



MORARKA
FINANCE
LIMITED

31ST

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ANNUAL REPORT
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Financial Year 2015-2016

BOARD OF DIRECTORS

G. R. MORARKA

S. H. NEVATIA

PRIYANKA G. MORARKA

B. J. MAHESHWARI

VIJAY S. BANKA

COMPANY SECRETARY

HEMALKUMAR SHAH

AUDITORS

D.P. AGARWAL & CO.
CHARTERED ACCOUNTANTS

BANKERS

PUNJAB NATIONAL BANK

REGISTERED OFFICE

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

SOLICITORS

MULLA & MULLA & CRAIGIE BLUNT & CAROE

REGISTRAR & SHARE TRANSFER AGENTS

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

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MORARKA FINANCE LIMITED

NOTICE

NOTICE is hereby given that the Thirty first Annual General Meeting of the Company will be held on Monday, 26th September, 2016 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 Financial Statements for the year ended 31st March, 2016, Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of G. R. Morarka, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Ms. Priyanka G. Morarka, who retires by rotation and being eligible offers herself for re-appointment.

4. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT M/s. D. P. Agarwal & Co, Chartered Accountants (Registration No. 100068W) be and is hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS

5. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.**

"RESOLVED THAT pursuant to Section 188 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) thereof, for the time being in force), consent of the Company be and is hereby accorded to provide management consultancy services to Dwarikesh Sugar Industries Limited for a period upto March 31, 2017 at a monthly charges of ₹ 1,00,000/- per month, plus applicable levies, taxes, duties and cess as is mutually agreed between the parties subject to such extension as may be agreed upon mutually by the parties."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised on behalf of the Company to take all such actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary."

By order of the Board
For **Morarka Finance Limited**

Hemalkumar H. Shah
Company Secretary

Place: Mumbai.

Date: May 26, 2016.

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. A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
2. The instrument of proxy duly completed should be lodged at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 20th September, 2016 to Monday, 26th September, 2016 (both days inclusive).
4. Consequent upon the introduction of Section 72 of the Companies Act, 2013, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form SH.13 which can be obtained from the Company's Registrar & Transfer Agents M/s Universal Capital Securities Pvt. Ltd.
5. Additional information pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and listing regulation with the stock exchanges in respect of the Directors seeking appointment / re appointment at the AGM are furnished and forms a part of the Notice. The Directors have furnished the requisite consents / declarations for their appointment /re-appointment.
6. Members are requested to notify any change in their address immediately to the Company.
7. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Registered Office well in advance so that the same reaches the company at least ten days before the date of the meeting to enable the Management to keep the information required readily available.
8. Members holding shares in the same name under different Ledger Folios are requested for consolidation of such folios and send the relevant Share Certificates to the Company.
9. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, as amended and with the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend

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

Phone: 022 22832468; **Website:** www.morarkafinance.in; **Email:** investors@morarkafinance.in

CIN : L67120MH1985PLC035632



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. All the dividend remained unpaid in yesteryears were due for transfer in IEPF and hence the same is transferred to IEPF by the company.

10. The Notice of the 31st AGM and instructions for e-voting, along with the Attendance Slip and Proxy Form, is being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode. However, members shall be provided with copy of Annual Report free of cost on their request in writing. Soft copy of the Annual report is available on www.morarkafinance.in
11. In compliance of provisions of section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management & Administration) Rules 2014, the company is pleased to provide its members facility to exercise their votes by electronic means (remote e-voting) and the business may be transacted through e voting as per the instructions below:
 - (a) Details of Scrutinizer: M/s VKM & Associates, Practicing Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting in a fair and transparent manner.
 - (b) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses (not in the employment of the Company) and make out a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
12. A Member can opt for only one mode of voting i.e. either through e-voting or in physical form at AGM. If a Member casts his / her vote by both modes, then voting done through e-voting shall prevail and the vote by ballot shall be treated as invalid. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.morarkafinance.in and on the website of CDSL www.evotingindia.com and communicated to BSE Limited where the shares of the Company are listed.
The instructions for shareholders voting electronically are as under:
 - (i) The voting period begins on September 23, 2016 at 9.00 a.m. and ends on September 25, 2016 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 19, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue. The facility for voting, through ballot

paper, will also be made available at the AGM and the members attending the AGM, who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Member who have cast their votes by remote e-voting may attend the AGM, but shall not be entitled to cast their votes again at the AGM.

- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - (a) For CDSL: 16 digits beneficiary ID,
 - (b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- (c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number which is mentioned in address label as Sr. No. affixed on Annual Report in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

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- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field.
Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant Morarka Finance Limited on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com
 - (xxi) Shareholders can also cast their vote using CDSL's mobile app m- Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.



ANNEXURE TO NOTICE

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

Item No.5

The company is trying to augment its revenues through its NBFC related activities and Dwarikesh Sugar Ind Ltd being in sugar sector – capital intensive industry is in frequent need of financial assistance for fund raising through loan or other instruments wherein Morarka Finance Limited can assist it being NBFC so it is proposed to take assistance of the company in meeting the fund raising exercise and for that the company is proposed to help Dwarikesh Sugar Ind Ltd it has been proposed to enter into management consultancy arrangements with company being a related party pursuant to section 188 of the Companies Act, 2013 and therefore the consent of shareholders is required for this transaction by way of special resolution. Dwarikesh Sugar Ind. Ltd being a “Related Party” within the meaning of section 2(76) of the Companies Act, 2013, needs the consent of shareholders by way of special resolution under section 188 of the Companies Act, 2013.

The particulars of transaction pursuant to para 3 of explanation (1) to Rule 15 of Companies (Meeting of the Board and its powers) Rules, 2014 are as under:

1. Name of the related party: Dwarikesh Sugar Ind.Ltd.
2. Name of the director or key managerial personnels who are related: 1. Shri Gautam R. Morarka 2. Ms. Priyanka G. Morarka 3. Shri B. J. Maheshwari and 4. Shri Vijay S. Banka.
3. Nature of relationship: Shri G. R. Morarka is father of Ms. Priyanka Morarka and is also holding position of Managing director in Dwarikesh Sugar Ind. Ltd. Ms. Priyanka Morarka is director in Morarka Finance Limited. Shri B. J. Maheshwari and Shri Vijay S. Banka are holding KMP positions in Dwarikesh Sugar Ind. Ltd. and are also holding directorship in Morarka Finance Limited.
4. Monetary Value : Current monthly fees is of ₹ 1,00,000 per month plus applicable taxes and subject to such extension as is mutually agreed between the parties from time to time.
5. Nature, material terms and particulars of the arrangement:

Contract	Purpose
Management Consultancy Agreement entered into between Morarka Finance Limited and Dwarikesh Sugar Industries Limited for rendering consultancy services for the purpose of fund raising activities of Dwarikesh Sugar Ind Ltd for the period upto March 31, 2017 which may be further extended if agreed by the parties at the fees of ₹ 1,00,000 per month with other terms and conditions mentioned therein.	The company being NBFC can assist one of the group companies – Dwarikesh Sugar Ind. Ltd to raise funds from the market, financial institutes, banks etc. to cater its short term or long term funding requirements as it is being in sugar sector being capital intensive industry is in frequent need of financial assistance.

6. Any other information relevant or important for the members to make decision on the proposed transaction: None.

None of the Directors, Key Managerial Personnel and relatives of directors and Key Managerial Personnel may be deemed to be interested except Shri G. R. Morarka, who is holding position of Managing Director in Dwarikesh Sugar Industries Limited, Ms. Priyanka G. Morarka being daughter of Shri G. R. Morarka and Shri B. J. Maheshwari and Shri Vijay S. Banka being common directors in both the companies.

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

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Details of Directors seeking appointment / re-appointment in Annual General Meeting

[Pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of the Director	Shri G. R. Morarka	Ms. Priyanka G. Morarka
Date of Birth	January 1, 1962	June 11, 1985
Nationality	Indian	Indian
Date of Appointment	March 15, 1985	March 22, 2004
Qualifications	B.Com, ICWA - Inter	BMS, MBA
Experience & Expertise	He is born entrepreneur, who incorporated sugar company in record time of just 14 months, has got many awards and accolades under his belt. He is mentor of the company and MD of Dwarikesh Sugar Ind. Ltd. Expertise: strategic management, finance, business and industries.	She holds graduate degree and MBA has rich experience in arena of finance, strategy, business and industry. Expertise: Finance & Strategy.
Shareholding of Directors in company	99,800	Nil
Directorship held in other public companies excluding foreign and private companies	Dwarikesh Agriculture Research Institute Dwarikesh Sugar Ind. Limited Dwarikesh Informatics Limited Dwarikesh Trading Co. Ltd. Faridpur Sugars Limited	Dwarikesh Trading Co. Ltd.
Chairmanship / Memberships of committees*	Chairmanship: (1) Membership: (2)	Chairmanship: (0) Membership: (0)
Relationship between Directors inter-se	Shri G. R. Morarka is father of Priyanka G. Morarka	Ms. Priyanka Morarka is daughter of Shri G. R. Morarka

* Committee memberships includes only Audit Committee and Stakeholders' Relationship Committee of Public Limited Company (whether Listed or not).

