79,227	-	-	79,227	73,636	778	-	74,414	5,591	4,813
Total	4,081,986	-	-	4,081,986	3,062,137	55,187	-	3,117,324	1,019,849	964,662
<b>ii) Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	4,081,986	-	-	4,081,986	3,062,137	55,187	-	3,117,324	1,019,849	964,662
Previous Year	(4,081,986)	-	-	(4,081,986)	(3,003,097)	(59,040)	-	(3,062,137)	1,019,849	-

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 Rs. 50/- each aggregating to Rs.250/-



## NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

Note No.	Particulars	As at 31/03/2013	As at 31/03/2012
<b>8</b>	<b><u>NON-CURRENT INVESTMENTS</u></b>		
<b>1</b>	<b>Trade investments</b>		
	<b>long term, quoted investmes valued at cost in associate companies</b>		
<b>a)</b>	<b>Investment in equity instruments</b>		
	23,59,118 (previous year 23,59,118) equity shares of ₹10 each fully paid up in "Dwarikesh Sugar Industries Limited" extent of holding : 14.46% (previous year 14.46%)	52,441,611	52,441,611
	<b>Total</b>	<b>52,441,611</b>	<b>52,441,611</b>
	<b>Traded Investments</b>		
	long term, unquoted investments valued at cost in associate companies		
<b>2</b>	<b>Non trade investments</b>		
<b>a)</b>	<b>Investment in equity instruments</b>		
(i)	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%)	326,553	326,553
(ii)	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%)	242,450	242,450
(iii)	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%)	1	1
(v)	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%)	100,000	100,000
<b>b)</b>	<b>Investments in preference shares</b>		
(i)	3,00,000 (previous year 3,00,000) 8% redeemable cumulative preference shares of ₹ 100 each fully paid up in 'Dwarikesh Trading company Limited' extent of holding : 100% (previous year 100%)	30,000,000	30,000,000
(ii)	80,000 (previous year 80,000) 6% redeemable non cumulative preference shares of ₹ 100 each fully paid up in 'Dwarikesh Trading company Limited' extent of holding : 100% (previous year 100%)	8,000,000	8,000,000
	<b>Total Non Traded Investments</b>	<b>91,110,615</b>	<b>91,110,615</b>
	<b>Total Non-Current Investments</b>	<b>91,110,615</b>	<b>91,110,615</b>
	Aggregate amount of unquoted investments	<b>38,669,004</b>	<b>38,669,004</b>
	Aggregate amount of quoted investments	<b>52,441,611</b>	<b>52,441,611</b>
<b>9</b>	<b><u>INVENTORIES</u></b>		
	<b>(At lower of Cost or Market Value)</b>		
	Stock of Securities	1,639,213	1,589,593
	<b>Total Inventories</b>	<b>1,639,213</b>	<b>1,589,593</b>



## NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

Note No.	Particulars	As at 31/03/2013	As at 31/03/2012
10	<b>CASH &amp; BANK BALANCES</b>		
	<b>Cash &amp; Cash Equivalents</b>		
	<b>Balance with scheduled banks</b>		
	Current accounts	80,220	59,658
	<b>Cash on hand</b>	77,435	79,641
	<b>Total Cash &amp; Cash Equivalents</b>	<b>157,654</b>	<b>139,299</b>
	* There are no amounts outstanding in respect of unpaid dividend for more than seven years to be transferred to Investor Education and Protection Fund.		
11	<b>SHORT TERM LOANS &amp; ADVANCES</b>		
	<b>unsecured, considered good</b>		
	a) Loans & advances to related parties	-	-
	b) Others		
	Security Deposit	15,730	15,730
	Advance taxes & TDS	-	129,855
	Advances recoverable in cash or in kind or for value to be received	6,900	71,700
	<b>Total Short Term Loans &amp; Advances</b>	<b>22,630</b>	<b>217,285</b>

