



## **18th Annual Report 2002 - 2003**

# 18TH ANNUAL REPORT



## **DIRECTORS**

G R MORARKA - CHAIRMAN  
M N MEDHEKAR  
S H NEVATIA  
K P MEDHEKAR  
B J MAHESHWARI

## **AUDITORS**

SHARP & TANNAN  
CHARTERED ACCOUNTANTS

## **BANKERS**

PUNJAB NATIONAL BANK

## **REGISTERED OFFICE**

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

## **SOLICITORS**

KANGA & COMPANY  
MULLA & MULLA & CRAIGIE BLUNT & CAROE

## **REGISTRAR & SHARE TRANSFER AGENTS**

MONDKAR COMPUTERS PVT. LTD.  
21, SHAKIL NIWAS  
MAHAKALI CAVES ROAD  
ANDHERI (EAST)  
MUMBAI 400 093.



## MORARKA FINANCE LIMITED

### NOTICE

**NOTICE** is hereby given that the Eighteenth Annual General Meeting of the Company will be held on Monday, 29<sup>th</sup> September, 2003 at 11.00 A.M. at Ashoka-Hall, Arcadia, Nariman Point, Mumbai 400 021 to transact the following business:

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 2003, Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri G.R. Morarka, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri M. N. Medhekar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

#### **NOTES:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote and the proxy need not be a member.
2. The instrument of proxy duly completed should be lodged at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
3. The Register of Members and the Share transfer Books of the Company will remain closed from Tuesday, 23<sup>rd</sup> September, 2003 to Monday, 29<sup>th</sup> September, 2003.
4. Members are requested to notify any change in their address immediately, to the Company.
5. 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.
6. 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.

By order of the Board  
For MORARKA FINANCE LIMITED

**B. J. MAHESHWARI**  
DIRECTOR

PLACE : Mumbai  
DATED : 30<sup>th</sup> June, 2003

**REGISTERED OFFICE :**  
511, MAKER CHAMBERS - V,  
221, NARIMAN POINT,  
MUMBAI - 400 021.

**18TH ANNUAL REPORT****MANAGEMENT DISCUSSION AND ANALYSIS****BUSINESS ENVIRONMENT:**

Non-banking finance companies are passing through a difficult time on account of variety of factors such as:

- a. Lack of public issues, right issues, offer for sale etc.
- b. Entry of large co-operate house, foreign organisations, foreign banks taking away major shares of finance activities happening in the organisations.
- c. The ability of sustaining and retaining highly paid, experienced personnel by multi-national banks and private sectors banks.
- d. Tough competition from top merchant bankers from private sector and foreign concerns in capturing opportunities available in the country.

Last few years have witnessed years of mergers, amalgamations, re-structuring and consolidation of activities. This was bound to happen to obtain synergies in combining activities in helping efficient utilisation of existing resources, in savings on costs etc.

**COMPANY'S PERFORMANCE**

The bottom line of the company was under continuous pressure. The loss after tax for the current year is 0.24 lacs as against profit after tax of Rs. 55.20 Lacs in the last year. The company's revenue is derived from dividend from trading in securities, profit from sale of investment, income from dividend and interest income from advances etc. Loss has mainly occurred on account of non-receipt of major dividend income.

During the year the company has not received dividend income from Dwarikesh Sugar Industries Limited (DSIL), wherein it holds bulk of its investments and the same dividend income is realised in the current year 2003-2004.

**OUTLOOK FOR THE FUTURE:**

It could be seen from the financial results of the company as well as annexed Balance Sheets and profit & loss account, your company has been very conservative and has restricted its activities within the closed circle. The year 2003 - 04 should lead to posting of better results on account of dividend receipts from DSIL.


**MORARKA FINANCE LIMITED**

## DIRECTOR'S REPORT

### The Shareholders of the Company, **MORARKA FINANCE LIMITED**

Your Directors take pleasure in presenting their 18<sup>th</sup> Annual Report together with Audited Accounts for the year ended 31st March, 2003.