By order of the Board
For **Morarka Finance Limited**

Hemalkumar H. Shah
Company Secretary

Place: Mumbai.
Date: May 26, 2016.

Regd. Off: 511, Maker Chambers V,
221, Nariman Point, Mumbai – 400021.
CIN: 67120MH1985PLC035632



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW:

The Indian economy is having mammoth worth over US\$2 trillion is one of the most enchanting economies of the world. At a time when the world economy is grappling with turbulence and volatility, India persuaded stability and firm macro-economic fundamentals. The country has got the better of inflation, low current account deficit and forex reserves are at stature at all-time high. The government is implementing key reforms to boost up domestic entrepreneurship, bolster infrastructure creation, strengthen rural income, alluring FDI and enhance the ease of doing business in India being on its prime agenda. These measures cumulatively augur well for the economy, going forward.

India grew by 7.6% in fiscal 2015-16 surpassing and superseding China's growth rate of 6.9 %. The economy benefited from low oil prices and relatively limited exposure to global financial turmoil. The Union Budget 2016 unfolded the government's intentions and plans. Despite global uncertainties, the Government is sticking to its fiscal deficit target, while pursuing the growth agenda. The Government has targeted to narrow the fiscal deficit to 3.5% in 2016-17, after securely maintaining its 3.9% target for 2015-16.

On macro-economic footprint, while an ease in commodity prices helped India control inflation and rein in its twin deficits viz. fiscal and current account, the on-going global slowdown has hurt its exports. Some of the big-ticket structural reforms as Goods and Services Tax were delayed and diluted, subduing sentiment further.

Global recovery, after the financial crisis of 2008-09, was largely uneven and fraught with risks. The financial year 2015 was no different, with world output growth slowing to 3.1% from 3.4% in financial year 2014. Economic activity was marked by a modest improvement in advanced economies and slower growth in emerging and developing economies. While Europe and Japan stepped up monetary easing to preserve growth, improved outlook for the US prompted the Federal Reserve to raise interest rates by 0.25 percentage points towards the end of financial year 2015.

CAPITAL MARKET

Primary market operations:

The primary market, in FY 15-16, seems to have come out of its lull. Both the total number of issues and the resources mobilised from the primary market have gone up. IPOs have contributed to this performance more than public debt issues and rights issues.

The Initial Public Offer (IPO) market witnessed 74 IPOs of equity for raising an aggregate of ₹ 14,815 Crore and 21 debt issuances for raising an aggregate of ₹ 34,112 Crore in FY 2015-16 as against 46 IPOs of equity aggregating ₹ 3,311 Crore and 24 debt issuances aggregating ₹ 9,413 Crore in FY 2014-15. Companies also raised ₹ 9,239 Crore through 13 Right offers in FY 2015-16 as against ₹ 6,750 Crore through 18 Right offers in FY 2014-15. The cumulative funds mobilised through qualified institutions placement route during FY 2015-16 stood at ₹ 14,588 Crore from 24 issuances as against ₹ 29,102 Crore from 51 issuances in FY 2014-15.

There were Offer for Sale (OFS) transactions for an aggregate amount of ₹ 19,822 Crore in FY 2015-16 as against 28 transactions for ₹ 26,935 Crore during FY 2014-15.

