

STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED



27TH

ANNUAL REPORT 2006-2007

STANROSE MAFATLAL

INVESTMENTS AND FINANCE LIMITED

TWENTY-SEVENTH Annual General Meeting

DATE : 24th September, 2007
DAY : Monday
TIME : 11.30 A.M.
VENUE : H. T. Parekh Convention Centre
 AMA Premises,
 ATIRA Campus, Dr. V. S. Marg,
 Ahmedabad - 380 015.

BOARD OF DIRECTORS

SHRI PRADEEP R. MAFATLAL,
Chairman
 SHRI RUSSI JAL TARAPOREVALA
 SHRI ARUN P. PATEL
 SHRI RAJESH JAYKRISHNA
 SHRI ROZAL J. MEHTA
 SHRI CHETAN J. PARIKH
 SHRI BHARAT N. DAVE
Managing Director
 SHRI KERSI J. PARDIWALLA

COMPANY SECRETARY

SHRI GIRISH R. SHAH

CONTENTS PAGE

Board of Directors, etc.	3
Notice	4
Directors' Report	5
Corporate Governance	8
Auditors' Report	13
Abridged Balance Sheet	15
Abridged Profit and Loss Account	16
Cash Flow Statement	17
Accounting Policies & Notes on Accounts	18
Balance Sheet Abstract etc.	20
Statement u/s. 212	21
Consolidated Financial Statements (CFS):	
Auditors' Report on CFS	22
Consolidated Balance Sheet	23
Consolidated Profit and Loss Account	23
Consolidated Cash Flow Statement	24
Schedules & Notes on CFS	25
Circular on ECS / Bank Mandate	33
Proxy Form and Attendance Slip	35

BANKERS

HDFC BANK LTD.
 IDBI BANK LTD.
 UTI BANK LTD.
 CITI BANK, N.A.

AUDITORS

C. C. CHOKSHI & COMPANY
Chartered Accountants

REGISTERED OFFICE

POPULAR HOUSE
 ASHRAM ROAD
 AHMEDABAD-380 009

CORPORATE OFFICE

VIJYALAXMI MAFATLAL CENTRE
 57-A, DR. G. DESHMUKH MARG,
 MUMBAI-400 026

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.

STANROSE MAFATLAL**NOTICE**

NOTICE IS HEREBY GIVEN THAT the Twenty-seventh Annual General Meeting of the Members of the Company will be held on Monday, the 24th September, 2007 at 11.30 A.M. at H. T. Parekh Convention Centre, AMA Premises, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account of the Company for the financial year ended on 31st March, 2007 and 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 Pradeep R. 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 Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered Office:

Popular House,
Ashram Road,
AHMEDABAD - 380 009.

By Order of the Board
G. R. SHAH
Company Secretary

Mumbai, Dated: 29th June, 2007

Notes:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER. The Proxy form, in order to be valid and effective, must be delivered at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
- (b) Members are requested to notify to the Company any change in their address.
- (c) Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
- (d) Members are requested to send his/her Bank Account details to ensure safe and prompt realization of Dividend amount. This is in view of the fraudulent encashment of such warrants.

Electronic Clearing Service (ECS) Facility:

With reference to the payment of Dividend, the Company has introduced the facility of ECS. Shareholders who wish to avail ECS facility, may authorize the Company with ECS Mandate in the prescribed Form printed elsewhere in the Annual Report. For payment through ECS for the year 2006-07, the ECS Mandate should be lodged with the Company on or before 24th September, 2007.

- (e) As permitted by SEBI and Companies Act, 1956, we have included the Abridged Financial Statements of Stanrose Mafatlal Investments and Finance Limited (SMIFL) in this Annual Report alongwith the Unabridged Consolidated Balance Sheet, Profit and Loss Account, Cash Flow Statements, Schedules and Notes attached thereto, etc. The detailed Financial Statements of SMIFL and its subsidiary, Anudeep Holdings Ltd. are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting and will be furnished to the shareholders on a written request.
- (f) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (g) Corporate Members intending to send their Authorized Representatives are requested to send a Certified Copy of the Board Resolution authorizing their Representatives to attend and vote at the Annual General Meeting.
- (h) Details required to be furnished in terms of Clause No. 49 of the Listing Agreements with the Stock Exchanges relating to the Corporate Governance in respect of the Directors being proposed for appointment at the ensuing Annual General Meeting of the Company, are given hereunder:

1. Shri Pradeep R. Mafatlal :

Shri Pradeep R. Mafatlal, aged 42 years, has obtained Davar's Diploma in Commerce (D.D.Com.) and has also completed a Diploma Course in Business Management. He belongs to the illustrious House of Mafatlals. He is associated with the Company as a Director for the last over fifteen years and as its Chairman since last three years. He is a member of the Shareholders'/Investors' Grievance Committee of the Company as also of Standard Industries Limited.

He is a Director of Standard Industries Limited, Mafatlal Enterprises Ltd., Shanudeep Pvt. Ltd., Sheiladeep Investments Pvt. Ltd. and Vinadeep Investments Pvt. Ltd.

2. Shri Rozal J. Mehta :

Shri Rozal J. Mehta, aged 62 years has studied in England and is a well-known Industrialist. He has a very wide experience in industry, finance and corporate affairs.

He is a Director on the Board of Rodal Investments Pvt. Ltd., Nacosi Fabrics Pvt. Ltd., Mimosa Investments Co. Pvt. Ltd., Port Investments Co. Pvt. Ltd., Kamet Investments Co. Pvt. Ltd., Ridge Investments Co. Pvt. Ltd., Sam Knits Pvt. Ltd. and Ma Shri Karni Exports Pvt. Ltd.