## 12 DEFERRED TAX LIABILITIES (NET):

Particulars	As At 31-03-2013		As At 31-03-2012	
	Deferred Tax Asset ₹	Deferred Tax Liability ₹	Deferred Tax Asset ₹	Deferred Tax Liability ₹
Difference between book depreciation and tax depreciation		(175,654)		(179,090)
Non payment of bonus, leave & gratuity	10,565		59,048	
Brought forward losses & depreciation	2,290,284		1,861,244	
Total	2,300,849	(175,654)	1,920,292	(179,090)
<b>Net Deferred Tax Asset /(Liability)</b>	<b>2,125,196</b>		<b>1,741,202</b>	

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

(Amount in ₹)

Note No.	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
13	<b>REVENUE FROM OPERATIONS</b>		
	Sale of Securities	-	354,211
	<b>Total Net Revenue From Operations</b>	-	354,211
14	<b>OTHER INCOME</b>		
a)	Interest income (Tax deducted at source ₹ Nil previous year ₹ Nil)	-	-
b)	Other non operating income	169,996	128,590
	<b>Total Other Income</b>	<b>169,996</b>	<b>128,590</b>
15	<b>(INCREASE)/DECREASE IN STOCKS</b>		
	Closing stock of shares & debentures	(1,639,213)	(1,589,593)
	Opening stock of shares & debentures	1,589,593	1,827,830
	<b>NET (INCREASE)/DECREASE IN STOCK</b>	<b>(49,620)</b>	<b>238,237</b>
	<b>Total (Increase)/Decrease In Stocks</b>	<b>(49,620)</b>	<b>238,237</b>
16	<b>EMPLOYEE BENEFIT EXPENSES</b>		
a)	Salary and wages		
	Salary and wages	1,154,995	984,623
	Bonus	-	-
	Leave encashment	9,317	4,533
	Gratuity	24,875	25,460
		<b>1,189,187</b>	<b>1,014,616</b>
b)	Contribution to provident and other funds		
	Provident fund	84	84
		<b>1,189,271</b>	<b>1,014,700</b>
c)	Staff welfare expenses	-	-
	<b>Total Employee Benefit Expenses</b>	<b>1,189,271</b>	<b>1,014,700</b>
17	<b>FINANCE COST</b>		
	Other borrowing costs	192,751	67,083
	<b>Total Finance Cost</b>	<b>192,751</b>	<b>67,083</b>
18	<b>DEPRECIATION AND AMORTIZATION EXPENSES</b>		
a)	Depreciation		
	Depreciation of tangible assets	55,187	59,040
	Obsolescence	-	-
b)	Amortization of intangible assets	-	-
	<b>Total Depreciation and Amortization Expenses</b>	<b>55,187</b>	<b>59,040</b>
19	<b>OTHER EXPENSES</b>		
	Rates and taxes*	82,694	23,924
	Travelling & conveyance	137,650	163,908
	Postage, telephone & telex	55,272	36,015
	Printing & stationery	23,153	19,126
	Repairs & maintenance - others	44,678	50,768
	Payment to the auditors	-	-
	Audit fees	30,000	30,000
	Taxation matters	-	-
	Reimbursement of expenses	-	-
	Miscellaneous expenses	246,952	247,759
	<b>Total Other Expenses</b>	<b>620,399</b>	<b>571,500</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 20 Related party disclosures as required by Accounting Standard AS-18 for the year ended 31st March, 2013

#### 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
  - Dwarikesh Agriculture Research Institute
  - Faridpur Sugars Limited
- ii) **Key Management Personnel**
- Shri Gautam .R. Morarka Chairman
  - Shri B.J.Maheshwari Director
  - Miss Priyanka Gautam Morarka Director
  - Mr. Vijay S. Banka Director
- iii) **Relatives of Key Managerial Personnel**  
**Shri G.R.Morarka**
- Smt. Smriti G. Morarka ( Wife)
  - Ms. Priyanka G. Morarka ( Daughter)
  - Mr. Pranay G. Morarka (Son)

#### b) Details of Transactions

Sl. No.	Name of Related Party	Nature of Transaction	Volume of ₹	Amount due to (₹)	Amount due from (₹)
1	Dwarikesh Trading Co. Ltd.	Inter Corporate Deposit Repaid	Nil	22,80,000 (Nil)	
		Inter Corporate Deposit Received	22,80,000		
		Interest Paid	(Nil) 154,318		
5	Faridpur Sugars Limited	Inter Corporate Deposit Repaid	Nil	480,000 (Nil)	
		Inter Corporate Deposit Received	480,000		
		Interest Paid	38,433		

