



MORARKA  
FINANCE  
LIMITED

**29<sup>TH</sup> ANNUAL REPORT**

**2013-2014**

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**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

**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



## NOTICE

**NOTICE** is hereby given that the Twenty-Ninth Annual General Meeting of the Company will be held on Monday, 29<sup>th</sup> September, 2014 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, 2014, Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Ms. Priyanka G. Morarka, (DIN: 0001088) who retires by rotation and being eligible offers herself for re-appointment.
3. 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 (FRN. 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:**

4. **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 give on lease the office premise of the company to Dwarikesh Sugar Industries Limited for a period of 5 years at a rent (licence fees) as is mutually agreed between 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.”

5. To appoint Shri Vijay S. Banka (DIN: 00963355) as an Independent Director 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** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Vijay S. Banka (DIN: 00963355), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of

Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years for a term up to the conclusion of the 34<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.”

6. To appoint Shri B. J. Maheshwari (DIN: 00002075) as an Independent Director 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** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri B. J. Maheshwari (DIN: 00002075), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years for a term up to the conclusion of the 34<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.”

7. To appoint Shri S.H. Nevatia (DIN: 00001258) as an Independent Director 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** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri S H Nevatia (DIN: 00001258), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years for a term up to the conclusion of the 34<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.”

8. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

**Regd Off. :** 511, Maker Chambers V, 221, Nariman Point, Mumbai 400 021.

Phone: 022-228322468, Web: [www.morarkafinance.in](http://www.morarkafinance.in), E-mail: [investors@morarkafinance.in](mailto:investors@morarkafinance.in)

CIN: L67120MH1985PLC035632



## ANNEXURE TO NOTICE

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

#### Item No.4

The company is trying to augment its revenues besides its NBFC related activities and as an endeavor to get fixed monthly income on regular basis, it has been proposed to give on rent the premises of the company to one of its group companies 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. Mr Gautam R .Morarka 2. Ms. Priyanka G. Morarka
3. Nature of relationship: Mr. G. R. Morarka and Ms Priyanka Morarka are also holding position of director in Dwarikesh Sugar Ind. Ltd.
4. Monetary Value : Current monthly rent / licence fees is of Rs 123000 per month subject to such increase as is mutually agreed between the parties from time to time for the period of 5 years.
5. Nature, material terms and particulars of the arrangement:

Contract	Purpose
Agreement entered into between Morarka Finance Limited and Dwarikesh Sugar Industries Limited for leasing of office premises for the period of 5 years at the rent / licence fees of Rs 123000 per month with other terms and conditions mentioned therein.	The company is trying to augment its revenues besides its NBFC related activities and as an endeavor to get fixed monthly income on regular basis, it has been proposed to give on rent the premises of the company to one of its group companies being a related party pursuant to section 188 of the Companies Act, 2013.

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 Mr. G. R. Morarka, who is holding position of Chairman & Managing Director in Dwarikesh Sugar Industries Limited.

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

#### Item No.5

Shri Vijay S. Banka is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors in September 2011. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Shri Vijay S. Banka being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of five years. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs 1,00,000/- proposing the candidature of Shri Vijay

S. Banka for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013. The Company has received from Shri Vijay S. Banka (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Shri Vijay S. Banka as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation. In the opinion of the Board of Directors, Shri Vijay S. Banka, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Shri Vijay S. Banka as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Vijay S. Banka as an Independent Director. No director, key managerial personnel or their relatives, except Shri Vijay S Banka, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no.5 for the approval of the members.

#### Item No. 6

Shri B. J. Maheshwari is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors in September 1996. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Shri B. J. Maheshwari being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of five years. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs 1,00,000/- proposing the candidature of Shri B. J. Maheshwari for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013. The Company has received from Shri B. J. Maheshwari (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Shri B. J. Maheshwari as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation. In the opinion of the Board of Directors, Shri B.J.Maheshwari, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Shri B. J. Maheshwari as an



Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri B. J. Maheshwari as an Independent Director. No director, key managerial personnel or their relatives, except Shri B. J. Maheshwari, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no.6 for the approval of the members.

**Item No. 7**

Shri S. H. Nevatia is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors in December 1989. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Shri S. H. Nevatia being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of five years. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs 1,00,000/- proposing the candidature of Shri S. H. Nevatia for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013. The Company has received from Shri S. H. Nevatia (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Shri S. H. Nevatia as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation. In the opinion of the Board of Directors, Shri S. H. Nevatia, the Independent Director proposed to be appointed, fulfills the conditions specified in the Act and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Shri S. H. Nevatia as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri S. H. Nevatia as an Independent Director. No director, key managerial personnel or their relatives, except Shri S. H. Nevatia, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no.7 for the approval of the members.

**Item No. 8**

The Articles of Association ("AoA") of the Company was prepared and adopted when the Company was incorporated in 1985 and amended from time to time as required. The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

The Act is now largely in force. On September 12, 2013, the

Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, *inter alia*, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified.

With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares. Shareholder's attention is invited to certain salient provisions in the new draft AoA of the Company viz:

- (a) Company's lien now extends also to bonuses declared from time to time in respect of shares over which lien exists;
- (b) the nominee(s) of a deceased sole member are recognized as having title to the deceased's interest in the shares;
- (c) new provisions regarding application of funds from reserve accounts when amounts in reserve accounts are to be capitalized;
- (d) new provisions relating to appointment of chief executive officer and chief financial officer, in addition to manager and company secretary;
- (e) existing articles have been streamlined and aligned with the Act;
- (f) the statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included; and
- (g) provisions of the existing AoA which are already part of statute in the Act have not been reproduced in the new draft AoA as they would only lead to duplication – their non-inclusion makes the new AoA crisp, concise and clear and aids ease of reading and understanding.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No.8 of the Notice.

The Board commends the Special Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

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

PLACE: Mumbai  
DATED: 30<sup>th</sup> May, 2014

**Hemalkumar Shah**  
Company Secretary

**Regd Off.** : 511, Maker Chambers V, 221, Nariman Point, Mumbai 400 021. Phone: 022-228322468, Web: www.morarkafinance.in, E-mail: investors@morarkafinance.in  
CIN: L67120MH1985PLC035632

**NOTES:****A. GENERAL**

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 Friday, 12<sup>th</sup> September, 2014 to Monday, 29<sup>th</sup> September, 2014 (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 Clause 49 of the Listing Agreement 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. 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. The details unpaid and unclaimed dividend is also uploaded on the website of the company as per the requirements of IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with the companies) Rules, 2012.

Financial Year	Unpaid Dividend amount (Rs.) as on 31/03/2014	Due date of transfer to the Investor Education and Protection Fund
2006-07	66429.00	26/10/2014

10. The Notice of the 29<sup>th</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. The relative statement pursuant to section 102 of the Companies Act, 2013, setting out the material facts concerning the item no. 4 to 8 of the notice dated May 30, 2014 is annexed hereto.

Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days during business hours up to the date of the Meeting.

