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**19<sup>TH</sup>**  
**ANNUAL REPORT**  
**1997-99**

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

# STANROSE MAFATLAL

## INVESTMENTS AND FINANCE LIMITED

### NINETEENTH Annual General Meeting

**DATE** : 27th July, 1999  
**DAY** : Tuesday  
**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 JAMSHED B. DADACHANJI  
SHRI ROZAL J. MEHTA  
SHRI JAYWANTSINH M. CHUDASAMA  
SHRI PRADEEP R. MAFATLAL

### CHIEF EXECUTIVE OFFICER

SHRI BHARAT N. DAVE

### COMPANY SECRETARY

SHRI GIRISH R. SHAH

### 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

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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.

**NOTICE**

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting of the Members of the Company will be held on Tuesday, the 27th July, 1999 at 10.30 A.M. at Thakorbhai 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 period of 18 months ended on 31st March, 1999 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 Rasesh N. Mafatlal, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri Rozal J. Mehta, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Shri Pradeep R. Mafatlal, 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.

**7. SPECIAL BUSINESS**

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

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended and/or altered in the following manner :

- (i) The following new Article with the marginal notes as indicated be inserted as Article 82(A) after the present Article 82 :

**82(A) Dematerialisation of Securities :****Definitions :**

- (1) For the purpose of this Article :

'Beneficial Owner' means a person whose name is recorded as such with a Depository;

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992;

'Depositories Act' means the Depositories Act, 1996 or any statutory modification or re-enactment thereof;

'Registered Owner' means a Depository whose name is entered as such in the records of the Company;

'Security' means such security as may be specified by the Securities and Exchange Board of India, from time to time.

**Dematerialisation/Rematerialisation of Securities :**

- (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise/ rematerialise its securities and to offer securities in the dematerialised form pursuant to the Depositories Act.

**Securities in fungible form :**

- (3) All securities held by a Depository shall be dematerialised and shall be in fungible form. No certificate shall be issued for the securities held by the Depository. Nothing contained in Sections 153, 153A, 153B, 187B, 187C, and 372A of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

**Numbering of Securities :**

- (4) Nothing contained in the Act or these Articles, regarding the necessity of having Distinctive Numbers/Certificate Numbers shall apply to securities held in a Depository.

**STANDOSE MAFATIAL****Service of documents**

- (5) Notwithstanding anything contained in the Act or these Articles where the Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company, by means of electronic mode and/or by delivery of floppies or disks.

**Transfer of Securities :**

- (6) Nothing contained in these Articles shall apply to transfer of securities held in Depository.

**Allotment of Securities :**

- (7) Where the securities are dealt with in a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository on allotment of such securities.

**Register and Index of Beneficial Owners :**

- (8) The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be a Register and Index of Members and other security holders.

**Rights of Depository and Beneficial Owners :**

- (9) As a registered owner, Depository shall not have any voting rights or any other rights in respect of the securities held by it.

Every person whose name is entered as the beneficial owner of shares in the records of the Depository shall be deemed to be a member of the Company. Every beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by the Depository."

- (ii) The following new Article with marginal notes as indicated be inserted as Article 46(A) and 46(B) after Article 46.

**46(A) Nomination :**

- (1) Every holder of share(s) in and/or debenture(s) of the Company, so entitled under the Act and Rules framed thereunder, may, at anytime, nominate, in the manner prescribed under the Act, a person to whom his share(s) in and/or debenture(s) of the Company shall vest in the event of his death.
- (2) Where the share(s) in and/or debenture(s) of the Company are held by more than one person jointly, the jointholders, so entitled under the Act and Rules framed thereunder, may, together nominate, in the manner prescribed under the Act, a person to whom all the rights in the share(s) and/or debenture(s) of the Company, as the case may be, shall vest in the event of death of all the joint holders.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the share(s) in and/or debenture(s) of the Company, where a nomination is made in the manner prescribed under the Act, purports to confer on any person the right to vest the share(s) in and/or debenture(s) of the Company, the nominee shall, on the death of the shareholder and/or debentureholder concerned or on the death of the jointholders, as the case may be, become entitled to all the rights in relation to such share(s) and/or debenture(s), to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the Act.
- (4) Where the nominee is a minor, the holder of the share(s) in and/or debenture(s) of the Company can make a nomination in the manner prescribed under the Act, to appoint any person to become entitled to the share(s) in and/or debenture(s) of the Company, in the event of his death, during the minority.