- Additional information pursuant to the provision of Part II of the Schedule VI to the Companies Act, 1956 is not applicable to the Company for the year.
  - The company operates in only one segment and hence segment wise disclosure is not provided.
  - There are no amounts due and outstanding to be transferred to Investor Education & Protection Fund as on 31st March, 2013
  - Schedule to Balance Sheet of a Non-Banking Financial Company as required in terms of paragraph 9 BB of Non-Banking Financial Companies prudential norms (Reserve Bank) Directions, 1998 is annexed.
  - Details of dues to micro & small enterprises as defined under MSMED Act, 2006: The Company has not transacted with any Micro & small enterprises as specified under MSMED Act, 2006, Hence the disclosure requirement u/s 22 of the said act is not applicable.
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, 2013 as required by Part I of Schedule VI to the Companies Act, 1956, in view of the number of scripts 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 Deferred Tax Assets to the extent of Rs.2,125,196/- 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 allowability 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. Earning 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. 1st April, 2001, the following are the disclosures in respect of the calculation of earnings per share for the year ended 31st March, 2013.



<b>Particulars</b>		<b>31/03/2013</b>	<b>31/03/2012</b>
a) Numerator Profit / (loss) after tax	Rs.	(1,453,888)	(1,003,225)
b) Denominator	Nos.	4502100	4502100
Weighted average number of equity shares			
c) Earnings per Share (Basic & diluted) =	Rs.	(0.32)	(0.22)
Numerator / Denominator			
ii. <b>Contingent Liabilities in respect of :</b>			
PARTICULARS		Amount [Rs. In Crores]	
		2012-2013	2011- 2012
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
- Dwarikesh Sugar Industries Limited  
Dwarikesh Trading Company Limited  
Dwarikesh Informatics Limited  
Faridpur Sugars Limited.
- ii. Key Management Personnel:
- |                          |             |
|--------------------------|-------------|
| Name                     | Designation |
| Shri G. R. Morarka       | Chairman    |
| Miss Priyanka G. Morarka | Director    |
- B. Transactions with related parties as per the books of account

31st March, 2013

	Associates	Key Management Personnel
	Rs.	Rs.
1. Interest Income	-	
2. Dividend received	-	
3. Interest Exp.		
Dwarikesh Trading Co. Ltd. & Faridpur Sugars Limited	192751	-
4. Amounts Payable		
Dwarikesh Trading Co. Ltd. & Faridpur Sugars Limited	2760000	-
5. Amounts Receivable	-	
6. Maximum amount due at any time	-	
a. Dwarikesh Trading Co. Ltd. &	2280000	
b. Faridpur Sugars Ltd.	480000	
7. Maximum amount Receivable at any time	-	

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

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

**For D.P. AGARWAL & CO.**

Chartered Accountants  
Firm Reg. No. 100068W

**DAMODAR AGARWAL**

Proprietor  
Membership No.35500

Place: Mumbai  
Date:30th May, 2013

**G. R. MORARKA**

Chairman

**B. J. MAHESHWARI**

Director

**VIJAY S. BANKA**

Director

Place: Mumbai  
Date:30th May, 2013



Additional disclosure 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.

	Particulars	(Rs. in lakhs)	
		Amount out-standing	Amount overdue
	<b>Liabilities side :</b>		
(1)	<b>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>		
	(a) Debentures		
	Secured	-	-
	Unsecured (Other than falling within meaning of public deposits*)		
	(b) Deferred Credits	-	-
	(c) Term Loans	-	-
	(d) Inter-corporate loans and borrowing	27.60	-
	(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) <b>Secured</b>	-	
	b) <b>Unsecured</b>	-	
(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	-	
(5)	<b>Break-up of Investments :</b>		
	<b>Current Investments :</b>		
	1. Quoted:		
	(i) Shares:		
	(a) Equity	-	
	(b) Preference	-	
	(ii) Debentures and Bonds	-	
	(iii) Units of mutual funds	-	
	(iv) Government Securities	-	
	(v) Others (Please specify)	-	
	2. Unquoted:		
	(i) Shares:		
	(a) Equity	-	
	(b) Preference	-	
	(ii) Debentures and Bonds	-	
	(iii) Units of mutual funds	-	
	(iv) Government Securities	-	
	(v) Others (Please specify)	-	



