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**STANROSE MAFATLAL**  
**INVESTMENTS AND FINANCE LTD.**  
**18TH ANNUAL REPORT**  
**1996-97**



## EIGHTEENTH Annual General Meeting

**Date :** 13th February, 1998  
**Day :** Friday  
**Time :** 10.30 A.M.  
**Venue :** Thakorbhai Desai Hall,  
 Near Law Garden, Ellisbridge,  
 Ahmedabad - 380 006.

## BOARD OF DIRECTORS

SHRI RASESH N. MAFATLAL  
*Chairman*  
 SHRI RUSSI JAL TARAPOREVALA  
 SHRI ARUN P. PATEL  
 SHRI RAJESH JAYKRISHNA  
 SHRI SHISHIR K. DIWANJI  
 SHRI JAMSHED B. DADACHANJI  
 SHRI SHYAM B. GHIA  
 SHRI ROZAL J. MEHTA  
 SHRI JAYWANTSINH M. CHUDASAMA  
 SHRI PRADEEP R. MAFATLAL

SHRI BHARAT N. DAVE  
 CHIEF EXECUTIVE

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SHRI GIRISH R. SHAH  
 SECRETARY

## BANKERS

CENTRAL BANK OF INDIA  
 BANK OF BARODA  
 THE BANK OF TOKYO LIMITED  
 THE CO-OPERATIVE BANK  
 OF AHMEDABAD LTD.  
 THE KARUR VYSYA BANK LTD.

## AUDITORS

MESSRS. C.C.CHOKSHI & COMPANY  
*Chartered Accountants*

## HEAD OFFICE

MAFATLAL CENTRE  
 NARIMAN POINT  
 MUMBAI 400 021

## REGISTERED OFFICE

POPULAR HOUSE  
 ASHRAM ROAD  
 AHMEDABAD 380 009

Shareholders intending to require any information about accounts to be explained in the Meeting are requested to inform the Company at least ten days in advance of the Annual General Meeting.

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## STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED

**NOTICE**

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the Members of the Company will be held on Friday, the 13th February, 1998 at 10.30 A.M. at Thakorbhay Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad - 380 006, to transact the following business:

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account of the Company for the year ended on 30th September, 1997 and the Balance Sheet of the Company as on that date.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Arun P. Patel, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri Jamshed B. Dadachanji, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Shri Jaywantsinh M. Chudasama, who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**NOTES:**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER.
- (b) The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, the 8th January, 1998 to Monday, the 19th January, 1998 (both days inclusive) for the purpose of payment of Dividend for the year ended on 30th September, 1997.
- (c) Dividend as recommended by the Directors, when sanctioned at the Annual General Meeting, will be paid from 28th February, 1998 to those members, whose names stand on the Register of Members of the Company on 19th January, 1998.
- (d) The Company has transferred unclaimed dividends upto the Financial Period ended 30th September, 1993 to the General Revenue Account of the Central Government, as required under Section 205A(5) of the Companies Act, 1956, within the prescribed time limit. The members, therefore, may submit their claims, if any, in this regard to the Registrar of Companies, Gujarat, Ahmedabad.

**STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED**

Further, unclaimed dividend for the year ended 30th September, 1994 will be transferred to General Revenue Account of the Central Government in the month of April, 1998. Shareholders who have not encashed Dividend Warrants for the said year are requested to forward the same to the Company on or before 31st January, 1998, for revalidation.

- (e) Members are requested to notify to the Company any change in their address.

*Registered Office:*

*Popular House,*

*Ashram Road,*

*Ahmedabad 380 009.*

*Mumbai, Dated: 26th November, 1997*

*By Order of the Board*

*G. R. SHAH*

*Secretary*

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## STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED

**DIRECTORS' REPORT**

To

The Members,

STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Statements of Account of the Company for the year ended 30th September, 1997.

