

MORARKA
FINANCE
LIMITED



23rd Annual Report 2007 - 2008

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BOARD OF DIRECTORS

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

AUDITORS

D.P. AGARWAL & CO.
CHARTERED ACCOUNTANTS

BANKERS

PUNJAB NATIONAL BANK

Report  junction.com

REGISTERED OFFICE

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

SOLICITORS

MULLA & MULLA & CRAIGIE BLUNT & CAROE

REGISTRARS & 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 Twenty-Third Annual General Meeting of the Company will be held on Monday, 29th September, 2008 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, 2008, 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 B.J. Maheshwari, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company and fix their remuneration.

By order of the Board
FOR MORARKA FINANCE LIMITED

PLACE: Mumbai
DATED: 30th June, 2008

B. J. Maheshwari
Director

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, 16th September, 2008 to Monday, 29th September, 2008 (both days inclusive).
4. Consequent upon the introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in **Form 2B** which is annexed herewith the Notice or can be obtained from the Company's Registrars & Transfer Agents M/s Mondkar Computers Pvt. Ltd.
5. In terms of Article 146 of the Articles of Association of the Company, Shri G.R. Morarka, & Shri B.J. Maheshwari, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of Directors retiring by rotation in terms of requirement under Clause 49 of the Listing

Agreement with the Stock Exchanges in India are provided in the Report of Corporate Governance forming part of the Annual Report.

6. Members are requested to notify any change in their address immediately, to the Company.
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. The unclaimed dividend for the financial year 1994-95 has been transferred to the Investor Education and Protection Fund as on 24/10/1998 and no claim shall lie against the said Fund or the Company for the amount of dividend so transferred. Unpaid dividend for following years is due as per the details below for transfer to the Investors Education and Protection Fund. Shareholders who have not yet encashed their dividend warrants are requested to make their claims.

Financial Year	Unpaid Dividend amount (Rs.) as on 31/03/2008	Due date of transfer to the Investor Education and Protection Fund
2004-05	183394.50	28/10/2012
2005-06	129207.00	25/10/2013
2006-07	69329.00	26/10/2014

By order of the Board
FOR MORARKA FINANCE LIMITED

PLACE: Mumbai
DATED: 30th June, 2008

B. J. Maheshwari
Director

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

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MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY:

The review of Macro Economic and Monetary Developments 2007-08 was brought out by Reserve Bank of India in its credit policy announced on 29th April, 2008.

Salient Features of the Macro Economic and Monetary Development:

1. The growth of real gross domestic product (GDP) in 2007-08 was placed at 8.7 per cent by the Central Statistical Organisation (CSO) in its advance estimates released in February 2008.
2. Real GDP originating in agriculture and allied activities is estimated to have risen by 2.6 per cent in 2007-08, lower than 3.8 per cent in the previous year.
3. Real GDP originating in the services sector rose by 10.6 per cent during 2007-08 as compared with 11.2 per cent a year ago.
4. Money supply (M3) increased by 20.7 per cent in 2007-08 as compared with 21.5 per cent in 2006-07.
5. Reserve money increased by 30.9 per cent during 2007-08 as compared with 23.7 per cent in the previous year.
6. On a year-on-year basis, inflation based on the wholesale price index (WPI) stood at 7.4 per cent at end-March 2008 as compared with 5.9 per cent a year ago
7. Inflation, on a year-on-year basis, based on the consumer price index (CPI) for industrial workers (IW) stood at 5.5 per cent in February 2008 as compared with 7.6 per cent a year ago.
8. The Indian equity market witnessed large swings during 2007-08. The BSE Sensex (1978-79=100) increased by 19.7 per cent during the year from 13072 at end-March 2007 to 15644 at end-March 2008. The intra-year peak of 20873 was recorded on January 8, 2008 whereas the intra-year trough of 12445 was recorded on April 2, 2007. Corporates mobilised large resources through public issues during the year. Sound macroeconomic fundamentals, private corporate profitability, institutional buying support and global macroeconomic conditions were the major factors determining the movements in equity prices. As on April 25, 2008 the BSE Sensex stood at 17126.
9. Global economic activity decelerated somewhat in relation to earlier expectations, mainly on account of the slowdown in the US economy.
10. The Union Budget for 2008-09 has placed the Gross Fiscal Deficit (GFD) at 2.5 per cent of GDP for 2008-09, down from 3.1 per cent in the revised estimates for 2007-08 and within the Fiscal Responsibility Budget Management (FRBM) target. The revenue deficit has been placed at 1.0 per cent of GDP in 2008-09, rescheduled from the target on account of enhanced allocations for the social sector

COMPANY'S PERFORMANCE:

The profit after tax for the current year is **Rs. 24.87 lacs** as against Profit after tax of 148.77 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.