#### 1. FINANCIAL RESULTS :

	For the year Ended 31/03/2003	[IN RUPEES] For the year Ended 31/03/2002
Profit / (Loss) before tax	(418,145)	5,475,688
Less: Provision for taxation for the year	-	43,871
Deferred Tax	394,736	-
For the earlier years	-	-
For earlier year net refund received	634	-
Profit / (loss) after tax	(24,044)	5,519,559
Add: Balance b/f from previous years	5,240,358	(279,201)
Balance carried to Balance Sheet	5,216,315	5,240,358

#### 2. DIRECTORS:

Shri G.R. Morarka & Shri M.N. Medhekar, Directors retire by rotation and being eligible offer themselves for re-appointment.

#### 3. STATEMENT OF DIRECTOR'S RESPONSIBILITIES

As required u/s. 217A (2AA) the Directors confirm that they have:-

- Followed in the preparation of annual accounts, the applicable accounting standards and given proper explanation in the respective notes to Accounts of the Company.
- Selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities:
- prepared the annual accounts on a going concern basis.

#### 4. CORPORATE GOVERNANCE

Board of Directors of your Company consists of five members, of whom one is the Promoter Director and four are non-executive Directors. Six meetings of the Board were held during the financial year ended 31<sup>st</sup> March, 2003. The last Annual General Meeting was held on 23<sup>rd</sup> September 2002. An Audit Committee in compliance to Clause 49 of the listing agreement was constituted on 26<sup>th</sup> September, 2000.

#### 5. 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.

#### 6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE AND OUT GO:

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

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### 7. AUDITORS:

You are requested to appoint the Auditors and fix their remuneration.

### 8. DEPOSITS:

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

### 9. ACKNOWLEDGEMENT:

Your Directors place on record their appreciation for the co-operation received from Employees and overwhelming support extended by the shareholders.

By order of the Board

**G R MORARKA**  
CHAIRMAN

**B J MAHESHWARI**  
DIRECTOR

**S H NEVATIA**  
DIRECTOR

PLACE : MUMBAI

DATED : 30<sup>th</sup> June, 2003

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# MORARKA FINANCE LIMITED

## REPORT ON CORPORATE GOVERNANCE

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

Clause 49 of the Listing Agreement with Stock Exchanges incorporates certain disclosure requirements related to Corporate Governance, with the purpose of enhancing statutory compliance and disclosures related thereto, together with a thrust on a Company's value system.

The Company has been practicing the principles of corporate governance with an emphasis on transparency and accountability and the Company continues its efforts to improve the emphasis not only in the letter but also in spirit and thereby attempts to ensure that the requirements of the Listing Agreement are fulfilled.

### 2. BOARD OF DIRECTORS

As at 31st March, 2003, the Board of Directors comprised 5 Directors as under:

- ❖ All 5 Non-Executive Directors
- ❖ Mr.G.R.Morarka is promoter & Non-Executive Chairman.

During the year, 6 Board Meetings were held on 28th June, 2002; 29th July, 2002; 23rd September, 2002; 31st October, 2002; 31st January, 2003 & 4th March, 2003.

The details of attendance and other Directorships of the Directors comprising the Company's Board of Directors during the financial year 2002-2003 are as under:

Name of Director	Attendance		Other Board Representation	
	Board Meeting	Last AGM	Directorships	Committees
Mr. G R Morarka	3	x	5	10
Mr. S H Nevatia	4	x	-	5
Mr. B J Maheshwari	6	✓	2	6
Mr. M N Medhekar	2	✓	2	1
Mr. K P Medhekar	4	✓	4	6

In terms of the requirements of Clause 49, Audit Committee has been constituted with detailed terms or reference similar to those contained in Clause 49;

### 3. Audit Committee

Pursuant to Clause 49II, the Committee was reconstituted on 26<sup>th</sup> September, 2000, to comprise two Independent Non-Executive Directors and one Promoter Non-Executive Director.