**FINANCIAL RESULTS:**

	Current Year Rupees	Previous Year Rupees
Total Income.....	4,52,09,685	4,98,26,466
Gross Profit.....	2,97,79,461	3,44,82,542
Less: Depreciation.....	89,33,998	1,12,97,550
Profit before Tax.....	2,08,45,463	2,31,84,992
Less: Provision for Taxation.....	18,00,000	30,00,000
Profit after Tax.....	1,90,45,463	2,01,84,992
Add: Balance in Profit brought forward from Previous Year.....	1,40,58,176	87,07,299
	3,31,03,639	2,88,92,291
Excess provision for taxation in respect of earlier years.....	1,49,588	1,01,725
Available for Appropriation .....	3,32,53,227	2,89,94,016
Transferred to Reserve u/s. 45 IC of RBI Act, 1934 .....	38,50,000	—
Proposed Dividend.....	79,35,840	79,35,840
Tax on Proposed Dividend.....	7,93,584	—
Transferred to General Reserve No. I.....	15,00,000	50,00,000
Transferred to General Reserve No. II.....	20,00,000	20,00,000
Surplus carried to Balance Sheet.....	1,71,73,803	1,40,58,176

**DIVIDEND**

Your Directors recommend a Dividend of 20 % on 39,67,920 Equity Shares of Rs. 10 each (free of tax in the hands of Shareholders) for the year ended on 30th September, 1997 (Previous Year 20% on 39,67,920 Equity Shares of Rs. 10 each, subject to deduction of tax) which, if approved by the Shareholders at the forthcoming Annual General Meeting to be held on 13th February, 1998, will be paid to those Shareholders whose names appear on the Register of Members of the Company on 19th January, 1998.

**STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED****INVESTMENTS**

The Company's investment portfolio is reviewed from time to time. Details of Company's investments are given in Schedule 5 of the Balance Sheet of the Company as at 30th September, 1997. The total worth of Company's quoted and unquoted investments as at 30th September, 1997 is Rs. 1626.03 Lakhs which reflects the general decline in the market capitalisation in the prevailing Capital Market conditions.

During the year under report, the Company has deployed additional funds of Rs. 171.34 Lakhs in investment of Equity Shares and Rs. 25.00 Lakhs in Preference Shares.

During the year under report, the Company and its two wholly owned subsidiaries viz. Sandeep Traders and Investments Limited and Stanrose Holdings Limited have transferred their entire stake of equity shares held by them in Mannesmann Rexroth (India) Limited to their Foreign Collaborators viz. Mannesmann Rexroth AG, Germany. The Company has booked an aggregate profit of Rs. 163.30 Lakhs on disinvestment of the said 4,19,850 Equity Shares of Rs. 10 each of Mannesmann Rexroth (India) Limited together with the disinvestment of 6,150 Equity Shares of Rs. 100 each of Housing Development Finance Corporation Limited.

During the year under report, the Company has received 4,79,000 Bonus Equity Shares of Rs. 10 each in the ratio of 1:1 from Industrial Investment Trust Limited.

**OPERATIONS**

The total Income for the year under report is Rs.452.10 Lakhs as compared to Rs. 498.26 Lakhs in the previous year. The Dividend Income however, decreased to Rs. 40.10 Lakhs as compared to Rs. 192.71 Lakhs in the previous year, which is mainly on account of non-receipt of any dividend from Standard Industries Limited against Rs. 150.32 Lakhs received from it in the previous year. The Income from Leasing and Hire Purchase decreased to Rs. 173.41 Lakhs from Rs. 201.89 Lakhs and the Income of Interest and Bill Discounting Charges has also decreased to Rs. 69.03 Lakhs from Rs. 102.15 Lakhs. This reduction is mainly on account of general economic slow down prevailing in the market. Considering the recessionary trend and the liquidity crunch, your management considers it more prudent to adopt a cautious approach in committing further funds of the Company for any business for the time being until the economic situation shows signs of improvement. Due to consistent recessionary trend prevailing in the capital market throughout the year under report, the Company did not have any significant Merchant Banking activity.