OUTLOOK FOR THE FUTURE:

The Company also expects better valuation for the securities held in its portfolio on account of improved secondary market conditions. The outlook for coming year is bright. The Primary and Secondary capital market continue to show growth.



MORARKA FINANCE LIMITED

DIRECTOR'S REPORT

To

The Shareholders,

MORARKA FINANCE LIMITED

The Directors are pleased to present their report to the members together with the audited financial statements of the Company for the year ended 31st March, 2008.

1. FINANCIAL RESULTS:

	For the year Ended 31/03/2008	[IN RUPEES] For the year Ended 31/03/2007
Profit / (Loss) before tax	1,446,044	15,404,389
Less: Provision for taxation for the year	80,177	120,385
Provision for taxation - earlier year	14,337	-
Deferred Tax	(1,150,466)	402,455
Fringe Benefit Tax	14,572	3,628
Profit / (loss) after tax	2,487,424	14,877,922
Add: Balance b/f from previous years	31,256,186	19,511,881
Amount available for Appropriation	33,743,610	34,389,802
Appropriations:		
Proposed Dividend :		
- On Equity Shares	-	22,51,050
Additional Dividend Tax	-	3,82,566
Transfer to General Reserves		5,00,000
Balance Carried over to next year	33,743,610	31,256,186
	33,743,610	34,389,802

2. DIVIDEND:

Considering the overall performance of the Company & the fact that profit in the current year is meager, it is proposed to skip the dividend & utilize the profits for ploughing back in the company.

3. DIRECTORS:

Shri G.R. Morarka and Shri B.J. Maheshwari, Directors retire by rotation and being eligible offer themselves for re-appointment.

4. STATEMENT OF DIRECTOR'S RESPONSIBILITIES:

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

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

5. CORPORATE GOVERNANCE:

Your company is committed to adhere to appropriate standards for good Corporate Governance. Towards this end and in line with the Guidelines recommended by SEBI Committee on Corporate Governance, adequate steps have been taken to ensure that all provisions of the Clause 49 of the Listing Agreement are duly complied with.

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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 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.

9. AUDITORS:

M/s D P Agarwal & Co., Chartered Accountants were appointed during the year in the Extra ordinary general meeting held on 5th December, 2007 to fill in the vacancy caused by expression of unwillingness to continue on account of preoccupation by M/s Adukia & Associates, Chartered Accountants.

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 reappointed. They have given a certificate to the effect that the reappointment if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956. The Audit Committee and the Board of Directors recommend reappointment of M/s. D.P. Agarwal & Co., Chartered Accountants as statutory auditors of the Company for the Year 2008-09.

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

10. DEPOSITS:

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

11. LISTING OF SHARES:

Your Company is listed on the Bombay Stock Exchange. The Listing fee for the financial year 2008-09 is paid to the Stock Exchange within the prescribed time limits.

12. ACKNOWLEDGEMENT:

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

By order of the Board
FOR MORARKA FINANCE LIMITED

G. R. MORARKA
CHAIRMAN

PLACE: Mumbai
DATED: 30th June, 2008

B. J. Maheshwari
Director



MORARKA FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

CLAUSE 49 OF THE LISTING AGREEMENT

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

2. COMPOSITION OF BOARD OF DIRECTORS

As at 31st March, 2008, the Board of Directors comprised of 5 Directors as under:

- ❖ All 5 Non-Executive Directors
- ❖ All Directors are Independent Non executive Directors except Mr.G.R.Morarka ,who is promoter & Non-Executive Chairman & Ms Priyanka G Morarka.
- ❖ Ms Priyanka G Morarka is daughter of Shri G R Morarka .Other Directors are not related to each other.

During the year, 8 Board Meetings were held on: 11th June, 2007; 25th June, 2007; 31st July 2007; 27th August, 2007; 27th September 2007; 31st October, 2007; 5th November, 2007 & 30th January, 2008.

The details of attendance and other Directorships of the Directors comprising the Company's Board of Directors during the financial year 2007-2008 are as under:

Name of Director	Attendance Board Meeting	AGM	Last AGM	Other Board Representation*	
				Directorships	Committees
Mr. G R Morarka	6	No	No	4	-
Mr. S H Nevatia	1	No	No	-	-
Mr. B J Maheshwari	7	Yes	Yes	2	-
Mr. K P Medhekar	3	No	Yes	4	3
Ms. Priyanka G. Morarka	8	Yes	Yes	1	-

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

3. COMMITTEES OF BOARD

A. AUDIT COMMITTEE

Pursuant to Clause 49 II of the Listing Agreement and also pursuant to the provisions of the Companies Act, 1956, the Committee was reconstituted on 26th September, 2000, to comprise two Independent Non-Executive Directors and one Promoter Non-Executive Director. Members of Audit Committee are eminent persons in their field.

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

- Overseeing the financial reporting process.
- Appointment and remuneration of Auditors.
- Reviewing the financial and risk management policies.
- Reviewing the adequacy of internal control systems.

