



28th Annual Report 2012-2013



BOARD OF DIRECTORS

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

COMPANY SECRETARY

HEMALKUMAR SHAH

AUDITORS

D.P. AGARWAL & CO.
CHARTERED ACCOUNTANTS

BANKER

PUNJAB NATIONAL BANK

REGISTERED OFFICE

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

SOLICITORS

MULLA & MULLA & CRAIGIE BLUNT & CAROE

REGISTRAR & SHARE TRANSFER AGENTS

UNIVERSAL CAPITAL SECURITIES PVT.LTD.
21, SHAKIL NIWAS
MAHAKALI CAVES ROAD, ANDHERI (EAST),
MUMBAI 400 093

**NOTICE**

NOTICE is hereby given that the **Twenty-Eighth Annual General Meeting** of the Company will be held on Friday, 27th September, 2013 at 12.00 noon at Kilachand conference Room, Indian Merchants' Chambers Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai - 400 020, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 2013, Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri G.R.Morarka, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri S.H.Nevatia, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company and fix their remuneration.

By order of the Board

FOR MORARKA FINANCE LIMITED

Place : Mumbai
Dated : 30th May, 2013

Hemalkumar Shah
Company Secretary

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

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote and the proxy need not be a member.
2. The instrument of proxy duly completed should be lodged at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 12th September, 2013 to Friday, 27th September, 2013 (both days inclusive).
4. Consequent upon the introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B which can be obtained from the Company's Registrar & Transfer Agents M/s Universal Capital Securities Pvt. Ltd.
5. In terms of Article 146 of the Articles of Association of the Company, Shri G.R.Morarka, & Shri S.H.Nevatia, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of Directors retiring by rotation / appointed / re-appointed in terms of requirement under Clause 49 of the Listing Agreement with the Stock Exchanges in India are provided in the Report of Corporate Governance forming part

of the Annual Report.

6. Members are requested to notify any change in their address immediately to the Company or its RTAs.
7. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Registered Office well in advance so that the same reaches the company at least ten days before the date of the meeting to enable the Management to keep the information required readily available.
8. Members holding shares in the same name under different Ledger Folios are requested for consolidation of such folios and send the relevant Share Certificates to the Company.
9. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, as amended and with the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid dividend account of the Company is required to be transferred to the Investor Education and Protection Fund established by the Central Government. Unpaid dividend for following years is due as per the details below for transfer to the Investors Education and Protection Fund. Shareholders who have not yet encashed their dividend warrants are requested to make their claims.

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

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

By order of the Board

FOR MORARKA FINANCE LIMITED

Place : Mumbai
Dated : 30th May, 2013

Hemalkumar Shah
Company Secretary

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



MANAGEMENT DISCUSSION & ANALYSIS

Global economy recovering at a snail's pace

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

Indian Economy in abysmal state

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

NBFC sector

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

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

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



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

Outlook, Risks and Concerns

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

Some of the identifiable risks can be outlined as follows:

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

Opportunities :

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

Threats:

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

Internal control:

Your company has proper and adequate system of internal control in place to monitor persistently proper recording of the transactions as per the policies and procedures laid down by the company. The company ensures that the regulatory guidelines are duly complied with at all the levels. The internal audit reports are regularly monitored by the Audit Committee.

Segment wise performance:

The company is a Non Banking Finance Company. Its core business is financial business. Hence, there are no separate segments for reporting as per Accounting Standard-17 issued by the Institute of Chartered Accountants of India.

Company's financial scorecard

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

Human Capital:

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

Cautionary Statement:

The statements in above analysis, describing the company's projections, estimates, expectations and predictions may be 'forward looking statements' within the meaning of applicable security laws and regulations. The actual results may differ from those expressed or implied. The important factors that may impact the operations of the company may consist of economic developments - globally and locally, government regulations, tax regimes and other related factors.



DIRECTOR'S REPORT

To

The Shareholders,

MORARKA FINANCE LIMITED

The Directors are pleased to present their report to the members together with the audited financial statements of the Company for the year ended 31st March, 2013.

1. FINANCIAL RESULTS:

[IN RUPEES]

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

2. DIVIDEND:

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

3. DIRECTORS:

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

4. STATEMENT OF DIRECTOR'S RESPONSIBILITIES:

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

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

5. CORPORATE GOVERNANCE:

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



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

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

6. FORMATION OF VARIOUS COMMITTEES:

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

7. EMPLOYEES:

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

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

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

9. AUDITORS:

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

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

10. DEPOSITS:

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

11. LISTING OF SHARES:

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

12. ACKNOWLEDGEMENT:

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

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

G. R. MORARKA
Chairman

B. J. MAHESHWARI
Director

Place : Mumbai
Dated : 30th May, 2013



REPORT ON CORPORATE GOVERNANCE

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

1. Company's Philosophy on Corporate Governance

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

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

CLAUSE 49 OF THE LISTING AGREEMENT

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

2. Composition of Board of Directors

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

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

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

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

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

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

3. Committees of Board

A. Audit Committee

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

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

- Overseeing the financial reporting process.



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

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

During the year, 4 Audit Committee Meetings were held on : May 30, 2013, August 10, 2012, November 5, 2012, February 11, 2013.

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

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

B. Remuneration Committee

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

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

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

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

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

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

C. Shareholders / Investors Grievance Committee

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

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

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

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

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

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

Investor Services

Your Company has appointed M/s Universal Capital Securities Pvt.Ltd; as Registrar and Share Transfer Agent, which have adequate infrastructure and VSAT connectivity with both the depositories, which facilitate better and faster service to the investors.



4. General Body Meetings

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

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

SPECIAL RESOLUTIONS PASSED IN GENERAL MEETINGS DURING LAST 3 YEARS:

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

5. Code of business conduct and ethics

In keeping with its proactive approach to achieve best governance standards, your company has laid down the Code of Business Conduct and Ethics pursuant to Clause 49 of the Listing Agreement. The code has been posted on the website of the company.

6. Disclosures

- The Compliance Reports of all laws applicable to the Company are periodically reviewed by the Board.
- The Company has complied with all requirements of the Listing Agreement with the Stock Exchange as well as the Regulations and Guidelines prescribed by SEBI and statutory authorities related to the capital market, during the last three years. There were no penalties or strictures imposed on the Company by any statutory authorities for non-compliance on any matter related to capital markets, during the last three years.
- Disclosure of Related party transactions
All related party transactions have been entered into in the Ordinary course of business and were placed periodically before the Audit Committee and the Board. All transactions with the related parties or others are on an arm's length basis.
- Disclosure of Accounting Treatment
All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.
- Risk Management:
The Company has in place mechanism to inform the Board Members about the Risk Assessment and Minimisation procedures and periodical reviews, to ensure that risk is controlled by the Executive Management through the means of a properly defined policy.
- Subsidiary Companies:
There are no subsidiary companies.
- **Disclosures regarding appointment or reappointment of Directors [Pursuant to clause 49 of the Listing Agreement with the Stock Exchange] :**

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

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

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