**B. Voting by electronic means:**

1. Pursuant to section 108 of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014, the stated item of the business may be transacted through electronic voting system and the company is providing facilities for voting by electronic means (e-voting) to its members. The company has engaged the services of Central Depository Services (India) Limited (CDSL) for providing e-voting facilities to members, enabling them to cast their votes in a secure manner.
2. Members may choose to cast their votes electronically by logging on to the e voting system ([www.evotingindia.com](http://www.evotingindia.com)).
3. Both, physical and demat shareholders can exercise their voting rights by e-voting by carefully reading the instructions given herewith.
4. The instruction for e voting is as follows:
  - (i) The voting period begins on Monday, September 22, 2014 at 10.00 am and ends on Wednesday, September 24, 2014 at 5.30 pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 22, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period
  - (ii) Click on "Shareholders" tab.
  - (iii) Now, select the "MORARKA FINANCE LIMITED" from the drop down menu and click on "SUBMIT"
  - (iv) 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.
  - (v) Next enter the Image Verification as displayed and Click on Login. 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.

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	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <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 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 RA0000001 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) 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.
- (viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN / MORARKA FINANCE LIMITED on which you choose to vote.
- (x) 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.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

- (xii) 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.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xv) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) Note for Institutional Shareholders Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> 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 they have to create a compliance user should be created who would be able to link the account(s) for which they wish to vote on.

The list of accounts should be mailed to 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.

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.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- Shri Mukesh Saraswat, Practicing Company Secretary, will act as a scrutinizer to the e voting process in a fair and transparent manner.
- Shri Mukesh Saraswat, Practicing Company Secretary, will within a period not exceeding three working days from the conclusion of e voting period unblock the votes in presence of atleast two witnesses not in the employment of the company and make a Scrutinizer's Report of the votes cast in favour of against, if any, forthwith to the Chairman of the company.
- The results shall be declared on or after the AGM of the company. Result alongwith Scrutinizer's report shall be placed on the website of the company – [www.morarkafinance.in](http://www.morarkafinance.in) and on the website of CDSL within two days of passing of resolution at the 29<sup>th</sup> Annual General Meeting.

By order of the Board  
**FOR MORARKA FINANCE LIMITED 1**

PLACE: Mumbai  
DATED: 30<sup>th</sup> May, 2014

**Hemalkumar Shah**  
Company Secretary



## **MANAGEMENT DISCUSSION & ANALYSIS**

### **Global Scenario:**

After five years of global economic crisis post Lehman Brothers collapse in 2008, the economy of the world is showing a sign of bouncing back in this year. The global economic indicators are showing notice worthy improvement. Global activity strengthened during the second half of 2013. This activity is expected to improve further in 2014–15, largely on account of recovery in the advanced economies, pulled along by a recovery in high income economies. Global growth is expected at around 3.7 percent in 2014 and expected to be at 3.9 percent in 2015. While the leadership in galloping the growth rate is taken by high income economies, the growth is developing and emerging economies is also firming up gradually. But downward revisions to growth forecasts in some economies highlight continued fragilities, and downside risks remain. In advanced economies, output gaps generally remain large and, given the risks, the monetary policy stance should stay accommodative while fiscal consolidation continues. In many emerging market and developing economies, stronger external demand from advanced economies will lift growth, although domestic weaknesses remain a concern. With much of the impetus for growth coming from advanced economies. Although downside risks have diminished overall, lower-than-expected inflation poses risks for advanced economies, there is increased financial volatility in emerging market economies, and increases in the cost of capital will likely dampen investment and weigh on growth. Advanced economy policymakers need to avoid a premature withdrawal of monetary accommodation. Emerging market economy policymakers must adopt measures to changing fundamentals, facilitate external adjustment, further monetary policy tightening, and carry out structural reforms.

### **Domestic Scenario:**

India posted a growth rate of 4.7% in 2014 as against 4.5% in 2013— a second successive year of sub-5% growth rate and of course one of the rarest occasion after 26 years to see two successive years posting lower than 5% growth. The growth rate has almost halved from 9.2% in 2011 to 4.7% in 2014 which is indeed a rapid fall in just span of three years. The reasons for sluggish growth rate are high inflation which is leading to high interest rate and cost of borrowing and dismal set of growth rate in service and industrial sector. The only reason to cherish is the robust growth in agriculture sector that cloaked 4.7% growth rate due to good overall rainfall in the country. The total foodgrain production rose 3% in 2013. Due to high inflation throughout the year, the central bank could not lower the much awaited interest rates. On the other hand, it has to hike the rates to check the inflation. High inflation and weak income prospects have dented consumer sentiments. Construction continued to register another year of low growth at 1.6%, owing to low levels of infrastructure activity. The current account deficit dipped to 1.7% of GDP (USD 32.4 billion) in fiscal 2014 from 4.7% (USD 87.8 billion) in fiscal 2013. The lower deficit was primarily on account of a decline in the trade deficit as decline in imports was sharper than that in exports.

### **Capital Market:**

Financial year 2013-14 saw a moderate gain in key equity

indices. While the BSE sensex rose 18.6% in 2013-14, the Nifty has posted gain of 17.83% as if they were in an endeavour to maintain their traditional CAGR of nearly 18% in history. In 2014, Both the sensex and nifty have set a new benchmark by breaching all their previous highs with their marching ahead to 25000 and 7500 levels respectively. Foreign investors have made net inflows of a staggering nearly Rs 80,000 crore in the Indian stocks during the current fiscal year, while they pulled out money from the debt market. However, the net inflows are lower than Rs 1,40,033 crore had been made by Foreign Institutional Investors (FIIs) in the past fiscal. Fund raising through primary market was in lackluster due to the recovery in secondary market took late offtake in second half of 2013 and on the onset of 2014. There are 82 issues through which a sum of Rs 15234 crores have been raised by way of IPO, FPO and OFS in 2013-14. Banks and FIs were shy in financing corporate india on account of risk of default, fragile conditions and poor ratings. Their cynosure was on their own asset quality and NPA checking. Last four months in the capital market were stunning and bulls are in total control over the bears. With stable government in the centre with clear majority and growth focused, the market has witnessed excellent rally in banking, capital goods and power sector. NSEL scam has shattered the confidence of the investors and raised the question on the regulatory control mechanism on the financial market. But one has to admit that with sluggish growth rates of just 5 to 6% in next couple of years, there would not be much higher levels to see as the 2014 year end target on sensex would be around 28000 as per the market experts which is just 3000 point away from current level of 25000 on BSE sensex. The rainfall, budget and control over inflation would decide the next move of the market.