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- Compliance with listing and other legal requirements.
- Changes in accounting policies and practices and reasons for the same.
- Periodical and yearly financial results of the Company.

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

During the year, 5 Audit Committee Meetings were held on: 25th June, 2007; 30th July, 2007; 31st October, 2007; 5th November, 2007 and 30th January, 2008.

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

		Status	No. of Meetings Attended
Mr. G.R. Morarka	Non Executive	Member	NIL
Mr. S.H. Nevatia	Non Executive	Member	5
Mr. B.J. Maheshwari	Non Executive	Member	5

There was an Extra Ordinary General Meeting of the Members of the Company held on Wednesday, 5th December, 2007 for appointment of M/s. D.P. Agarwal & Co., Chartered Accountants in place of M/s. Adukia & Associates, Chartered Accountants.

B. REMUNERTION COMMITTEE

The Board of Directors of the Company at their meeting held on 4th March, 2003, constituted a remuneration committee of Directors, to comprise three Independent Non-Executive Directors as members and one Promoter Non-Executive Director as chairman.

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 is to be elected by its members from amongst themselves.

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

C. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

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

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

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

1. To attend to investors grievances or shareholders grievances.
2. To appoint Registrars and Share Transfer Agents.
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 payable to a member for attending the committee meeting.

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



MORARKA FINANCE LIMITED

Investor Services

Your Company has appointed M/s Mondkar Computers Pvt. Ltd. as Registrar and Share Transfer Agent, who 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
2004-05	Ashoka Hall, Arcadia, Nariman Point, Mumbai - 400 021	29/09/2005	11.00 a.m.
2005-06	- " -	26/09/2006	11.00 a.m.
2006-07	Kilachand conference Room, Indian Merchants' Chambers Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai - 400 020	27/09/2007	11.30 a.m.

During the year ,an Extra Ordinary General Meeting was convened on 5th December,2007 to appoint M/s D P Agarwal & Co.,Chartered Accountants in place of M/s Adukia & associates,Chartered Accountants ,who expressed their unwillingness to continue on account of their preoccupation.

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 being eligible, are offering themselves for election:

Shri G. R. Morarka: age 46 years ,is Chairman of the company .He is B.Com, ICWA – Inter, a dynamic entrepreneur and has been associated with the Business for the last 25 years. He is Chairman & Managing Director of Dwarikesh Sugar Industries Limited. He is holding 3100 equity shares in the company.

Shri B.J. Maheshwari: age 48 years ,he has graduated with Honours from Bombay University and is a fellow member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He has an experience of over 24 years in various capacities. Mr. Maheshwari is Vice President (Taxation) & Company Secretary of Dwarikesh Sugar Industries Limited. He is not holding any equity shares

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7. Means of Communication

The Company's quarterly results in the proforma prescribed by the Stock Exchanges pursuant to clause 41 of the Listing Agreement are approved and taken on record by the Board within the prescribed time frame, and sent forthwith to all Stock Exchanges on which the Company's shares are listed. These results are being published in leading newspapers - Free Press Journal in English & Navshakti in Marathi.

As per the requirements of clause 51 of the Listing Agreement, all the data related to quarterly financial results, shareholding pattern etc. is posted on the SEBI EDIFAR website (www.sebiedifar.nic.in) and also on the Company's website: (www.morarkafinance.in) within the time prescribed in this regard. The Company's website also displays the official news releases.

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

8. General Shareholder Information:

- Annual General Meeting 23rd Annual General Meeting
Date, time and venue Monday, 29th September, 2008 at
12 noon at Indian Merchants' Chambers Building Trust, IMC Building,
IMC Marg, Churchgate, Mumbai – 400 020.
- Financial Calendar Particulars Date of Approval/publication
(April-March)
(tentative and subject to change)
First Quarter Results End of July, 2008
Second Quarter Results End of October, 2008
Third Quarter Results End of January, 2009
Last Quarter Results End of June, 2009
- Dates of Book Closure 16th September, 2008 to 29th September, 2008 (both days inclusive).
- Listing Details BSE

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

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

International Securities Identification Number (ISIN) INE 367A 01015

➤ Market Price Data - Bombay Stock Exchange

Month	Highest (Rs.) Of the Month	Lowest (Rs.) Of the Month	Volume (No. of Shares)
April, 2007	15.95	12.55	17766
May, 2007	18.10	12.90	28208
June, 2007	18.30	12.60	59029
July, 2007	18.50	14.00	119392
August, 2007	18.75	12.00	36700
September, 2007	17.00	14.31	22375
October, 2007	20.00	12.90	58644
November, 2007	20.55	13.10	108488
December, 2007	25.15	14.00	296677
January, 2008	25.90	13.25	151969
February, 2008	17.30	14.00	46224
March, 2008	15.39	9.70	68386