



MORARKA
FINANCE
LIMITED

33RD
ANNUAL
REPORT
2017-2018

BOARD OF DIRECTORS

G. R. MORARKA

S. H. NEVATIA

PRIYANKA G. MORARKA

B. J. MAHESHWARI

VIJAY S. BANKA

COMPANY SECRETARY

HEMALKUMAR SHAH

AUDITORS

B. P. GHARDA & 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 third (33rd) Annual General Meeting of the Company will be held on Friday, 28th September, 2018 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, 2018, Directors' Report and Auditors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri G R. Morarka (**DIN: 00002078**), who retires by rotation and being eligible, offers himself for re-appointment.
4. 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.

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, 2019 at a monthly charges of ₹ 2,80,000/- per month, plus applicable GST, 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."

6. **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 20 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, the consent of the Company be and is hereby accorded to charge from a member in advance, a sum equivalent to the estimated actual expenses for delivery of the document(s) through a particular mode upon receipt of such request from a member."

"RESOLVED FURTHER THAT the estimated fees for delivery of the document(s) shall be paid atleast one week in advance to the Company, before dispatch of such document(s)."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Company Secretary of the Company be and is hereby authorized to do all such acts, deeds, matters and things as he may in his absolute discretion deem necessary, proper, desirable or expedient and to settle any question, difficulty, or doubt that may arise in respect of the matter aforesaid, including determination

of the estimated fees for delivery of the document to be paid in advance."

7. **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 negotiate & finalise the terms & conditions of renewal of Leave and Licence Agreement of property situated at 511, Maker Chambers V, 221, Nariman Point, Mumbai - 400 021 with Dwarikesh Sugar Industries Limited for a period of 60 months commencing from August 1, 2018 to July 31, 2023;

RESOLVED FURTHER THAT Shri B J Maheshwari and Ms Priyanka G Morarka, Directors of the Company, severally be and are hereby authorised to sign & execute renewal of Leave and Licence Agreement or declaration or undertakings including registration, if required, of the Leave and Licence Agreement for the abovementioned property;

RESOLVED FURTHER THAT Shri B J Maheshwari and Ms Priyanka G Morarka, Directors of the Company, severally be and are hereby authorised to do all such acts or deeds or things as may be required in this regard;

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

Hemalkumar H Shah
Company Secretary
FCS 7620

Place: Mumbai
Date: May 28, 2018

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 Saturday, 22nd September, 2018 to Friday, 28th September, 2018 (both days inclusive).
4. Dividend on Equity Shares, if declared, shall be payable to those members, whose name appear in Register of Members as on September 21, 2018.
 - a. As beneficial owners at the end of business hours on September 21, 2018 as per the lists to be furnished by Depositories in respect of the shares held in electronic form and
 - b. As members in the Register of Members of the Company after giving effect to valid transfers in



physical form lodged with the Company on or before September 21, 2018.

- c. Members are requested to update their Bank details with their Depository Participants in case of shares held in demat mode else with company or Registrar of transfer agents if share are held in Physical mode to facilitate smooth payment of dividend as when declared by the company and approved by the shareholders.
 5. The relevant Explanatory Statement pursuant to section 102 of the Companies Act, 2013, setting out material facts in respect of item 5, 6 & 7 is annexed and forms part of this notice.
 6. Members/proxies are requested to bring their copy of Annual Report, while attending the Annual General Meeting.
 7. 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.
 8. 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.
 9. Members are requested to notify any change in their address immediately to the Company.
 10. 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.
 11. 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.
 12. 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.
 13. The Notice of the 33rd 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
 14. 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.
 15. 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 33rd AGM of the Company and shall be communicated to BSE Limited where the shares of the Company are listed.
 16. The Notice is being sent to all the Members, whose names appear on the Register of Members / List of Beneficial Owners as received from the Central Depository Services Limited (CDSL) as on 31st August, 2018.
- The instructions for shareholders voting electronically are as under:**
- (i) The voting period begins on September 25, 2018 at 9.00 a.m. and ends on September 27, 2018 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 21, 2018 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.