### **Outlook, Risk and Concerns:**

The overall macro-economic outlook seems to be promising now since there is a strong government in the centre with clear majority that ensures political stability for the next five years atleast with fast decision making process without much hurdles and setbacks with so much of expectations from them to put the economy back on the growth track with fast decision making, controlling inflation, undertaking of quick reforms, emphasis on infrastructure development. While in short run, all other emerging markets have their own worries, the portrait of India is looking good comparatively to enchant FIIs towards India. At the same time, it would be improper to assume the recovery at good pace and admit the fact that gone are the days with more than 9% growth rate as it was prior to 2008. A moderate growth rate of 6.5% is even a distant dream which would be possibly achieved after next couple of years. The growth rate is expected to be between 5 to 6% in 2014-15. Throughout the year, the inflation was above comfort level and as of result of which the RBI remained hawkish in rate cut. In the scenario of high borrowing and lending rate, the cost of borrowing and the risk of default due to high rate of interest was a big concern for NBFCs. This scenario unfortunately would not be ended soon as the rainfall to check inflation this year is supposed to have an adverse effect on account of El-Nino whether impact. Many weather forecasters see a rain-deficit season this year and in such a situation there shall be rise in food price led inflation and that would in turn lead to high interest rates which would postpone the economic recovery. The market is anticipating the NDA led government





to be inclined towards reducing the investment bottlenecks, increasing governance transparency, reviving manufacturing, and integrating the taxation system and the market. The risk of drought can also be picked up as an opportunity as it could be utilized for initiating an all encompassing irrigation project that targets water resource management as a strategic imperative much in line with how the US approaches its energy security. With both fiscal and current account deficits in check, the government may have to relook at its fiscal austerity approach. For the time being the capital market is in gusto with celebration mood and its momentum is pegged on the expectations of a more reformist polity, post election. The market believes that the fresh policy momentum will break the growth lacuna and help in realizing the growth potential.

**NBFC Sector:**

There has been sign of jitters in this arena of business due to encroaching of banking industry in almost all the arenas of business of NBFC and that too is coupled with much stringent legal backing to the banking industries. Almost all the activities of an NBFC are being taken over by banks. Further, with immense competition in too many banks which are public and private sector banks, in search of new avenues of revenues, the banks have widened their operations to cover in its sweep the operations that are erstwhile done by NBFCs. Adding insult to the injury, the new corporate law with more stringent provisions on giving guarantees, providing loans, making investment in compare to the lenient provisions in the old statute made it further difficult to do the NBFC business with freedom. Finance is key for NBFC business and raising funds for NBFCs has become arduous in the new statute of corporate arena. There has been difficulty in raising funds through debentures and commercial papers due to the 50 per cent debenture redemption reserve and 15% liquidity fund norms, even there are so many constrains for private placement too, creation of charge on specific assets is again big setback in raising funds through debenture as it was this route through which NBFCs raised Rs 4.3 trillion in 2013. Even the new debenture definition which include the commercial papers which is infact a money market instrument through which Rs 460 billion was raised in 2013 by NBFCs. These new norms would certainly have an adverse impact on profitability and dividend paying capacity of NBFCs. Interestingly, raising funds through fixed deposits too has been in troubled water since there is requirement of insurance for the same and there is no any insurance company as on date that gives this kind of insurance cover as a result of which the fund raising through fixed deposits are not taking place in recent past. With difficulties in raising funds through debenture, private placement, commercial papers and fixed deposits, the NBFCs have no go but to approach banks for raising the funds which too are sitting on piles of bad loans and NPAs going in stature. The only silver line in the dark cloud is that NBFCs are financing the requirements of those persons to whom banks are shy to give loans and that too with healthy NIMs. Another reason to cheer is giving of in principle approvals by RBI for banking license to IDFC and micro lender Bandhan Financial Services Private Limited opening the gates of the most lucrative and sound business of banking for those NBFCs who make them eligible and have courage to caper into banking business rather

than turning out to be one of those 12000 inactive NBFCs which are in vogue just for name sake.

**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.

**Performance of the Company:**

The company has incurred loss of Rs 21.15 lacs for the year ended March 31, 2014 as against loss of Rs 14.54 lacs for the year ended March 31, 2013. Since the capital market is in bull phase, the company's portfolio's market value has galloped fast in last six months. 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 human resources of the Company are adequately motivated to work towards optimal performance. 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, 2014.

#### 1. FINANCIAL RESULTS:

[IN RUPEES]

	<b>For the year Ended 31/03/2014</b>	For the year Ended 31/03/2013
Profit / (Loss) before tax	<b>(2,323,717)</b>	(1,837,992)
Less : Provision for taxation for the year	-	-
Provision for taxation earlier year	-	(110)
Deferred Tax	<b>(209,100)</b>	(383,994)
Fringe Benefit Tax	-	-
Profit / (loss) after tax	<b>(2,114,617)</b>	(1,453,888)
Add : Balance b/f from previous years	<b>3,91,48,048</b>	4,06,01,936
<b>Amount available for Appropriation</b>	<b><u>3,70,33,431</u></b>	<b><u>3,91,48,048</u></b>
Appropriations:		
Proposed Dividend :		
- On Equity Shares	-	-
Additional Dividend Tax	-	-
	-	-
Balance Carried over to next year	<b>3,70,33,431</b>	<b>3,91,48,048</b>
	<b><u>3,70,33,431</u></b>	<b><u>3,91,48,048</u></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, Ms. Priyanka Morarka, Directors retire by rotation and being eligible offer themselves for re-appointment. All other independent directors viz Shri B. J. Maheshwari, Shri Vijay S. Banka & Shri Sudhir H. Nevatia are proposed to be appointed for the period of five years, necessary request along with requisite deposit in terms of Section 160 of the Companies Act, 2013. 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 read with clause 49 of the listing agreement.

#### 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 Bord of Directors is advised that the requirements of disclosure for conservation of energy and technology absorpation are not applicable to the Company.

There are no foreign exchange transaction during the year.

**9. APPOINTMENT OF KEY MANAGERIAL PERSONNEL (KMP):**

Pursuant to the requirements of section 203 of the Companies Act, 2013, Shri Pranay G. Morarka is appointed as a KMP of the company and designated as Chief Executive Officer and Vice President.

**10. 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 the Companies Act, 2013. 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 2014-2015.

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

**11. DEPOSITS:**

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

**12. LISTING OF SHARES:**

Your Company is listed on the Bombay Stock Exchange. The Listing fees for the financial years 2013-14 & 2014-15 are paid to the Stock Exchange within the prescribed time limits.

**13. 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.

**14. 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 : 30<sup>th</sup> May, 2014



## 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 31<sup>st</sup> March, 2014, 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.
- ❖ 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 with effect from April 2014. He is a son of Shri G. R. Morarka.

During the year, 5 Board Meetings were held on: May 30, 2013, August 12, 2013, November 12, 2013 and February 10, 2014, February 17, 2014.

The details of attendance and other Directorships of the Directors comprising the Company's Board of Directors during the financial year 2013-2014 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	5	Yes	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 Stakeholders Relationship 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 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.

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 12, 2013, November 12, 2013, February 10, 2014.

