



19th Annual Report 2003 - 2004

19TH ANNUAL REPORT



DIRECTORS

G R MORARKA - CHAIRMAN
PRIYANKA G MORARKA
M N MEDHEKAR
K P MEDHEKAR
S H NEVATIA
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 Nineteenth Annual General Meeting of the Company will be held on Tuesday, 28th September, 2004 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, 2004, Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri S.H. Nevatia, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri B.J. Maheshwari, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary resolution.

"RESOLVED THAT Ms. Priyanka G. Morarka, who was appointed as an Additional Director of the company in the meeting of the Board of Directors held on 22nd March, 2004 and who holds office upto this Annual General Meeting and in respect of whom notice u/s 257 of the Companies Act, 1956 has been received from a member, signifying his intention to propose Ms. Priyanka G. Morarka, as a candidate for the office of Director of the Company."

6. To consider and if thought fit, to pass, with or without modification, the following resolution as a special resolution:

"RESOLVED THAT in terms of Section 80,81 and all other applicable provisions if any, of the Companies Act, 1956,(including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) and in accordance with the provisions of Articles of Association of the company and subject to the consent of all concerned authorities, if any, and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed under applicable laws or imposed while granting such approvals permissions and sanctions which may agreed to by Board of Directors of the Company and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board of Directors(hereinafter referred to as "the Board") at its absolute discretion, the consent of the Company be and is hereby accorded to the Board to offer/issue/ allot 1,50,000 Preference Shares of the face value of Rs. 100/- each, of and aggregate nominal amount not exceeding Rs. 1,50,00,000 (Rupees One Crore Fifty Lacs only) at such premium as may be decided by the Board in one or more tranches, to persons, whether or not shareholders of the Company, as the Board may at its absolute discretion decide, whether through private placement or otherwise and on such term and conditions including the dividend, amount of premium, if any, on redemption, terms of redemption, redemption period, manner of redemption and matter incidental thereto;

"RESOLVED further that the existing Preference Shares of the company falling due for redemption on 1st October, 2004 be redeemed in accordance with section 80 of the Companies Act, 1956 either out of profits of the company or out of fresh issue of preference shares.

RESOLVED further that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable or settle matters and things as it may arise in regard to the offer/ issue, allotment and utilisation of the proceeds and further to do all such acts, deeds, matters and things and to finalise execute all documents and writings as may as necessary, proper, desirable or expedient as it may deem fit."

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 Wednesday, 22nd September, 2004 to Tuesday, 28th September, 2004.
4. Members are requested to notify any change in their address immediately, to the Company.

19TH ANNUAL REPORT



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.

PLACE: Mumbai
DATED: 30th June, 2004

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

By order of the Board
FOR MORARKA FINANCE LIMITED

B J Maheshwari
Director

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO : 5

Ms. Priyanka G. Morarka was appointed as an Additional Director of the Company in the Board meeting held on 22nd March, 2004. Under the provisions of Companies Act, 1956, an Additional director holds office only upto the next Annual General meeting of the Company. Hence, Ms. Priyanka G. Morarka ceases to be the Director in the ensuing Annual General Meeting and being eligible offers herself for appointment as Director and in respect of whom a member proposing her candidature for the office of Director of the company.

The Directors recommend passing of this resolution.

No other directors except Ms. Priyanka G. Morarka is concerned or interested in the passing of the said resolution.

ITEM NO : 6

The Company is required to issue fresh preference shares to shareholders or such other persons for the purposes of redeeming the existing preference shares of the company.

The said resolution is an enabling resolution conferring authorities on the Board to cover all present and future contingencies and corporate requirements.

Section 81 of the Companies Act, 1956, provides, inter-alia, that when it is proposed to increase the issued capital of the Company by allotment of future shares, such further shares shall be offered to the existing shareholders of the company in the manner laid down in Section 81 unless the shareholders in the General meeting decide otherwise.

Accordingly, consent of the Shareholders is being sought pursuant to the provisions of section 80, 81 and all other applicable provisions of the Companies Act, 1956.