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- (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	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	• 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)	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. • 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.
- (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) 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.

(xx) 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.

(xxi) 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



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 – a 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 and to take assistance of the company in meeting the fund raising exercise and 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 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 G R. Morarka 2) Ms. Priyanka G. Morarka 3) Shri B J. Maheshwari 4) Shri V 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 of ₹ 2,80,000 per month plus additional GST subject to such increase as is mutually agreed between the parties from time to time for the period upto March 31, 2019.
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, 2019 at the fees of ₹ 2,80,000 per month plus additional GST 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 V S. Banka being common directors in both the companies.

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

Item No. 6

As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him by Post or by Registered post or by Speed post or by Courier or by delivering at his office address or by such electronic or other mode as may be prescribed. It further provides that a member can request for delivery of any document to him through a particular mode for which he shall pay such fees as may be determined by the Company in its General Meeting. Therefore, to enable the members to avail this facility, it is necessary for the Company to determine the fees to be charged for delivery of a document in a particular mode, as mentioned in the resolution.

Since the Companies Act, 2013 requires the fees to be determined in the General Meeting, the Directors accordingly commend the Ordinary Resolution at item no. 6 of the accompanying notice, for the approval of the members of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

Item No. 7

The Company is having its office premises on 5th floor bearing office no. 511, of 410 sq. ft. in Maker Chambers V, 221, Nariman Point, Mumbai 400 021, had entered into Leave & License Agreement with Dwarikesh Sugar Industries Limited (DSIL) for the period of 60 months commencing from August 1, 2013 to July 30, 2018 on such terms & conditions mutually agreed upon by the parties. The said term of the agreement expired on July 31, 2018, therefore the company has proposed to renew the said leave & license agreement for a period of another 60 months commencing from August 1, 2018 to July 31, 2023 on such terms and conditions mutually agreed upon by the parties mentioned in the Leave and License Agreement.

Dwarikesh Sugar Industries Limited (DSIL), 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.

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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 rent / licence fees is of ₹ 1,23,000 per month subject to such increase as is mutually agreed between the parties from time to time for the period of 5 years.
5. Nature, material terms and particulars of the arrangement:

Contract	Purpose
Renewal of Leave and Licence Agreement entered into between Morarka Finance Limited and Dwarikesh Sugar Industries Limited for leasing of office premises for the period of 5 years at the rent / licence fees of ₹ 1,23,000 per month with other terms and conditions mentioned therein.	The Company is trying to augment its revenues besides its NBFC related activities and as an endeavor to get fixed monthly income on regular basis, it has been proposed to renew the Leave and Licence Agreement and give on rent the premises of the company to one of its group companies being a related party pursuant to section 188 of the Companies Act, 2013.

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 key promoter of 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.

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

Hemalkumar H Shah
Company Secretary
FCS 7620

Regd. Off.: 511, Maker Chambers V,
221, Nariman Point, Mumbai – 400021
Ph.: 022-22832468, Fax: 022-22047288.
E-mail: investors@morarkafinance.in;
Website: www.morarkafinance.in
CIN: L67120MH1985PLC035632

Place: Mumbai
Date: May 28, 2018



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 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 Company Limited Faridpur Sugars Limited	Dwarikesh Trading Company Limited
Chairmanship / Memberships of committees*	Chairmanship: (0) Membership: (1)	Chairmanship: (0) Membership: (1)
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)

Management Discussion and Analysis Report

INDUSTRY STRUCTURE & DEVELOPMENT:

There are 11,522 NBFCs in India registered with RBI, out of which 11,344 are into non deposit taking category and meagre 178 are falling into deposit taking category of NBFCs. Again out of these 11,344 non deposit taking NBFCs (NBFC-ND), only 220 NBFCs are systematically important NBFCs (NBFC-ND-SI) remaining 11,124 are other NBFCs. The number of NBFCs has been declining over time with cancellations of registrations exceeding new registrations on account of voluntary surrender or cancellation of Certificate of Registration (CoR) due to non-compliance of revised criteria of net owned fund. In terms of classifications on activity based, there are 12 types of NBFCs stated as follows:

1. Asset finance company (AFC)
2. Loan company
3. Investment company
4. Infrastructure financing company (NBFC – IFC)
5. Systematically important core investment company (CIC-ND-SI)
6. Infrastructure debt fund NBFC (IDF-NBFC)
7. Micro finance institution (NBFC-MFI)
8. NBFC Factor
9. Non Operative financial holding company (NOFHC)
10. Mortgage guarantee company (MGC)
11. Account Aggregator NBFC (NBFC –AA)
12. Peer to peer lending platform (NBFC-P2P).