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	3
Mr. S. H. Nevatia	Non Executive	Member	3
Mr. B. J. Maheshwari	Non Executive	Chairman	4
Mr. Vijay S. Banka	Non Executive	Member	2



## 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 Remuneration Committee are as under:

- |                         |   |
|-------------------------|---|
| 1. Shri G.R. Morarka    | 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) |

Out of pocket expenses of Rs. 250 per meeting is payable to a member for attending meeting of the 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 G.R. Morarka    | Non-executive Promoter Director                            |
| 2. Shri S.H. Nevatia    | 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:

- To attend to investors grievances of all types of security holder's grievances.
- To appoint Registrars and Share Transfer Agent.
- To transfer, transmit, consolidate, issue duplicate share certificates, split share certificates, etc.
- To attend to complaints of Security holders regarding non-receipt of Balance Sheet and non-receipt of Declared dividend etc.
- 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 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.

## 4. GENERAL BODY MEETINGS

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

Financial Year	Location	Date	Time
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
2012-13	Kilachand conference Room, Indian Merchants' Chambers Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020	27/09/2013	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.  
**Ms. Priyanka Morarka:** aged 29 years has done her B.M.S. and M.B.A. She is daughter of Shri G.R.Morarka and thus related to the director of the company. She has an excellent academic record and is presently engaged as Vice President (Corporate Affairs) in Dwarikesh Sugar Industries Limited.  
**Shri Vijay S. Banka:** Aged 55 years, is a Chartered Accountant having more than two decades of experience in handling finance and strategy. Shri Banka is a Whole Time Director and CFO of Dwarikesh Sugar Industries Limited.  
**Shri B. J. Maheshwari:** Aged 54 years, is a graduate with Honours from Bombay University and is a Chartered Accountant and Company Secretary having more than 30 years of experience in handling various profiles in Taxation, Compliance and Administration. Shri Maheshwari is a Whole Time Director and CS cum CCO of Dwarikesh Sugar Industries Limited.  
**Shri S. H. Nevatia:** Aged 52 years, is a director of the company. He is a commerce graduate and a Chartered Accountant having more than 30 years of experience in arena of profession and business. He is not related with any directors of the company.

### Details of Directors retiring by rotation seeking appointment / re- appointment

Particular	Ms. Priyanka Morarka	Shri Vijay S. Banka
Date of appointment	March 22, 2004	September 29, 2011
Qualification	B.M.S.; M.B.A.	B.Com; F.C.A.
Expertise in specific functional arena	Wide experience of finance, business and industry	Rich experience in arenas of finance, strategy, business and industry
Directorship held in other public companies	Dwarikesh Trading Company Limited.	Dwarikesh Sugar Industries Limited Faridpur Sugars Limited
Committee membership or chairmanship across public companies	Nil	Stakeholder's Relationship Committee – Dwarikesh Sugar Ind.Ltd. Audit Committee – Dwarikesh Sugar Ind.Ltd.
Shareholding	Nil	5 Equity Shares
Relationship with Directors inter-se	Ms Priyanka Morarka is daughter of Promoter Director and Non Exececutive Chairman Shri G. R. Morarka.	Not related
Particular	Shri B. J. Maheshwari	Shri S. H. Nevatia



Date of appointment	September 27, 1996	December 13, 1989
Qualification	B.Com, F.C.A., F.C.S.	B Com; F.C.A.
Expertise in specific functional arena	Rich experience of corporate law, accounts, finance, taxation, business and industry.	Rich experience in arenas of finance, strategy, business and industry.
Directorship held in other public companies	Dwarikesh Sugar Ind. Limited. Faridpur Sugars Ltd. Dwarikesh Informatics Limited Dwarikesh Agriculture Research Institute.	
Committee membership or chairmanship across public companies	Stakeholder's Relationship Committee – Dwarikesh Sugar Ind.Ltd.	
Shareholding	5 Equity Shares	113 Equity Shares
Relationship with Directors inter-se	Not related	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.

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.

## 8. GENERAL SHAREHOLDER INFORMATION:

- Annual General Meeting 29<sup>th</sup> Annual General Meeting
- Date, time and venue Monday, 29<sup>th</sup> September, 2014 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 14<sup>th</sup> August, 2014
- Second Quarter Results On or before 14<sup>th</sup> November, 2014
- Third Quarter Results On or before 14<sup>th</sup> February, 2015
- Last Quarter Results On or before 30<sup>th</sup> May, 2015
- Dates of Book Closure Friday, 12<sup>th</sup> September, 2014 to Sunday, 28<sup>th</sup> September, 2014 (both days inclusive).
- Listing Details BSE

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

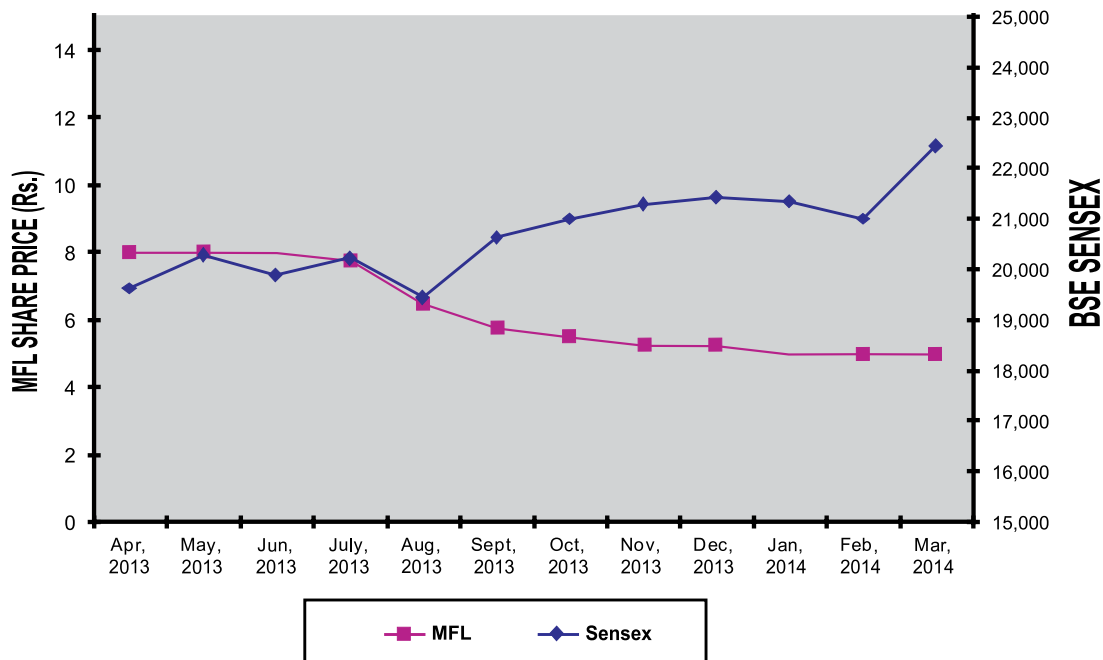
<u>Name</u>	<u>Address</u>	<u>Stock Code</u>
The Bombay Stock Exchange Ltd.	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	511549
International Securities Identification Number (ISIN)		INE 367A 01015