**46(B) Transmission in case of nomination :**

- (1) Notwithstanding anything contained in Articles 45 and 46, any person who becomes a nominee by virtue of the provisions of Article 46A, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either -
  - (a) to be registered himself as holder of the share(s) and/or debenture(s), as the case may be; or
  - (b) to make such transfer of the share(s) and/or debenture(s), as the case may be, as the deceased shareholder and/or debentureholder concerned or deceased jointholder, as

the case may be, could have made.

- (2) If the person being a nominee, so becoming entitled, elects himself to be registered as holder of the share(s) and/or debenture(s), as the case may be, he shall deliver or send to the Company, a notice in writing duly signed by him stating that the nominee concerned so elects and such notice shall be accompanied with the death certificate(s) of the deceased shareholder/ debentureholder/ jointholders, as the case may be.
- (3) All the limitations, restrictions and provisions of the Articles of Association of the Company, relating to the right to transfer and the registration of transfers of share(s) and/or debenture(s) shall be applicable to any such notice or transfer as aforesaid as if the death of the shareholder/ debentureholder had not occurred and the notice or transfer were signed by that shareholder and/or debentureholder or jointholders, as the case may be.
- (4) A person, being a nominee, becoming entitled to the share(s) and/or debenture(s) by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share(s) and/or debenture(s), except that he shall not, before being registered a member in respect of his share(s) or debenture(s), be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share(s) and/or debenture(s), and if the notice is not complied with, within ninety days, the Board may thereafter withhold payments of all dividends, bonuses or other moneys payable or rights accruing in respect of the share(s) and/or debenture(s), until the requirements of the notice have been complied with.

(iii) Article 196 of the Articles of Association of the Company be deleted.

(iv) Article 197 of the Articles of Association of the Company be deleted.

**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. The proxy form, in order to be valid and effective, must be delivered to the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
- (b) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item No. 7 of the above Notice is annexed.
- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 21st June, 1999 to 5th July, 1999 (both days inclusive) for the purpose of payment of Dividend for the financial period ended on 31st March, 1999.
- (d) Dividend as recommended by the Board of Directors, if declared, at the Annual General Meeting, will be paid from 2nd September, 1999, to those members, whose names stand on the Register of Members of the Company on 5th July, 1999.
- (e) The Company has transferred unclaimed dividends to the General Revenue Account of the Central Government for and upto the Financial Year ended on 30th September, 1994, 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, at C.G.O. Complex, Opp. Rupal Park, Behind Ankur Bus Stand, Naranpura, AHMEDABAD - 380 013.  
Members who have not encashed their Dividend Warrants for the Financial Year ended on 30th September, 1995, and onwards are requested to approach the Company for revalidation/obtaining duplicate Dividend Warrants.  
Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, now the amount of dividend remaining unclaimed for a period of 7 years shall be transferred to the Investor Education and Protection Fund.
- (f) The Equity Shares of the Company are listed at The Ahmedabad Stock Exchange, Kamdhenu Complex, Panjra Pole, Ambawadi, Ahmedabad - 380 015 and The Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. The annual listing fees for the financial year 1999-2000 have been paid to these Stock Exchanges.
- (g) As most of the members are holding shares of the Company in odd lots, the Company shall endeavour to assist them either in disposal of such odd lots or forming a lot by acquiring the balance number of



shares at or near the "full" market value; even by absorbing some costs associated with its administration. Members desirous of availing the assistance may write to or contact Shri H.K. Dave, Share Superintendent of the Company at the Registered Office at Ahmedabad. Members having multiple folios either in identical name(s) or in different pattern of name(s) at common address or otherwise may also approach him for transfer/ consolidation of all such shareholding into one folio to facilitate better service.