The Committee has powers for extensive review to achieve its purpose. The broad terms of reference of the Committee are to review the adequacy of the internal control systems with the Management, Internal Auditors and Statutory Auditors, as necessary; the Company's financial reporting processes; changes in accounting policies; adequacy of the internal audit function, its structure and effectiveness; review of financial and risk management systems; defaults, if any, in payments to Shareholders and Creditors; the adequacy of internal control systems; and the terms of appointment of external auditors and the remuneration payable to them.

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 28<sup>th</sup> June, 2002; 27<sup>th</sup> July, 2002; 28<sup>th</sup> October, 2002 and 31<sup>st</sup> January, 2003.

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

		Status	No. of Meetings Attended
Mr. G.R. Morarka	Non Executive / Chairman	Member	NIL
Mr. S. H. Nevatia	Non Executive	Member	4
Mr. B.J. Maheshwari	Non Executive	Member	4



**18TH ANNUAL REPORT****4. REMUNERTION COMMITTEE**

Pursuant to Clause 49III of listing agreement, the Remuneration Committee was constituted on 4<sup>th</sup> March, 2003, to comprise three Independent Non-Executive Directors and one Promoter Non-Executive Director.

The Remuneration Committee is required to be constituted for deciding the terms and conditions of appointment, remuneration and related matters of Managerial Personnel such as Managing Director, Executive Director & Directors etc.

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

- |                         |   |
|-------------------------|---|
| 1. Shri G.R. Morarka    | Non-executive Promoter Director (Chairman of the Board) |
| 2. Shri S.H. Nevatia    | Non-executive Independent Director                      |
| 3. Shri B.J. Maheshwari | Non-executive Independent Director                      |
| 4. Shri K.P. Medhekar   | Non-executive Independent Director                      |

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

Sitting fees @ Rs. 250 is to be paid to a member for attending meeting of the remuneration committee and in an event the meeting is held out side Mumbai, additionally out of pocket expenses of Rs. 250 per meeting is to be paid.

**5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

As per the requirement of Clause 49 VI(C) of listing agreement, the Securities Exchange Board of India and Stock Exchanges, where the company's Equity Shares are listed have made mandatory for all the listed companies to comply with requirements of corporate governance set out in detail in the report on Corporate Governance.

The said requirement is mandatory in respect of all accounts of listed companies ending on 31<sup>st</sup> March, 2003. As a step to achieve the said objective of Corporate Governance Shareholders Committee or Investors Grievance Committee was constituted consisting of the following directors:

- |                         |   |
|-------------------------|---|
| 1. Shri G.R. Morarka    | Non-executive Promoter Director (Chairman of the Board) |
| 2. Shri S.H. Nevatia    | Non-executive Independent Director                      |
| 3. Shri B.J. Maheshwari | Non-executive Independent Director                      |
| 4. Shri K.P. Medhekar   | Non-executive Independent Director                      |

The scope of Shareholder Committee or Investors Grievance Committee is as follows :

1. To attend to investors grievances or shareholders grievances.
2. To appoint Registrars.
3. To transfer, transmit, consolidate, issue duplicate share certificates, split share certificates, etc.
4. To attend to complaints of Shareholders regarding non-receipt of Balance Sheet and non-receipt of Declared dividend etc.
5. To do all such acts, things, deeds as may be required to be done in the above regard.

The sitting fees @ Rs. 250/- per meeting is to be paid to a member for attending the committee meeting.

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

**6. General Body Meetings**

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

Financial Year	Location	Date	Time
1999-2000	Ashoka Hall, Arcadia, Nariman Point, Mumbai - 400 021.	26/09/2000	11.00 a.m.
2000-2001	- " -	25/09/2001	11.00 a.m.
2001-2002	- " -	23/09/2002	11.00 a.m.

Special Resolutions transacted at the Annual General Meetings held on: 23rd September, 2002

Special Business was transacted in the last Annual General Meeting.