### ➤ Market Price Data - Bombay Stock Exchange





Month	Highest (Rs.) Of the Month	Lowest (Rs.) Of the Month	Volume (No. of Shares)
April, 2013	-	-	-
May, 2013	8.00	7.61	229
June, 2013	-	-	-
July, 2013	7.75	6.78	25000
August, 2013	6.45	5.51	3602
September, 2013	5.78	5.24	801
October, 2013	5.50	5.50	1050
November, 2013	5.23	5.23	600
December, 2013	5.25	5.00	2200
January, 2014	5.00	4.85	56042
February, 2014	-	-	-
March, 2014	4.99	4.53	69765

**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 and during the last financial year, 3 Approvals were obtained.  
The total number of shares in physical form transferred during the year under review was 1000.
- **Distribution of Shareholding as on 31<sup>st</sup> March, 2014**



No. of Shares	No of Shareholders	Percentage	No. of Shares	Percentage
Upto 500	1971	83.446	433626	9.632
501 - 1000	224	9.483	178945	3.975
1001 - 2000	83	3.514	133605	2.968
2001 - 3000	26	1.101	66302	1.473
3001 - 4000	16	0.677	55686	1.237
4001 - 5000	13	0.550	60901	1.353
5001 - 10000	8	0.339	46052	1.023
10001 And Above	21	0.889	3526953	78.341
Total	2377	100.000	4502100	100.00

➤ **Categories of Shareholders on 31<sup>st</sup> March, 2014**

Category	No. of Shares of Rs. 10/- each	%
Promoters		
* Indian	607060	13.48
* Foreign	-	-
Persons Acting in Concert	2207831	49.04
Mutual Funds	-	-
Banks	-	-
Indian Institutional Investors	-	-
Foreign Institutional Investors	-	-
Private Corporate Bodies	33464	0.74
General Public	1644145	36.52
NRIs, OCBs	7892	0.18
Clearing Members	1738	0.04
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 31<sup>st</sup> March, 2014, 93.51% 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 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 (As per clause 49 of the Listing Agreement):**

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 is of two consecutive terms of 5 years subject to the approval of shareholders.

**2. Nomination and Remuneration Committee**



The Company has already appointed Remuneration Committee on 4th March, 2003. Pursuant to the provisions of section 178 of the companies Act 2013, the committee has be reconstituted as renamed as Nomination & Remuneration Committee.

**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. Shri B. J. Maheshwari has attended many seminars & training program during the year.

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

Pursuant to section 134(3)(p), the company has put in place the policy for evaluation of performance of directors.

**7. Whistle Blower Policy**

Pursuant to section 177(9) of the Companies Act, 2013, the company has formed Whistle Blower Policy for its directors and employees to raise their concerns to the Chairman of Audit Committee. The policy is available on the website of the company.

On behalf of the Board of Directors

Place: Mumbai  
Dated: 30.05.2014

**B. J. Maheshwari**  
Director



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

Re: Financial Statements for the year ended on 31<sup>st</sup> March, 2014

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, 2014 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  
 Date: 30.05.2014

**G.R. Morarka**                      **L.N. Heda**  
 Chairman                              C.F.O.

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**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 31<sup>st</sup> March, 2014 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied 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 Regn. No. 100068W

Place: Mumbai  
 Date: May 30, 2014

**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, 2014, 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 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. 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, 2014;
- (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, 2014, and taken on record by the board of directors, none of the directors is disqualified as on March 31, 2014, 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 and Co.**  
Chartered Accountants  
Firm Regn. No. 100068W

Place : Mumbai  
Date : 30<sup>th</sup> May, 2014

**D. P. Agarwal**  
(Proprietor)  
Membership No 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 31<sup>st</sup> March 2014. The Company has not 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 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 and Co.**  
Chartered Accountants  
Firm Regn. No. 100068W

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

Place : Mumbai  
Date : 30<sup>th</sup> May, 2014



## BALANCE SHEET AS AT 31ST MARCH, 2014

(Amount in ₹)

Particulars	Note No.	As at 31-3-2014	As at 31-3-2013
<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	45,665,885	47,780,502
(c) Money received against share warrants		-	-
		<b>90,686,885</b>	92,801,502
<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	312,172	225,285
		<b>312,172</b>	225,285
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	4	-	2,760,000
(b) Trade payables	5	31,132	81,646
(c) Other current liabilities	6	-	-
Current maturities of long term debts		-	-
Others		150,378	151,537
(d) Short-term provisions		-	-
		<b>181,510</b>	2,993,183
<b>TOTAL</b>		<b>91,180,567</b>	<b>96,019,970</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	7		
(i) Tangible assets		912,977	964,662
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
		<b>912,977</b>	964,662
(b) Non-current investments	8	86,080,615	91,110,615
(c) Long term loans and advances		-	-
(d) Other non-current assets		-	-
		<b>86,993,592</b>	92,075,277
<b>(2) Current assets</b>			
(a) Current investments		-	-
(b) Inventories	9	1,554,703	1,639,213
(c) Trade receivables		-	-
(d) Cash and bank balances	10	252,598	157,655
(e) Short-term loans and advances	11	45,378	22,630
(f) Other current assets		-	-
(g) Deferred tax assets (net)	12	2,334,296	2,125,195
		<b>4,186,975</b>	3,944,693
<b>TOTAL</b>		<b>91,180,567</b>	<b>96,019,970</b>

Significant Accounting Policies &amp; Notes to Accounts from an integral part of these financial statements

As per our report of even date attached

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

**DAMODAR AGARWAL**  
Proprietor  
Membership No.35500  
Firm Regn. No.: 100068W

Place: Mumbai  
Date: May 30,2014

**G.R. Morarka**  
Chairman

**B.J. Maheshwari**  
Director

**V.S. Banka**  
Director

Place: Mumbai  
Date: May 30,2014



## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in ₹)

Particulars	Note No.	Year ended 31-03-2014	Year ended 31-03-2013
<b>REVENUE:</b>			
I. Revenue from operations (Gross)	13	9,975	-
II. Other income	14	1,119,093	169,996
III. <b>Total Revenue (I +II)</b>		<b>1,129,069</b>	169,996
<b>IV. EXPENSES:</b>			
Cost of materials consumed		-	-
Purchase of stock-in-trade		-	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	15	84,510	(49,620)
Employee benefit expenses	16	1,394,811	1,189,271
Finance cost	17	156,753	192,751
Depreciation and amortization expenses	18	51,685	55,187
Other expenses	19	1,765,027	620,399
<b>Total Expenses</b>		<b>3,452,786</b>	2,007,988
V. Profit before exceptional and extraordinary items and tax (III-IV)		(2,323,717)	(1,837,992)
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(2,323,717)	(1,837,992)
VIII. Extraordinary items		-	-
IX. <b>Profit before tax (VII - VIII)</b>		<b>(2,323,717)</b>	(1,837,992)
X. Tax expense:			
(1) Current tax			
Current year		-	-
Less: MAT credit entitlement		-	-
Add: Reversal of MAT credit entitlement		-	-
Previous year		-	(110)
(2) Deferred tax		(209,100)	(383,994)
XI. <b>Profit/(Loss) for the period (IX-X)</b>		<b>(2,114,617)</b>	(1,453,888)
XII. Earning per equity share:			
(1) Basic		(0.47)	(0.32)
(2) Diluted		(0.47)	(0.32)
Weighted average number of shares outstanding		4,502,100	4,502,100
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 AccountantsDAMODAR AGARWAL  
Proprietor  
Membership No.35500  
Firm Regn. No.: 100068WPlace: Mumbai  
Date: May 30,2014G.R. Morarka  
ChairmanB.J. Maheshwari  
DirectorV.S. Banka  
DirectorPlace: Mumbai  
Date: May 30,2014





## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST, MARCH 2014

PARTICULARS	YEAR ENDED 31/03/2014 ₹	YEAR ENDED 31/03/2013 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT/(LOSS) BEFORE TAX	(2,323,717)	(1,837,992)
ITEMS		
ADJUSTMENTS FOR :		
DEPRECIATION	51,685	55,187
INVESTMENT INCOME	(133,558)	(152,508)
	(81,873)	(97,321)
OPERATING PROFIT BEFORE WORKING CAPITAL	(2,405,590)	(1,935,313)
CHANGES		
ADJUSTMENTS FOR :		
TRADE AND OTHER RECEIVABLES	(22,748)	194,655
INVENTORIES	84,510	(49,620)
TRADE PAYABLES	35,214	86,015
DIRECT TAXES PAID	0	110
CASH GENERATED FROM OPERATIONS	(2,308,614)	(1,704,153)
NET CASH FLOW FROM OPERATING ACTIVITIES	(2,308,614)	(1,704,153)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
PURCHASE OF INVESTMENTS/SALE OF INVESTMENT	5,030,000	0
INVESTMENT INCOME	133,558	152,508
NET CASH FLOW FROM INVESTING ACTIVITIES	5,163,558	152,508
C. CASH FLOW FROM FINANCING ACTIVITIES		
UNSECURED LOAN	(2,760,000)	1,570,000
NET INCREASE/DECREASE IN CASH AND		
CASH EQUIVALENTS(A-B+C)	94,944	18,355
CASH AND CASH EQUIVALENTS(OPENING BALANCE)	157,654	139,299
CASH AND CASH EQUIVALENTS(CLOSING BALANCE)	252,598	157,654

## 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

**DAMODAR AGARWAL**

Proprietor

Membership No.35500

Firm Regn. No.: 100068W

Place: Mumbai

Date: May 30, 2014

**G.R. Morarka**  
Chairman**B.J. Maheshwari**  
Director**V.S. Banka**  
Director

Place: Mumbai

Date: May 30, 2014



## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES & PRACTICES

(annexed to and forming part of financial statements for the year ended March 31, 2014)

### 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 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 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.



## NOTES TO THE FINANCIAL STATEMENTS

(Amount in ₹)

Note No.	Particulars	As at 31/03/2014	As at 31/03/2013
<b>1</b>	<b><u>SHARE CAPITAL</u></b>		
	<b>AUTHORISED:</b>		
	48,00,000 equity shares of ₹ 10 each	<b>48,000,000</b>	48,000,000
	1% 1,50,000 Redeemable non cumulative preference shares of ₹ 100 each	<b>15,000,000</b>	15,000,000
		<b>63,000,000</b>	63,000,000
	<b>ISSUED, SUBSCRIBED AND PAID UP:</b>		
	45,02,100 equity shares of ₹ 10 each fully paid up	<b>45,021,000</b>	45,021,000
	<b>Total Share Capital</b>	<b>45,021,000</b>	45,021,000
<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 2012-2013 & 2013-14		
<b>B</b>	Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:	<b>March 31, 2014</b>	March 31, 2013
	<b>Equity Shares:-</b>		
	Dwarikesh Trading Company Limited	<b>2,207,831</b>	2,207,831
		<b>49.04%</b>	49.04%
	Pranay Gautam Morarka	<b>459,774</b>	431,174
		<b>10.21%</b>	9.58%
	Satishkumar Subbiah	<b>226,000</b>	226,000
		<b>5.02%</b>	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) Capital redemption reserves*</b>		
	As per last account	<b>6,530,000</b>	6,530,000
	Add: during the year	-	-
	Less: utilised during the year	-	-
		<b>6,530,000</b>	6,530,000
	<b>b) Other reserves</b>		
	<b>General reserve</b>		
	As per last account	<b>2,102,454</b>	2,102,454
	Add: during the year	-	-
	Less: utilised during the year	-	-
		<b>2,102,454</b>	2,102,454



## NOTES TO THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31/03/2014	As at 31/03/2013
<b>c)</b>	<b>Surplus in Profit and Loss Account</b>		
	As per last account	<b>39,148,048</b>	40,601,936
	Add: during the year	<b>(2,114,617)</b>	(1,453,888)
	Less: appropriations	-	-
	Dividend on equity/preference shares	-	-
	Transfer to general reserve	-	-
		<b>37,033,431</b>	39,148,048
	<b>Total Reserves &amp; Surplus</b>	<b>45,665,885</b>	47,780,502
	*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	<b>246,580</b>	175,385
	Leave encashment	<b>65,592</b>	49,900
	<b>Total Long Term Provisions</b>	<b>312,172</b>	225,285
<b>4</b>	<b><u>SHORT-TERM BORROWINGS</u></b>		
	<b>Unsecured</b>		
	Loan & advances from related parties		
	inter corporate deposits	-	2,760,000
	<b>Total Short Term Borrowings</b>	-	2,760,000
<b>5</b>	<b><u>TRADE PAYABLES</u></b>		
	Others	<b>31,132</b>	81,646
	<b>Total Trade Payables</b>	<b>31,132</b>	81,646
<b>6</b>	<b><u>OTHER CURRENT LIABILITIES</u></b>		
	Other payables		
	TDS liability	<b>8,974</b>	13,003
	Salary & wages payable	<b>104,049</b>	99,685
	Security/Retention money payable	-	-
	Others	<b>37,355</b>	38,849
	<b>Total Other Current Liabilities</b>	<b>150,378</b>	151,537



7 FIXED ASSETS

PARTICULARS	Gross Block			Depreciation			Net Block		
	As at 01-04-2013 ₹	Added during the year ₹	Disposals ₹	As at 31-3-2014 ₹	For the year ₹	Disposals ₹	Up to 31-03-2014 ₹	As at 31-03-2013 ₹	As at 31-03-2014 ₹
<b>i) Tangible Assets</b>									
Buildings *	2,876,706 (2,876,706)	-	-	2,876,706 (2,876,706)	46,849 (49,315)	-	1,986,575 (1,939,726)	936,980 (986,295)	890,131 (936,980)
Furniture and Fixtures	1,126,053 (1,126,053)	-	-	1,126,053 (1,126,053)	4,261 (5,202)	-	1,106,775 (1,102,514)	23,539 (28,741)	19,278 (23,539)
Office equipment	79,227 (79,227)	-	-	79,227 (79,227)	575 (670)	-	75,659 (75,084)	4,143 (4,813)	3,568 (4,143)
Total	4,081,986	-	-	4,081,986	51,685	-	3,169,009	964,662	912,977
<b>ii) Intangible Assets</b>									
Grand Total	4,081,986 (4,081,986)	-	-	4,081,986 (4,081,986)	51,685 (55,187)	-	3,169,009 (3,117,324)	964,662 (1,019,849)	912,977 -

