



MORARKA
FINANCE
LIMITED

32ND
ANNUAL REPORT
2016-2017

BOARD OF DIRECTORS

G. R. MORARKA

S. H. NEVATIA

PRIYANKA G. MORARKA

B. J. MAHESHWARI

VIJAY S. BANKA

COMPANY SECRETARY

HEMALKUMAR SHAH

AUDITORS

M/S. 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 second Annual General Meeting of the Company will be held on Tuesday, 26th September, 2017 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, 2017, Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of G. R. Morarka, (DIN: 00002078) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Ms. Priyanka G. Morarka, (DIN: 00001088) who retires by rotation and being eligible offers herself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Sections 139 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and The Companies (Audit and Auditors) Rules, 2014, (the Rules), [(including any statutory modification(s) or re-enactment(s) thereof for the time being in force)], and pursuant to the recommendations of the Audit Committee and the Board of Directors, M/s. B. P. Gharda & Co., Chartered Accountants, Mumbai having ICAI Firm Registration No.103155W, be and is hereby appointed as Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting (AGM) till the conclusion of 37th AGM of the company to be held in the year 2022 at the remuneration to be fixed by the Board of Directors of the company, in addition to the applicable tax and actual out of pocket expenses incurred in connection with the audit of the accounts of the Company."

SPECIAL BUSINESS:

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

"RESOLVED THAT 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, 2018 at a monthly charges of ₹ 2,50,000/- 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

Place: Mumbai
Date: 30th May, 2017

Hemalkumar Shah
Company Secretary

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 Wednesday, 20th September, 2017 to Tuesday, 26th September, 2017 (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 Ms. 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 124 of the Companies Act, 2013, as amended from time to time 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. 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 32nd 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 within two days of the passing of the Resolutions at the 32nd AGM of the Company 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, 2017 at 9.00 a.m. and ends on September 25, 2017 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, 2017 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 / Members.
- (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 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).

- (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.

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- (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 Industries 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 Industries 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 ordinary resolution. Dwarikesh Sugar Industries 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 ordinary 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 Industries Ltd.
2. Name of the director or key managerial personnel 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 Industries. 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 Industries Ltd and are also holding directorship in Morarka Finance Limited.
4. Monetary Value : Current monthly fees is ₹ 2,50,000 per month subject to such increase as is mutually agreed between the parties from time to time for the period upto March 31, 2018.
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 Industries Ltd; for the period upto March 31, 2018 for the fees of ₹ 2,50,000 per month with other terms and conditions mentioned therein.	The company being NBFC can assist one of the group companies – Dwarikesh Sugar Industries 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.



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 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 Industries 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 Industries 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

* Memberships and Chairmanships of only Audit Committee and Stakeholders Relationship Committee of all Public Limited Companies (excluding Morarka Finance Limited) have been considered.

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

Hemalkumar Shah
Company Secretary
F7620

Place: Mumbai
Date: 30th May, 2017

Regd Off. : 511, Maker Chambers V,
221, Nariman Point, Mumbai 400 021.
CIN: L67120MH1985PLC035632
Email: investors@morarkafinance.in
Phone No.: 022-22832468

MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL ECONOMIC OUTLOOK

Slack global trade, somber investment and intensified policy uncertainty marked another difficult year for the world economy. While the final figures are yet to be published, as per prediction of IMF's World Economic Outlook Report, global growth has been estimated at 3.1 percent in 2016. Growth in Advanced economies is estimated at 1.6 percent in 2016. The growth in United States, United Kingdom, Euro Area and Japan is estimated at 1.6 percent, 2.0 percent, 1.7 percent and 0.9 percent in 2016 respectively. Growth in emerging market and developing economies is estimated at 4.1 percent in 2016 reflecting receding hindrances to activity in commodity exports and continued robust domestic demand in commodity imports. Growth in China is estimated at 6.7 percent in 2016. Weak investment and productivity growth are, however, weighing on medium-term prospects across many emerging market and developing economies. However, global trade remains sluggish on account of an increasing tendency towards protectionist policies, potential volatility from divergent interest rate paths and disconnects between market valuations and real activity hang over the outlook. Rebuilding policy space, addressing vulnerabilities and enhancing international integration by promoting services trade and foreign direct investment would boost resilience and improve growth prospects of the world economy.