The breakup of funds raising exercise in public markets during FY 2015-16 vis a vis the FY 2014-15 is hereunder:

Types of offerings	April 1, 2015 to March 31, 2016		April 1, 2014 to March 31, 2015	
	Nos.	Amount In Crores	Nos.	Amount In Crores
Initial Public Offer	74	14,815	46	3,311
Right Offerings	13	9,239	18	6,750
Qualified institutions placement	24	14,588	51	29,102
Total equity route raising	111	38,642	115	39,163
Total debt route raising	21	34,112	24	9,413
Total sum raised	132	72,754	139	48,576

(Source: SEBI)

Secondary market operations:

Financial year 2015-16 saw an abysmal returns of -6.4 % from Indian equities pre-eminently because of multiple factors such as dismal corporate earnings, sub-normal monsoons, plunge in commodity and oil prices. Though the markets saw robust flows into domestic equity mutual funds resulting in higher investment by domestic institutions, there was net outflow by the Foreign Institutions to the tune of ₹ 14,172 Crore as opposed to inflow of ₹ 1,11,300 Crore in FY 2014-15. A large part of foreign inflows was directed towards capital markets – IPOs, QIPs, OFSs and divestments and we played a lead role in many transactions. During FY 2015-16, they withdrew ₹ 14,172 Crore (invested ₹ 1,11,333 Crore in FY 2014-15) from the Indian equity market and ₹ 4,004 Crore (compared to investment of ₹ 1,66,127 Crore in FY 2014-15) from the Indian Debt market. This is the first time after the financial crisis of 2008 that FPIs have turned net sellers of equity and debt instruments in India in a financial year.

Taking the nosedive, the market cap of BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) plummeted by 6.63% and 6.24% to ₹ 94,75,328 Crore and ₹ 93,10,471 Crore respectively as on March 31, 2016 as compared to ₹ 1,01,49,290 Crore and ₹ 99,30,122 Crore as on March 31, 2015.

OUTLOOK, OPPORTUNITIES AND THREATS:

The company envisages strong growth in the near-term as economic growth has picked up and the RBI is promoting investment and consumption by reducing rates and infusing liquidity. The Company envisages good growth on the horizon too as the sectors that it caters to are not only large but growing and are still quite underpenetrated from the perspective of investment rates in equities.

The outlook for growth has improved modestly on the back of disinflation, declining oil prices, easier financing conditions and action on delayed projects. These measures augur well for reinvigoration of private consumption demand. The conditions for growth are slowly improving with easing input cost pressures, supportive monetary conditions and recent measures relating

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to project approvals, land acquisition, mining and infrastructure. Slowly improving conditions for growth on account of easing input cost pressures, supportive monetary conditions and recent measures relating to project approvals, land acquisition, mining and infrastructure is likely have a positive impact on the Indian business in the long run even though the risks from weaker global growth outlook remains a challenge. India's growth prospects remain bright with its growth being well balanced and largely driven by domestic consumption having 18% of world's total population. The government push on developing the sustainable infrastructure facilities, growth of manufacturing through its 'Make in India' initiative, etc. will present continuing opportunities for financial intermediaries to grow and benefit from the increased requirement of capital for augmenting new capacities and expansion of existing projects.

RISKS AND CONCERNS:

The NBFC sector functions in a dynamic, complicate and competitive environment while having to look for ways to sustain and grow business profitably since banking sector has penetrated and overtaken all the activities erstwhile covered in the sweep of NBFCs. The continuously evolving legislative and regulatory environment due to increasing globalisation, integration of world markets, newer and more complex products & transactions and an increasingly stringent laws, rules and regulations have posed infinite and hitherto unprecedented challenges for NBFCs. The ability to mingle risks across geographies, products, asset classes, customer segments and functional departments is of paramount importance for the hindrance free growth of the organisation which helps in delivering superior shareholder value by achieving an appropriate tradeoff between risks and returns. The inability to manage these risks can cause permanent damage. As a result, today's operating environment demands a rigorous and integrated approach to risk management.

NBFC SECTOR:

The role of the NBFC sector in the Indian financial sector has become pivotal in terms of its size, spread and niche areas of operation. Many big sized NBFCs have become significant contributor to the overall financial system in India. As per RBI, in FY15, there were 11,622 Non-Deposit-taking NBFCs (NBFC-ND) and 220 Deposit-taking NBFCs (NBFC-D) in India with balance sheet sizes of ₹ 14,166 billion and ₹ 1,925 billion, respectively. NBFCNDs have posted a balance sheet growth of more than 15% in 2015 over 2014.

There is a growing trend towards more stringent yet structurally beneficial regulation in the NBFC sector. Anticipating such regulations and implementing good governance norms before they are mandated has been a constant practice of the company. Accordingly, the Company stands to benefit by policy notifications. The central bank – RBI, in the recent past has been acting leniently with its magnanimous approach has opened new vistas of business of NBFCs which was previously monopoly of banking sectors. Allowing big ticket NBFCs to foray into banking business, grant of licence to act as small and payment banks to many eligible entities are few of the examples.