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

Note No.	Particulars	As at 31/03/2014	As at 31/03/2013
<b>8</b>	<b><u>NON-CURRENT INVESTMENTS</u></b>		
<b>1</b>	<b>Trade investments</b>		
	long term, quoted investments valued at cost in associate companies		
	<b>a) Investment in equity instruments</b>		
	21,59,118 (previous year 23,59,118) equity shares of ₹10 each fully paid up in "Dwarikesh Sugar Industries Limited"		
	extent of holding : 13.23% (previous year 14.46%)	<b>47,441,611</b>	52,441,611
	Total	<b>47,441,611</b>	52,441,611
<b>2</b>	<b>Non-Trade investments</b>		
	<b>a) 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>326,553</b>	326,553
	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>242,450</b>	242,450
	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>100,000</b>	100,000
	<b>b) Investments in preference shares</b>		
	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%)	<b>30,000,000</b>	30,000,000
	4,500 (previous year Nil) 12% redeemable cumulative preference shares of ₹ 100 each fully paid up in 'Dwarikesh Sugar Industries Limited' extent of holding : 4.09% (previous year Nil)	<b>450,000</b>	-
	75,200 (previous year 80,000) 6% redeemable non cumulative preference shares of ₹ 100 each fully paid up in 'Dwarikesh Trading company Limited' extent of holding : 94% (previous year 100%)	<b>7,520,000</b>	8,000,000
	<b>Total Non Trade Investments</b>	<b>38,639,004</b>	38,669,004
	<b>Total Non-Current Investments</b>	<b>86,080,615</b>	91,110,615
	Aggregate amount of unquoted investments	<b>38,639,004</b>	38,669,004
	Aggregate amount of quoted investments	<b>47,441,611</b>	52,441,611
<b>9</b>	<b>(At lower of cost or Market Value)</b>		
	Stock of Securities	<b>1,554,703</b>	1,639,213
	<b>Total Inventories</b>	<b>1,554,703</b>	1,639,213
<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	<b>168,635</b>	80,220
	Cash on hand	<b>83,964</b>	77,435
	<b>Total Cash &amp; Cash Equivalents</b>	<b>252,598</b>	157,655



## NOTES TO THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31/03/2014	As at 31/03/2013
	* 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> unsecured, considered good		
	a) Loans & advances to related parties	-	-
	b) Others		
	Security Deposit	15,730	15,730
	Advance taxes & TDS	26,448	-
	Advances recoverable in cash or in kind or for value to be received	3,200	6,900
	<b>Total Short Term Loans &amp; Advances</b>	<b>45,378</b>	<b>22,630</b>

## 12 DEFERRED TAX LIABILITIES (NET):

Particulars	AS AT 31-03-2014		AS AT 31-03-2013	
	Deferred Tax Asset ₹	Deferred Tax Liability ₹	Deferred Tax Asset ₹	Deferred Tax Liability ₹
Difference between book depreciation and tax depreciation		(171,930)		(175,654)
Non payment of bonus, leave & gratuity	26,848		10,565	
Brought forward losses & depreciation	2,479,378		2,290,284	
Total	2,506,226	(171,930)	2,300,849	(175,654)
<b>Total</b>	<b>2,334,296</b>		<b>2,125,195</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.

Note No.	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
13	<b>REVENUE FROM OPERATIONS</b>		
	Sale of Securities	9,975	-
	<b>Total Net Revenue From Operations</b>	<b>9,975</b>	<b>-</b>
14	<b>OTHER INCOME</b>		
	a) Interest income (Tax deducted at source ₹ Nil previous year ₹ Nil)	-	-
	b) Other non operating income	1,119,093	169,996
	<b>Total Other Income</b>	<b>1,119,093</b>	<b>169,996</b>
15	<b>(INCREASE)/DECREASE IN STOCKS</b>		
	Closing stock of shares & debentures	(1,554,703)	(1,639,213)
	Opening stock of shares & debentures	1,639,213	1,589,593
	<b>NET (INCREASE)/DECREASE IN STOCK</b>	<b>84,510</b>	<b>(49,620)</b>
	<b>Total (Increase)/Decrease In Stocks</b>	<b>84,510</b>	<b>(49,620)</b>
16	<b>EMPLOYEE BENEFIT EXPENSES</b>		
	Salary and wages		
	Salary and wages	1,307,840	1,154,995
	Bonus	-	-
	Leave encashment	15,692	9,317
	Gratuity	71,195	24,875
	<b>Total</b>	<b>1,394,727</b>	<b>1,189,187</b>





## NOTES TO THE FINANCIAL STATEMENTS

Note No.	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
	Contribution to provident and other funds		
	Provident fund	84	84
c)	Staff welfare expenses	-	-
	<b>Total Employee Benefit Expenses</b>	<b>1,394,811</b>	<b>1,189,271</b>
<b>17</b>	<b><u>FINANCE COST</u></b>		
	Other borrowing costs	156,753	192,751
	<b>Total Finance Cost</b>	<b>156,753</b>	<b>192,751</b>
<b>18</b>	<b><u>DEPRECIATION AND AMORTIZATION EXPENSES</u></b>		
a)	Depreciation		
	Depreciation of tangible assets	51,685	55,187
	Obsolescence	-	-
		<b>51,685</b>	<b>55,187</b>
b)	Amortization of intangible assets	-	-
	<b>Total Depreciation and Amortization Expenses</b>	<b>51,685</b>	<b>55,187</b>
<b>19</b>	<b><u>OTHER EXPENSES</u></b>		
	Rates and taxes*	(28,883)	82,694
	Travelling & conveyance	25,851	137,650
	Postage, telephone & telex	49,539	55,272
	Printing & stationery	21,052	23,153
	Repairs & maintenance - others	-	44,678
	Long Term Loss On Sale of Investments	1,400,000	-
	Payment to the auditors		
	Audit fees	30,000	30,000
	Taxation matters	-	-
	Reimbursement of expenses	-	-
	Miscellaneous expenses	267,469	246,952
	<b>Total Other Expenses</b>	<b>1,765,027</b>	<b>620,399</b>

### 20 Related party disclosures as required by Accounting Standard AS-18 for the year ended 31st March, 2014

#### 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)

NOTES TO THE FINANCIAL STATEMENTS

- Ms. Priyanka G. Morarka ( Daughter)
- Shri Pranay G. Morarka (Son)

b) Details of Transactions

Sl. No.	Name of Related Party	Nature of Transaction	Volume of Transaction (₹)	Amount due (₹)	Amount due (₹)
1	Dwarikesh Trading Co. Ltd.	Inter Corporate Deposit Repaid	30,82,674	(Nil)	
		Inter Corporate Deposit Received	(Nil)	(Nil)	
		Interest Paid	1,32,687/-		
2	Faridpur Sugars Limited	Inter Corporate Deposit Repaid	4,80,000	(Nil)	
		Inter Corporate Deposit Received	(Nil)	(Nil)	
		Interest Paid	24,066/-	(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, 2014 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.23,34,296/-** 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. 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, 2014.