Long Term investments :			
1. Quoted:			
(i) Shares:	(a) Equity		524.42
	(b) Preference		-
(ii) Debentures and Bonds			-
(iii) Units of mutual funds			-
(iv) Government Securities			-
(v) Others (Please specify)			-
2. Unquoted:			
(i) Shares:	(a) Equity		6.69
	(b) Preference		380.00
(ii) Debentures and Bonds			-
(iii) Units of mutual funds			-
(iv) Government Securities			-
(v) Others (Please specify)			-
<b>(6) 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. Other than related parties		-	-
<b>Total</b>		-	-
<b>(7) 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			
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	705.38		524.42
ii) DTCL - Preference Shares	380.00		380.00
iii) DTCL - Equity	3.27		3.27
iv) DIL - Equity	0.00		0.00
iv) FSL - Equity	1.00		1.00
2. Other than related parties			
i) Ormerods India - Equity	2.42		2.42
<b>Total</b>		<b>1092.07</b>	<b>911.11</b>
** As per Accounting Standard of ICAI (Please see Note 3)			
<b>(8) 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

**THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**



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

**ATTENDANCE SLIP**

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

I / We hereby record my / our presence at the **28th ANNUAL GENERAL MEETING** of the above named Company at at Kilachand conference Room, Indian Merchants' Chambers Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai - 400 020 at 12 noon on Friday, 27th September, 2013.

**NAME(S) OF THE MEMBER(S)**

**Registered Folio No.** \_\_\_\_\_

**Name of Proxy (in Block Letter)**

(To be filled in, if the proxy attends instead of the Member)

\_\_\_\_\_  
**MEMBER'S/PROXY'S SIGNATURE**

----- (TEAR HERE) -----



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

**PROXY FORM**

Regd. Folio No. \_\_\_\_\_

I / We \_\_\_\_\_ of \_\_\_\_\_

being a Member/Members of **Morarka Finance Limited** hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

as may / our proxy to attend and vote for me/us on my/our behalf at the **28th ANNUAL GENERAL MEETING** of the above named Company at Kilachand conference Room, Indian Merchants' Chambers Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai - 400 020 at 12 noon on Friday, 27th September, 2013.

As WITNESS my/our hand(s) the \_\_\_\_\_ day of \_\_\_\_\_ 2013

Signed \_\_\_\_\_

Affix  
Re.1  
Revenue  
Stamp

**Note:** Proxy must reach the Company's Registered Office not less than 48 hours before the time of holding the Meeting.





Book Post

If undelivered, please return to :

**MORARKA FINANCE LIMITED**

511, Maker Chambers V,  
221, Nariman Point,  
Mumbai - 400 021.

**FORM A**

**Format of covering letter of the annual audit report to be filed with the Stock Exchange**

1.	Name of the company	Morarka Finance Limited
2.	Annual financial statements for the year ended	March 31, 2013
3.	Type of Audit observation	Un-qualified / <del>Matter of Emphasis</del>
4.	Frequency of observation	Whether appeared first time...../ repetitive...../ since how long period ..... <i>N.A.</i>
5.	To be signed by- <ul style="list-style-type: none"> <li>• CEO/Managing Director</li> <li>• CFO</li> <li>• Auditor of the company</li> <li>• Audit Committee Chairman</li> </ul>	Pl refer signatures at the end of form A

*G R Morarka*

G R Morarka  
Chairman.

*L N Heda*

L. N. Heda  
CFO

*B. Maheshwari*

B. Maheshwari  
Audit Committee Chairman



For D. P. Agarwal & Co.,  
Chartered Accountants

*D. P. Agarwal*

D. P. Agarwal  
Proprietor  
Membership No.: FCA 35500