RISK MANAGEMENT

Company has formulated a risk management framework which lays the procedure for risk assessment and mitigation. Company manages various risks like financial risk, operational risk, marketing risk, external risk and regulatory risks associated with the mortgage business. The critical risks which can significantly impact profitability and financial strength are credit risk, interest rate risk and liquidity risk.

INTERNAL CONTROL

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

SEGMENT REPORTING

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

FINANCIAL SCORECARD

The company has incurred profits ₹ 1 lakh as against loss of ₹ 3.75 lacs for the year ended March 31, 2015. Since the capital market moved in sideways having negative return of 6% in fiscal 2015-16, the company's portfolio's market value has remained stable during the year with no significant gain but there is huge jump in the value of its investment in its group company Dwarikesh Sugar Ind Ltd in which company is holding 21,59,118 equity shares, replicating stake of 13.23% of the Dwarikesh Sugar Ind Ltd, which has gone up from the low of ₹ 22 to the high of ₹ 285. The revenue from the rental income will be contributing regularly and steadily rather than dependence on volatile capital market revenue generation.

HUMAN RESOURCE MANAGEMENT

The company is always keen to take key HR initiatives to link business objectives with employees' performance. The employees have been provided with adequate exposure and their specialized knowledge of their own arena has been fully tapped and exploited. They have been provided with opportunities to attend seminars and program of their relative field to enrich their subject specific knowhow and expertise.

For a mediocre size company, it has always been a concern to retain the talent over a period of time due to its small size of operations. The industrial relations are also cordial.

CAUTIONARY STATEMENT

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



DIRECTOR'S REPORT

To

The Shareholders,
MORARKA FINANCE LIMITED

The Directors are pleased to present their report to the members together with the audited financial statements of the Company for the year ended 31st March, 2016.

1. FINANCIAL RESULTS:

		[IN ₹]
		For the year
		Ended
		31/03/2016
		31/03/2015
	Profit / (Loss) before tax	1,72,923
		(98,753)
Less:	Provision for taxation for the year	-
	Provision for taxation earlier year	-
	Deferred Tax	73,375
	Fringe Benefit Tax	-
	Profit / (loss) after tax	99,548
Add:	Balance b/f from previous years	3,66,57,941
	Amount available for Appropriation	3,67,57,489
	Appropriations:	
	Proposed Dividend :	
	- On Equity Shares	-
	Additional Dividend Tax	-
		-
	Balance Carried over to next year	3,67,57,489
		3,66,57,941

2. FINANCIAL PERFORMANCE:

For the financial year ended March 31, 2016, your company has posted profit after tax of ₹ 1 lakh compare to the losses for the financial year ended March 31, 2015 of ₹ 3.75 lakhs. Hence compare to previous year, the company has performed better.

3. SUBSIDIARIES COMPANIES:

Your Company has no subsidiaries.

4. DIVIDEND:

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

5. SHARE CAPITAL:

The paid up Equity Capital of your company as at March 31, 2016 was ₹ 4,50,21,000. The company has not issued any shares with differential voting rights and it has not granted any stock options or sweat equity during the period under the review. Further, none of the directors of the company hold instruments convertible into equity shares of the company.

6. DIRECTORS:

Pursuant to section 149 of the Companies Act, 2013 read with schedule IV and Articles of the company, Ms. Priyanka Morarka, and Shri G. R. Morarka Directors retire by rotation and being eligible offer themselves for re-appointment. The company has received declarations from all the independent directors of the company confirming the fact that they meet the criteria of independence mentioned under section 149(6) of the Companies Act, 2013.

7. CORPORATE SOCIAL RESPONSIBILITY:

The company is not falling in the purview of criteria specified in section 135(1) of the Companies Act, 2013 and hence the requirements pertaining to section 135 of the Companies Act, 2013 is not applicable to the company.

8. HUMAN RESOURCES:

The company is having five directors, chief executive officer, chief finance officer and company secretary being key managerial personnel under section 203 of the Companies Act, 2013. All are experts in their relevant fields. Company's well disciplined workforce which has served the company for years lies at the very foundation of the company's major achievements and shall well continue for the years to come.