INDIAN ECONOMIC OUTLOOK

Against the headwinds of global economy, the domestic economy is performing as one of the fastest growing and emerging market economies in the world. As per IMF's World Economic Outlook Report, the domestic economy growth has been estimated at 6.6 percent in 2016 and 7.2 percent in 2017. The Reserve Bank of India (RBI) in its first bi-monthly monetary policy announced on February 8, 2017, has been projected country's GDP growth in the fiscal 2016-17 at 6.9 percent and expects to recover sharply at 7.4 percent in 2017-18.

The country's growth momentum is accompanied by strong aggregate demand, low commodity and oil prices & solid agricultural output, structural reforms, export recovery and on the back of an up stick in global economic activity and high elasticity of real export growth.

As per the second advanced estimates of national income and quarterly estimates of Gross Domestic Product (GDP) released by CSO (February 28, 2017), country's Gross Domestic Product for the third quarter (Q3) of financial year 2016-17 grew at 7 percent after taking into consideration the impact of demonetization. It was the feeblest in over nine quarters but still stronger than expected considering the impact of government's decision to withdraw high-value currency notes during the third quarter. Further, the CSO expects the country's GDP growth during 2016-17 at 7.1 percent as compared to 7.9 percent in 2015-16. Growth in Index of Industrial Production during 2016-17 recorded at 5.0 percent as against 3.4 percent of the corresponding period of last year. The cumulative growth of eight core industries having combined weight of 37.90 percent

in IIP grew by 4.5 percent during Apr-Mar 2016-17, as compared to 4.0 percent in 2015-16. Manufacturing sector grew by 4.9 percent in comparison to 3.0 percent in the corresponding period of a year ago. The industrial sector experienced slow growth mainly due to lackluster performance of the capital goods industry. Service sector activities are expected to expand in trade, hotels, transport and communication services and construction sector. Inflation is expected to be transitory and seasonal. Both Wholesale Price Index (WPI) and Consumer Price Index (CPI) remained under control throughout FY 2016-17. The WPI based inflation reached at 5.70 percent in March 2017 as compared to -0.85 percent recorded in March 2016. Consumer Price Index (Retail Inflation) dipped at 3.81 percent in March 2017 as compared to 4.83 percent in March 2016. Money supply increased by 7.3 percent y-o-y to ₹ 1,28,390.8 billion as on March 31, 2017 as against ₹ 1,16,176.2 billion in the corresponding period of previous year.

CAPITAL MARKET

Primary market operations:

The primary market in FY 16-17 was satisfactory. Companies have mobilized ₹ 36,615 crores through 53 issues that has tapped the primary market in 2016-17. This was just marginally up from 2015-16 figures in which through 42 public offers, ₹ 34,322 crores have been raised. The above is the combined figures of IPOs, FPOs and OFSs. The true cynosure was in SME segment wherein smaller companies have through 81 issues, raised ₹ 834.08 crores which was the highest one in the history of issues in SME segment ever since it has started in 2011-12.

Secondary market operations:

Secondary market has also moved up marginally on account of rich valuations. BSE sensex has moved from 25270 to 29620 from April 1, 2016 to March 31, 2017 gained 17% in FY17 giving an indication of providing its yearly CAGR historical returns of 18% in the gloomy era of uncertainty and news flows such as demonetization, inadequate rainfall in many part of the country and roll out of GST. Nifty has moved from 7713 to 9173 in FY17 giving an return of 19% in the fiscal year. The investors while believed in equity as best asset class to perform and generate wealth but at the same time they have now become smart and learned to stay away from fancy returns by taking stretched valuations of stock prices. At the PE multiple of 20 to 23, investors are taking cautious approach and waiting for corrections to come to do bottom fishing in meaningful downfall to buy those businesses where they see lot of wealth creation going forward.