Memorandum of Interest:

All the directors of the Company may be deemed to be concerned or interested to the extent they may be entitled to the securities that may be offered to them, applied for and allotted to them.

The Directors recommend this resolution for approval of shareholders.

PLACE: Mumbai
DATED: 30th June, 2004

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

By order of the Board
FOR MORARKA FINANCE LIMITED

B J Maheshwari
Director



MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY:

The Economic Survey for the year 2003-04 presented by the Government of India highlights the following points:

1. Gross Domestic Product (GDP) growth of 8.2% achieved in the year 2003-04.
2. Export growth of 17.1%.
3. Forex reserves growth of a record \$ 36.9 billion.
4. Appreciation in Stock Market by 85%, which is the second highest in Asia.
5. Fall in fiscal deficit to 4.6% and in revenue deficit to 3.6% which is well below the budgeted level of 5.6% and 4.1% respectively.
6. NPA's of Banks are down from 12.7% to 8.8% in the current year.

The Survey indicates the Global conditions which benign and India can hope to achieve 7 to 8% GDP Growth if it takes effective steps to expand Industrial output by at least 10% annually, control inflation, boost Agro processing and reduce the fiscal deficit.

BUSINESS ENVIRONMENT:

The year 2004 started with optimism for the capital market. By & large the capital market was buoyant in the year 2003-2004. As a result there were plethora of IPOs and offer for sale in the primary capital market. The public sector companies such as ONGC have been able to mobilise resources over Rs. 10000 Crores through offer for sale. The other public sector companies such as GAIL India, Dredging Corporation, Power Trading Corporation etc. have also been able to mobilise huge response from the investors for their IPOs or offer for sale.

Further the sentiment was affected after the announcement of election and its results and which also gave a blow to the Primary Capital Market. Many of the companies who were in their readiness to make an offer for their shares decided to hold back their offer.

COMPANY'S PERFORMANCE:

The bottom line of the company witnessed improvement. The profit after tax for the current year is 13.94 lacs as against loss after tax of Rs. 0.24 Lacs in the last year. The company's revenue is derived from dividend from trading in securities, profit from sale of investments, income from dividend and interest income from advances etc.

OUTLOOK FOR THE FUTURE:

The outlook for the coming year is bright. Dwarikesh Sugar Industries Limited [DSIL], wherein your company is one of the promoters is likely to come out with the public issue and get its shares listed on Stock Exchange, which would give better valuation to our investment in the said company.

DSIL is expected to pose better result in view of good realization in sugar price and would thus augur well for your company in the form of likely higher dividend. Besides, the company also expects better valuation for the securities held in its portfolio on account of improved secondary market conditions.

19TH ANNUAL REPORT**DIRECTOR'S REPORT**

The Shareholders of the Company,

MORARKA FINANCE LIMITED

Your Directors take pleasure in presenting their 19th Annual Report together with Audited Accounts for the year ended 31st March, 2004.

1. FINANCIAL RESULTS:

	For the year Ended 31/03/2004	[In Rupees] For the year Ended 31/03/2003
Profit / (Loss) before tax	1,338,472	(418,145)
Less: Provision for taxation for the year	-	-
Deferred Tax	(55,970)	394,736
For the earlier years	-	-
For earlier year net refund received	-	634
Profit / (loss) after tax	1,394,442	(24,043)
Add: Balance b/f from previous years	5,216,315	5,240,358
Balance carried to Balance Sheet	6,610,756	5,216,315

2. DIRECTORS:

Shri B J Maheshwari & Shri S H Nevatia, Directors retire by rotation and being eligible offer themselves for re-appointment.

Ms. Priyanka G. Morarka, Director was appointed as additional Director in the Board Meeting during the year, whose term expires with this Annual General Meeting and in respect of whom notice u/s. 257 has been received from a Shareholder to appoint her as Director in the ensuing Annual General Meeting.

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 six members, of whom one is the Promoter Director, another one is Promoter's Relative and other four are non-executive Directors. Six meetings of the Board were held during the financial year ended 31st March, 2004. The last Annual General Meeting was held on 29th September 2003. An Audit Committee in compliance to Clause 49 of the listing agreement was constituted on 26th September, 2000. Shareholders/Investors Grievance Committee and Remuneration Committee (both) were constituted on 04/03/2003.