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

*Registered Office:*  
Popular House,  
Ashram Road,  
Ahmedabad 380 009.  
Mumbai,

*Dated: 18th June, 1999.*

*By Order of the Board*

**G. R. SHAH**  
*Secretary*

## **ANNEXURE TO THE NOTICE**

### **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956.**

#### **In respect of Item No. 7**

With the enactment of the Depositories Act, 1996, and the introduction of the Depository System, certain provisions of the Companies Act, 1956, pertaining to issue, holding, transfer and dealing in shares and other securities as also Certificates thereof have been amended with a view to facilitating the operation of the Depository System. In view of this, consequent changes are required to be incorporated in the Articles of Association of the Company. This is sought to be done by introduction of a new Article 82A in terms of the Resolution at Item No. 7(i) so that the Articles of Association of the Company are in line with the amended provisions of the Companies Act, 1956 read with the provisions of the Depositories Act, 1996.

Further, as per the provisions of Sections 109A and 109B of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1999, every holder of shares in, or debentures of the Company may at any time nominate in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.

It is, therefore, proposed to insert new Articles 46A and 46B in the Articles of Association of the Company to give effect to the said provisions as detailed in the Special Resolution set out at Item 7(ii) of the accompanying Notice.

The Companies (Amendment) Act, 1999 has also introduced new Section 372A to cover the provisions pertaining to Intercompany Loans and Investments. The provisions of Section 370 and 372 would not apply to the Intercompany Loans and Investments respectively, made by the Company on and after 31st October, 1998. Your Company being a Company with the principal business of acquisition of shares, stock, debentures and other securities, is exempted from the new provisions on Intercompany Loans and Investments introduced by the said Section 372A, by virtue of sub-section (8) of the said Section. Accordingly, Articles 196 and 197 of the Articles of Association consisting of the corresponding provisions of Section 370 and 372 pertaining to Intercompany Loans and Investments respectively are proposed to be deleted as stated in the Special Resolution at Item No. 7(iii) and (iv) of the accompanying Notice.

Pursuant to the provisions of the Companies Act, 1956, a company may by a Special Resolution alter its Articles of Association. Accordingly, your Directors recommend the Special Resolution as set out under Item no. 7 of the notice for approval by the Shareholders.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations would be available for inspection by the members at the Registered Office of the Company during business hours on any working day.

None of the Directors of the Company is, in any way, concerned or interested in the Resolution.

*Registered Office:*  
Popular House,  
Ashram Road,  
Ahmedabad 380 009.

*Mumbai,*  
*Dated: 18th June, 1999.*

*By Order of the Board*

**G. R. SHAH**  
*Secretary*

## DIRECTORS' REPORT

To The Members,

### STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited Statements of Account of the Company for the financial period of 18 months from 1st October, 1997 to 31st March, 1999.

#### FINANCIAL RESULTS:

	<b>Current Period</b> <b>1-10-1997 to</b> <b>31-3-1999</b> <b>(18 months)</b> <b>Rupees</b>	<b>Previous Year</b> <b>1-10-1996 to</b> <b>30-9-1997</b> <b>(12 months)</b> <b>Rupees</b>
Total Income .....	<b>5,17,84,565</b>	<b>4,52,09,685</b>
Gross Profit .....	<b>3,25,83,624</b>	<b>2,97,79,461</b>
Less: Depreciation .....	<b>1,15,66,738</b>	<b>89,33,998</b>
Profit before Tax .....	<b>2,10,16,886</b>	<b>2,08,45,463</b>
Less: Provision for Taxation .....	<b>15,00,000</b>	<b>18,00,000</b>
Profit after Tax .....	<b>1,95,16,886</b>	<b>1,90,45,463</b>
Add: Balance in Profit brought forward from Previous Year .....	<b>1,71,73,803</b>	<b>1,40,58,176</b>
	<b>3,66,90,689</b>	<b>3,31,03,639</b>
Excess provision for taxation in respect of earlier years .....	<b>7,20,020</b>	<b>1,49,588</b>
Available for Appropriation .....	<b>3,74,10,709</b>	<b>3,32,53,227</b>
Transferred to Reserve u/s. 45 IC of RBI Act, 1934 .....	<b>39,50,000</b>	<b>38,50,000</b>
Proposed Dividend .....	<b>1,19,03,760</b>	<b>79,35,840</b>
Tax on Proposed Dividend .....	<b>13,09,414</b>	<b>7,93,584</b>
Transferred to General Reserve No. I .....	<b>3,62,610</b>	<b>15,00,000</b>
Transferred to General Reserve No. II. ....	<b>18,29,758</b>	<b>20,00,000</b>
Surplus carried to Balance Sheet .....	<b>1,80,55,167</b>	<b>1,71,73,803</b>