As regards the joint venture project of property development undertaken by the Company at Ahmedabad, the project is in progress and is expected to be completed shortly. However, the recessionary trend in the real estate market continues and the realisation from this project may not be as was originally envisaged.

As required under the recently amended Reserve Bank of India Act, 1934, your Company has applied to Reserve Bank of India for fresh registration to enable it to carry on the business of a Non-Banking Finance Company.



## STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED

**PROSPECTS FOR THE CURRENT YEAR**

The current year is no less difficult than the previous year due to general economic slow down and severe liquidity crunch prevailing in the market. Mobilisation of low cost funds and identifying good and acceptable quality deployment avenues are the prime challenges. Expansion of assets needs to be taken with extreme care and if necessary be curtailed despite the resultant impact on profitability.

Moreover, after the failure of a high profile finance company, NBFCs today face an ordeal of the most serious kind and have been made subject to stricter regulations to ensure better discipline in their working and management of their affairs.

Notwithstanding the bleak outlook for the Financial Services Sector in the current year, in view of the lower base of capital and borrowings of your Company as compared to its high net worth and prudent deployment of funds, barring unforeseen circumstances the Company should be able to report satisfactory results.

**FIXED DEPOSITS**

Fixed Deposits from the Public and Shareholders at the end of the Financial Year stood at Rs. 430.67 Lakhs as against Rs. 451.42 Lakhs as on 30th September, 1996. At the end of the Financial Year a sum of Rs. 6.96 Lakhs relating to 90 deposits was unclaimed though due for repayment as at 30th September, 1997. Since then deposits amounting to Rs. 3.34 Lakhs have either been renewed or repaid relating to 35 depositors.

In view of lesser scope for better deployment of funds at a good rate, the Company has decided for the time-being to stop accepting fresh deposits with effect from 1st December, 1997.

**SUBSIDIARIES**

In compliance with the provisions of Section 212 of the Companies Act, 1956, the Audited Statements of Account alongwith the Directors' Report for the year ended 30th September, 1997, of the two wholly-owned subsidiaries of the Company, viz. Sandeep Traders and Investments Limited and Stanrose Holdings Limited, are annexed hereto.

**DIRECTORATE**

Pursuant to Article 155 of the Articles of Association of the Company read with Section 256 of the Companies Act, 1956, Shri Arun P. Patel, Shri Jamshed B. Dadachanji and Shri Jaywantsinh M. Chudasama, Directors of the Company, are due to retire at the ensuing Annual General Meeting and are eligible for re-appointment.

**AUDITORS**

You are requested to appoint Auditors for the current year to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. The notes forming part of the Accounts referred to in the Auditors' Report are self-explanatory and give complete information.

**STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED**

**DONATIONS AND CONTRIBUTIONS**

During the year under report, your Company has contributed a sum of Rs. 5.48 Lakhs to various charitable institutions.

**INSURANCE**

All the properties and insurable interests of the Company are adequately insured.

**ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE**

Your Company is not engaged in any manufacturing activity and as such has no particulars to disclose under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, as regards conservation of energy or technology absorption. Further, during the year under review, your Company has neither earned nor made any payment in foreign exchange.

**PARTICULARS OF EMPLOYEES**

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per the provisions of Section 219(1) (b)(iv) of the Companies Act, 1956, the annual report is being sent to all the shareholders of the Company excluding the statement of particulars of employees referred to hereinbefore. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

**ACKNOWLEDGEMENTS**

The Directors sincerely express their deep appreciation to Employees at all levels, Bankers, Customers, Depositors and Shareholders for their sustained support and co-operation and hope that the same will continue in future.

*For and on behalf of the Board*

Rasesh N. Mafatlal

Chairman

Mumbai, Dated : 26th November, 1997