NBFCs are pivotal alternative means of finance for commercial sectors wherein banks have tremendous foothold. NBFCs role in promoting financial inclusion and catering to the needs of small businesses and specialised segments is an additional dimension of their relevance in the Indian context. As an active regulators, RBI has been toiling immensely with its cynosure on Regulations relating to governing non-banking financial companies (NBFCs) which these days are being increasingly harmonised with those of banks to forge the right balance for financial stability while encouraging them to focus on specialised areas. NBFCs specialise in catering to sector specific financial needs covering retail; consumer and vehicle loans; micro, small and medium enterprises (MSMEs); large industry / infrastructure; and micro finance among others. A significant growth in credit to retail and services segments also underlines their increasing role in financial inclusion. Industry receives about 60 per cent of total credit by NBFCs, followed by retail, services and agriculture. In the NBFC lending space, retail credit increased at the highest pace on account of consumer durables and credit card receivables; this was followed by services and industry. On the other hand, credit to agriculture and allied activities contracted perhaps on account of transitory disruptions in cash-intensive value chains due to demonetisation.

OUTLOOK:

A) GLOBAL ECONOMY:

In the fiscal year 2017-2018, global economic growth is expected to have reached 3.0 per cent, a remarkable acceleration compared to growth of just 2.4 per cent in fiscal 2016-2017, and the highest rate of global growth recorded since 2011. Further, labour market indicators continue to improve in a broader spectrum across the nations. Global growth forecasts for 2018 and 2019 have been revised upward by 0.2 percentage point to 3.9 percent and 4.0 percent respectively on account of stronger activity and robust global demand. The improvement in global economic conditions offers greater scope for policymakers to shift from a short-term focus that is inevitably part of coping with crises, towards addressing longer-term challenges and uprooting obstacles to development.

B) INDIAN ECONOMY:

India is expected to grow at 6.6% in financial year 2017-18, as per the latest estimates from Central Statistics Organisation (CSO). The World Bank, however, has projected India's growth at 7.3% in financial year 2018-19 and 7.5% in financial year 2019-20 (Source: World Bank India report, March 2018). The Government's continuing reforms agenda is expected to infuse dynamism into the national economy, contributing to its growth momentum. As the fastest growing major economy in the world, India is expected to emerge as one of the top three economic powers of the world over the next 10-15 years, as per Central Statistics Organisation (CSO) and IMF (International Monetary Fund). Moody's upgradation of India's sovereign rating after 14 years, from Baa3 (lowest investment grade) to Baa2, also underlines the strength of its economic fundamentals. Union Budget 2018 was the first budget after big-ticket economic reforms like the Goods and Services Tax, dynamic fuel pricing and mega PSU bank recapitalization. The various proposals in the Union Budget 2018-19 with regards to launching of Operation Green, doubling farmer's income by 2022, focus on Make-in-India products, boosting the rural economy and affordable housing and increase in capital expenditure will act as a catalyst for growth.

C) NBFC SECTOR:

The Indian financial services sector, covering in its sweep, a range of institutions as mentioned above from commercial and co-operative banks, pension funds and Non-Banking Financial Companies (NBFCs) to Mutual Funds, insurance companies, etc., is diverse and expanding rapidly. Over the years, the Government of India has initiated several reforms to liberalise this industry and expand its reach to individuals in the hinterlands and Micro, Small and Medium Enterprises (MSMEs) in need of credit and other financial services. Adding a further dimension, the Government and RBI have also allowed new entities such as Payment Banks and Small Finance Banks to enter the financial sector. The financial sector in India predominantly comprises of the