#### DIVIDEND

Your Directors recommend a Dividend of 20% annualised (Rs. 3 per share) on 39,67,920 Equity Shares of Rs.10 each, free of tax in the hands of Shareholders for the financial period of 18 months ended on 31st March, 1999 (Previous Year 20% i.e. Rs.2 per share on 39,67,920 Equity Shares of Rs.10 each) which, if approved by the Shareholders at the forthcoming Annual General Meeting to be held on 27th July, 1999, will be paid to those Shareholders whose names appear on the Register of Members of the Company on 5th July, 1999, in due course.

#### INVESTMENTS

The Company's investment portfolio is reviewed from time to time. Details of the Company's investments are given in Schedule 5 of the Balance Sheet of the Company as at 31st March, 1999.

Consequent upon termination of joint venture agreement with the foreign collaborators viz. Motul S. A. France for lubricant business in Motul Mafatlal Lubricants Limited (now Mafatlal Lubricants Limited), the entire stake of the said foreign collaborators in that Company was acquired by the Indian promoters at a

**STANDOSE MAFATLAL**

token price of which 14,94,996 Equity Shares of Rs.10 each of Motul Mafatlal Lubricants Limited (now Mafatlal Lubricants Limited) are added to our investment portfolio, free of cost.

During the period under report, the Company has deployed additional funds of Rs.138.05 Lacs in investment in equity shares and Rs.2.50 Lacs in bonds, whereas it realised investments of the aggregate book-value of Rs.22.36 Lacs.

During the period under report, the Company has incurred a loss on sale of certain investments of Rs.3.31 Lacs (net), against the profit of Rs.164.21 Lacs during the previous year.

During the period under Report, the Company has received 11,296 Bonus Equity Shares of Rs.10 each in the ratio of 1 : 1 from Reliance Industries Limited.

**OPERATIONS**

The total Income for the period of 18 months ended 31st March, 1999 is Rs. 517.85 Lacs against Rs.452.10 Lacs in the previous year of 12 months. The Dividend income however, has increased to Rs. 177.90 Lacs as compared to Rs.40.10 Lacs in the previous year, which is mainly on account of receipt of Rs. 100.72 Lacs as Dividend from Standard Industries Limited against Rs. NIL received from it in the previous year. The Income from Leasing and Hire Purchase during the period has decreased to Rs. 160.96 Lacs from Rs.173.41 Lacs. The income of Interest and Bills Discounting Charges has increased to Rs. 153.66 Lacs from Rs.69.03 Lacs. The increase is mainly on account of shifting the funds from Lease and Hire Purchase business to other interest earning activities.

In view of the prevailing economic scenario and the increasing risk in funding activities viz. the Industrial Finance and Car Finance etc; the Company is concentrating on certain capital market activities including trading in Equity Shares which is comparatively safer to improve its margin. During the period under report the Company has earned a profit of Rs. 24.94 Lacs from trading in Equity Shares against booking of loss of Rs. 0.41 Lacs on this account in the previous year.

As regards the joint venture project of property development undertaken by the Company at Ahmedabad, the construction of the building is completed. Continuance of recession in the real estate market has adversely affected the sale and realisation from the building.

During the period under report, the Company has obtained fresh registration from Reserve Bank of India, enabling it to carry on the business of a Non Banking Finance Company, as required under the Reserve Bank of India Act, 1934.