OUTLOOK, OPPORTUNITIES AND THREATS

The NBFC sectors has huge potentials to grow by serving the under privileged people to whom banks are shy to serve on account of their overly cautious approach to pass the banks checks and balances on income, credit score and many other parameters. Here, NBFCs have huge level playing field in consumer finance sector. People these days have started spending on luxury items which they were avoiding in the past. The upsurge in middle class income is coming in the form of spending in economy on consumer durable and gizmos. The



economy is undergoing a paradigm shift as a result of a number of initiatives. In the financial space, the introduction of Aadhaar Card based identification and e-KYC, amongst others, will go a long way towards augmenting financial inclusion and enabling financiers to tap the vast segment of under-served individuals whose credit needs grow with their aspirations and income levels. With more consumers and entrepreneurs showing their true income on the books of accounts it will now be easier to evaluate creditworthiness.

However, we are also confident Company has the necessary checks and controls to grow at a steady pace. The assets of the Company are well diversified and help the Company keep asset quality at a high standard.

RISK AND CONCERNS

The financial services space in India is quite competitive. The Company is of the belief that from the country's point of view India needs an ever-growing number of players to address the large markets in the country. There is scope for sustained business growth despite competition. Further, being a Company that is well capitalised accompanied with high governance standards, robust internal controls and advanced Risk management systems, the Company is comfortable and confident on this count.

There is a growing trend towards more stringent regulation in the NBFC sector. The Company is of the view that these changes are structurally beneficial for the financial services industry. Anticipating such regulations and implementing good governance norms before they are mandated has been a constant practice at the company. Accordingly, the Company feels confident on this count as well.

NBFC SECTOR

The Non-banking Finance Companies (NBFCs) sector has been growing steadily over the years. NBFCs have created a mark in the Indian financial system by providing the last-mile access. Unlike traditional models of financing, like banks, the NBFCs in India have successfully created new models to finance MSMEs and Indian consumers, in the hitherto unbanked and under-penetrated segments. Further important point is that the sector has catered to these segments in an efficient and profitable manner, thus making it sustainable. By riding on niche competencies, wider reach and focussed product lines, NBFCs now contribute to a wider share of the total credit in the system. Reports by PWC and ICRA point to a healthy growth of about 15% in the NBFC sector over the past many years, and estimate such growth to continue based on the unique approach and distributed reach provided by these institutions.

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 made profits of ₹ 18.15 lakh as against profit of ₹ 1 lac for the year ended March 31, 2017 giving robust growth of almost 18 times in compare to previous year. Since the capital market moved up by 17% in fiscal 2016-17, the company's portfolio's market value has gone up in tandem with gain in indices. Further, 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 at ₹ 450 denoting the value of ₹ 97 crores. 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.

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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, 2017.

1. FINANCIAL RESULTS:

		[IN ₹]
	For the year Ended 31/03/2017	For the year Ended 31/03/2016
Profit / (Loss) before tax	2,651,038	1,72,923
Less : Provision for taxation for the year	5,068	-
Provision for taxation earlier year	9,298	-
Deferred Tax	8,22,083	73,375
Fringe Benefit Tax	-	-
Profit / (loss) after tax	1,814,589	99,548
Add : Balance b/f from previous years	3,67,57,489	3,66,57,941
Amount available for Appropriation	3,85,72,078	3,67,57,489
Appropriations:		
Proposed Dividend :		
- On Equity Shares	-	-
Additional Dividend Tax	-	-
	-	-
Balance Carried over to next year	3,85,72,078	3,67,57,489
	3,85,72,078	3,67,57,489

2. FINANCIAL PERFORMANCE:

For the financial year ended March 31, 2017, your company has posted Profits of ₹ 18.15 lakh compare to the profit for the financial year ended March 31, 2016 of ₹ 1.00 lakh. Hence compare to previous year, the company's profits have jumped 18 times posting significant improvements in bottomline growth.

3. SUBSIDIARIES COMPANIES:

Your company has no subsidiaries.

4. DIVIDEND:

Your directors have not recommended any dividends in view of meagre profits made by the company during the year.

5. SHARE CAPITAL:

The paid up Equity Capital of your company as at March 31, 2017 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, VP & 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.