Particulars		31/03/2014	31/03/2013
a) Numerator Profit / (loss) after tax	Rs.	(2,114,617)	(1,453,888)
b) Denominator Weighted average number of equity shares	Nos.	4502100	4502100
c) Earnings per Share (Basic & diluted) = Numerator / Denominator	Rs.	(0.47)	(0.32)

ii. Contingent Liabilities in respect of :

PARTICULARS	Amount [Rs. In Crores]	
	2013-2014	2012-2013
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



## NOTES TO THE FINANCIAL STATEMENTS

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

	31 <sup>st</sup> March, 2014	
	Associates	Key Management Personnel
	Rs.	Rs.
1. Interest Income	-	
2. Lease Rent Received	984000	
3. Interest Exp.		
Dwarikesh Trading Co. Ltd. & Faridpur Sugars Limited	156753	-
4. Amounts Payable		
Dwarikesh Trading Co. Ltd. & Faridpur Sugars Limited	-	-
5. Amounts Receivable	-	
6. Maximum amount due at any time		
a. Dwarikesh Trading Co. Ltd. &	3082674	
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.

8. 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.
9. There are no Small Scale and Ancillary Industrial Undertakings to which the Company owes any sum for a period exceeding thirty days.
10. There are no amounts due and outstanding to be transferred to Investor Education & Protection Fund as on 31<sup>st</sup> March, 2014
11. 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.

As per our report of even date attached

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

**DAMODAR AGARWAL**  
Proprietor  
Membership No.35500

Place: Mumbai  
Date: May 30, 2014

**G.R. Morarka**  
Chairman

**B.J. Maheshwari**  
Director

**V.S. Banka**  
Director

Place: Mumbai  
Date: May 30, 2014





Particulars		(Rs. in lakhs)		
(5)	<b>Break-up of Investments :</b>			
	1. Quoted:			
	(i) Shares:	(a) Equity	-	
		(b) Preference	-	
	(ii) Debentures and Bonds		-	
	(iii) Units of mutual funds		-	
	(iv) Government Securities		-	
	(v) Others		-	
	2. Unquoted:			
	(i) Shares:	(a) Equity	-	
		(b) Preference	-	
	(ii) Debentures and Bonds		-	
	(iii) Units of mutual funds		-	
	(iv) Government Securities		-	
	(v) Others		-	
	<u>Long Term investments :</u>			
	1. Quoted:			
	(i) Shares:	(a) Equity	474.42	
		(b) Preference	-	
	(ii) Debentures and Bonds		-	
	(iii) Units of mutual funds		-	
	(iv) Government Securities		-	
	(v) Others		-	
	2. Unquoted:			
	(i) Shares:	(a) Equity	6.69	
		(b) Preference	379.70	
	(ii) Debentures and Bonds		-	
	(iii) Units of mutual funds		-	
	(iv) Government Securities		-	
	(v) Others (Please specify)		-	
(6)	<b>Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :</b>			
	Please see Note 2 below			
	<b>Category</b>	<b>Amount net of provisions</b>		
		<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	1. Related Parties **			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same Group	-	-	-
	(c) Other related parties	-	-	-
	2. Other than related parties		-	-
	<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		
	<b>Category</b>	<b>Market Value / Break up or fair value or NAV</b>	<b>Book Value (Net of Provisions)</b>
	1. Related Parties **		
	(a) Subsidiaries	-	-
	(b) Companies in the same Group	-	-
	(c) Other related parties	-	-
	i) DSIL Equity Shares	615.35	474.42
	ii) DTCL – Equity	375.20	375.20
	iii) DIL – Equity	3.27	3.27
	iv) FSL – Equity	0.00	0.00
	v) DTCL – Pref. Share	1.00	1.00
	vi) DSIL Pref. Share	4.50	4.50
	2. Other than related parties		
	i) Ormerods India – Equity	2.42	42
	Total	<b>1001.74</b>	<b>860.81</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



**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 **29<sup>th</sup> ANNUAL GENERAL MEETING** of the Company held on Monday, 29<sup>th</sup> September, 2014 at 12 noon at Kilachand conference Room, Indian Merchants' Chambers Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai - 400 020.

\* Applicable for investors holding shares in electronic form.

\_\_\_\_\_  
**Signature of Shareholder / proxy****MORARKA FINANCE LIMITED****CIN : L67120MH1985PLC035632**

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

**PROXY FORM**

Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

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:

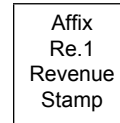
- 1) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id or failing him \_\_\_\_\_ or failing him
- 2) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id or failing him \_\_\_\_\_ or failing him
- 3) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id or failing him \_\_\_\_\_

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 **29<sup>th</sup> Annual General Meeting** of the Company, to be held on Monday, 29<sup>th</sup> September 2014 at 12:00 a.m. at Kilachand conference Room, Indian Merchants' Chambers Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai - 400 020 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:

Resolution No.	Item	For	Against
1	Adoption of financial Statements for the year ended March 31, 2014		
2	Re-appointment of Ms. Priyanka Morarka (DIN : 00001088), who retires by rotation		
3	Appointment of M/s D.P. Agarwal & Co.; Chartered Accountants, as auditors & fixing their remuneration		
4	To Provide on lease the office premises to Dwarikesh Sugar Ind. Ltd. - A Related Party.		
5	Appointment of Shri. Vijay S. Banka (DIN : 00963355) as an Independent director		
6	Appointment of shri.B. J. Maheswari(DIN : 00002075) as an Independent director		
7	Appointment of shri. S.H. Nevatia ( DIN : 00001258) as an Independent director		
8	Adoption of new Articles of Association of the company		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

\_\_\_\_\_  
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







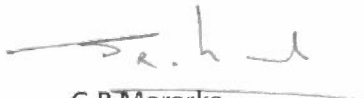
If undelivered, please return to :  
**MORARKA FINANCE LIMITED**  
511, Maker Chambers V,  
221, Nariman Point,  
Mumbai - 400 021.




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, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Whether appeared first time...../ repetitive...../ since how long period ..... N. A.
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

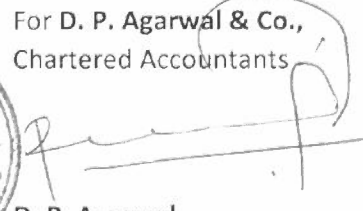
  
G R Morarka  
Chairman

  
L. N. Heda  
CFO

  
B J Maheshwari  
Audit Committee Chairman



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

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