**PROSPECTS FOR THE CURRENT YEAR**

The NBFC sector in general is still passing through a critical period. The profits of most of the companies in the sector have drastically reduced and have either skipped the dividend or paid lower dividend. This is mainly on account of high rate of Non Performing Assets, liquidity mismatch and inadequacy of availability of funds due to shaken confidence of the lenders and public at large. However, fortunately your Company is not severely affected by the trend in the industry due to conservative approach of the Management in funding and lower borrowing.

The prevailing lower interest rate regime has squeezed the margin for NBFC sector. The continuing recessionary trend and increasing input cost is likely to affect the performance of corporate sector in general. This may affect the income level of your Company in the current year. However, with the lower base of borrowing and prudent deployment of available resources the management is hopeful to achieve satisfactory results.

**ADAPTATION FOR THE YEAR 2000**

As most of the Systems installed and programmes developed in-house being of recent origin, it takes care of Y2K problem. The changes wherever necessary have also been made by the Company to be Y2K compliant and have ensured that the continuity of business and services to its customers/depositors is not affected due to this problem. The Company believes that all the computer based equipments, systems, hardware as well as software used by the Company, will function properly with respect to the dates in the year 2000 and thereafter. The Company has reviewed these systems and initiated necessary action to



gear itself for smooth changeover into the new millennium. The expenditure to ensure Y2K compliance is not ascertainable. However, the same is not likely to have any material financial impact on the Company.

#### **FIXED DEPOSITS**

Fixed Deposits from the Public and Shareholders at the end of the Financial Period stood at Rs. 84.03 Lacs as against Rs.430.67 Lacs as on 31st March, 1999. At the end of the Financial Period a sum of Rs.6.40 Lacs relating to 87 deposits was unclaimed though due for repayment as at 31st March, 1999. Since then deposits amounting to Rs.3.31 Lacs have been repaid relating to 44 depositors. The Company has sent reminders to such depositors whose deposits are unclaimed.

In view of lesser scope for better deployment of funds at good rates, the Company has stopped accepting fresh deposits with effect from 1st December, 1997 and has also stopped the renewals of maturing deposits from April, 1998.

#### **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 financial period of 18 months ended on 31st March, 1999, of the two wholly-owned subsidiaries of the Company, namely 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 Rasesh N. Mafatlal, Shri Rozal J. Mehta and Shri Pradeep R. Mafatlal, Directors of the Company, are due to retire at the ensuing Annual General Meeting and are eligible for reappointment.

#### **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.

#### **DONATIONS AND CONTRIBUTIONS**

During the financial period under report, your Company has contributed a sum of Rs. 3.80 Lacs to various charitable institutions.

#### **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**

The Company has no employees covered under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended to date.

#### **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 : 18th June, 1999*

**STANROSE MAFATLAL****AUDITORS' REPORT**

TO THE SHAREHOLDERS OF

**STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED**

We have audited the attached Balance Sheet of Stanrose Mafatlal Investments and Finance Limited as at 31st March, 1999 and the Profit and Loss Account of the Company for the financial year of eighteen months ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that :
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - d) Attention is invited to Note no. 4 of Schedule 17 regarding non-provision for diminution in the value of certain quoted longterm investments made by the Company.

Subject to the foregoing,

- (i) The Balance Sheet and Profit and Loss Account comply with the Accounting Standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956.
- (ii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999 and
  - (b) in the case of the Profit and Loss Account, of the profit for the period ended on that date.

For **C. C. CHOKSHI & CO.**  
Chartered Accountants

Ahmedabad,  
Dated : 19th June, 1999

V. J. SHAH  
Partner

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph(1) of our Report of even date on the accounts of Stanrose Mafatlal Investments and Finance Limited for the financial period ended 31st March, 1999:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets of the Company, other than those leased out, have been physically verified by the management during the period. No material discrepancies were noticed on verification.
2. None of the fixed assets have been revalued during the period.
3. The stock of shares have been physically verified by the management during the period. In our opinion the frequency of verification is reasonable.
4. The procedures of physical verification of stocks of shares followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. We are informed that no material discrepancies have been noticed on physical verification of stocks of shares as compared to the book records.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks of shares is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.