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.



MORARKA FINANCE LIMITED

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.

7. AUDITORS:

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

There are no qualifications in the Auditors' Report. The observations are self explanatory.

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

PLACE: Mumbai
DATED: 30th June, 2004

Report Junction.com

19TH ANNUAL REPORT



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, 2004, the Board of Directors comprised 6 Directors as under:

- ❖ Four Non-Executive Directors
- ❖ Mr. G R Morarka is the promoter & Non-Executive Chairman.
- ❖ Ms. Priyanka G. Morarka is related to Mr. G R Morarka.

During the year, 6 Board Meetings were held on 30th June, 2003; 31st July, 2003; 29th September, 2003; 31st October, 2003; 31st January, 2004 & 22nd March, 2004.

The details of attendance and other Directorships of the Directors comprising the Company's Board of Directors during the financial year 2003-2004 are as under:

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

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 49 II, the Audit Committee was reconstituted on 26th 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, 3 Audit Committee Meetings were held on 28th June, 2003; 28th October, 2003 and 31st January, 2004.

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	3
Mr. B J Maheshwari	Non Executive	Member	3



MORARKA FINANCE LIMITED

4. REMUNERTION COMMITTEE

Pursuant to Clause 49 III of listing agreement, the Remuneration Committee was constituted on 4th 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.

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 listed companies ending on 31st March, 2004. As a step to achieve the said objective of Corporate Governance, Shareholders Committee or Investors Grievance Committee have already been 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 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
2000-2001	Ashoka Hall, Arcadia, Nariman Point, Mumbai - 400 021	25/09/2001	11.00 a.m.
2001-2002	- " -	23/09/2002	11.00 a.m.
2002-2003	- " -	29/09/2003	11.00 a.m.

19TH ANNUAL REPORT



No Special Resolutions transacted at the Annual General Meetings held on: 29th September, 2003.

No Special Business was transacted in the last Annual General Meeting.

7. DISCLOSURES

- Transactions with related parties have been disclosed and they do not have a potential conflict with the interests of the Company at large.
- The Company has complied with all requirements of the Listing Agreement with Stock Exchanges as well as the Regulations and Guidelines prescribed by SEBI. There were no penalties or strictures imposed on the Company by any statutory authorities for non-compliance on any matters related to capital markets, during the last three years.

8. MEANS OF COMMUNICATION

The Company's quarterly results in the proforma prescribed by the Stock Exchanges 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 - Generally in Free Press Journal in English & Navshakti in Marathi.

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

9. GENERAL SHAREHOLDER INFORMATION:

- Annual General Meeting
Date, time and venue
19th Annual General Meeting
Tuesday, 28th September, 2004 at 11.00 a.m. at Ashoka Hall,
Arcadia, Nariman Point, Mumbai – 400 021
- Financial Calendar Particulars
Annual Results of previous year
First Quarter Results
AGM for the year ended 31st March, 2003
Payment of Dividend
Second Quarter Results
Third Quarter Results
Last Quarter Results
Date of Approval/publication
30th June, 2004
31st July, 2004
29th September, 2003
Not Applicable
End of October, 2004
End of January, 2005
End of June, 2005
- Dates of Book Closure
22nd September, 2004 to 28th September, 2004.
- Dividend Payment Date
Not Applicable
- Listing Details

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

Name	Address	Stock Code
The Stock Exchange, Mumbai	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	511549

International Securities Identification Number (ISIN)

INE 367A 01015

➤ Market Price Data - Mumbai Stock Exchange

Month	Highest (Rs.) Of the Month	Lowest (Rs.) Of the Month	Closing (Rs.) (1 st trading day of the Month)
April, 2003	0.85	0.85	0.85
May, 2003	1.00	0.85	0.85
June, 2003	1.10	0.85	0.85
July, 2003	1.14	0.95	0.90
August, 2003	1.50	0.95	0.95