Shri Rozal J. Mehta is a member of the Audit Committee and Remuneration Committee of the Company.

STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED

DIRECTORS' REPORT

To The Members,
**STANROSE MAFATLAL INVESTMENTS AND
 FINANCE LIMITED**

Your Directors have pleasure in presenting the Twenty-seventh Annual Report together with the Audited Statements of Account of the Company for the financial year ended 31st March, 2007.

FINANCIAL RESULTS:

	<i>(Rupees in Lacs)</i>	
	Current Year	Previous Year
	Rupees	Rupees
Total Income	387.98	741.56
Gross Profit before Invt. written off & Depreciation	258.49	598.75
Less: Investment written off	—	246.60
Depreciation	27.64	14.14
Profit before Tax	230.85	338.01
Less: Provision for Taxation :		
Current	16.50	21.00
Deferred	(7.63)	1.36
Fringe Benefit Tax	2.00	3.00
Add:	219.98	312.65
Excess provision for taxation in respect of earlier years (Net)	—	0.15
Profit after Tax	219.98	312.80
Add: Balance in Profit brought forward from Previous Year	325.36	246.46
Available for Appropriation	545.34	559.26
Transferred to Reserve u/s. 45 IC of RBI Act, 1934	45.00	63.00
Transfer to General Reserve-I	22.50	28.67
Transfer to General Reserve-II	—	6.50
Proposed Dividend	119.04	119.04
Tax on Dividend	20.23	16.69
Surplus carried to Balance Sheet	338.57	325.36

DIVIDEND

Your Directors recommend a Dividend of 30% (Previous Year 30%) on 39,67,920 Equity Shares of Rs.10 each aggregating to Rs. 119.04 Lacs for the financial year ended on 31st March, 2007, which if approved by the Shareholders at the forthcoming Annual General Meeting to be held on 24th September, 2007, will be paid on 11th October, 2007, to those shareholders whose names appear on the Register of Members of the Company on 30th August, 2007.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

For India, 2006-07 has been yet another excellent year. With real GDP growing by over 9% on the heels of 9% growth in 2005-06, the Indian economy has registered a compounded annual growth rate in excess of 8% in the last four years and 8.6 % in the last three. That makes us the second fastest growing continental nation in the world,

bested only by China. This indicates that India is now firmly on to a high growth trajectory.

Sustained higher GDP growth is predicted upon and will necessitate the far more rapid development of physical infrastructure and huge investments. In this milieu of higher growth, the Company being an investment and finance company has continued to increase its investment/exposure by seizing the investment opportunities in the market.

In the process, the Company has built-up a well diversified investment portfolio and also generated satisfactory revenue and profits. The high-lights of the performance in 2006-07 are given hereinafter:

Financial Review

The total income for the year was Rs.387.98 Lacs as compared to Rs.741.56 Lacs in the previous year. Profit after tax was Rs. 219.98 Lacs, which is lower as compared to Rs.312.80 Lacs in the previous year. The one-time profit of Rs.557.87 Lacs booked on strategic sale of equity shares held in Industrial Investment Trust Limited and a total write off of Rs.246.60 Lacs of equity investment held in a subsidiary company viz. Stanrose Mafatlal Lubechem Limited, reflected in the performance of previous year which is absent in the current year, is the main cause of major variation in the total income and profits, during the year under report.

Depreciation was higher at Rs.27.64 Lacs (Previous Year Rs.14.14 Lacs). The Current tax liability is of Rs. 18.50 Lacs including Fringe Benefit Tax of Rs.2.00 Lacs and Wealth Tax of Rs.0.50 Lac, whereas the working of Deferred Tax Liability results into a Tax Asset of Rs.7.63 Lacs.

The Net Worth of the Company as at 31st March, 2007 stood at Rs. 3013.84 Lacs as against Rs.2933.13 Lacs on 31st March, 2006.

Industry Structure and Developments

The NBFC industry in private sector in India is represented by a mix of few large companies with nation-wide presence and a large number of small and medium sized companies with regional focus. These NBFCs provide a variety of services including fund-based and fee-based activities and cater to retail and non-retail markets and niche segments.

NBFCs continue witnessing strong competition in their traditional areas of retail lending from Banks and Financial Institutions. Banks which have innate advantage of lower cost of funds, are taking an increasing share in retail financing and providing a strong competition to NBFCs.

In this scenario, NBFCs are under pressure to cut costs and to develop a focused marketing approach on selected customer segments by offering more personalized services. The entry of strong NBFCs in insurance and banking has been one of the major developments in this sector.

Business Review

The Company's operations continue to be mainly focused in the areas of Inter-corporate Investments, Capital Market activities and Financing. Segment-wise brief outline of financial and operational performance during the year under report is as under:

STANDROSE MAFATLAL**(i) Inter-corporate 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, 2007. The total worth of Company's Quoted and Unquoted Investments (including Stock-in-trade) as at 31st March, 2007 is Rs. 8334.43 Lacs as against Rs.6884.75 Lacs at the end of the Previous Year. The increase is mainly on account of overall increase in Market Capitalisation, including the substantial hike in market prices of the equity shares of Standard Industries Ltd. and additional equity investments made during the year.

During the year under report, the Company has made a net additional investment in securities to the extent of Rs.349.12 Lacs in its long-term investment portfolio as against a net disinvestment of Rs.47.76 Lacs in the previous year.

During the year under report, the Company has made a net profit of Rs.198.30 Lacs on sale of long term investments as against Rs.4.51 Lacs excluding Rs.557.87 Lacs booked on one-time sale of strategic equity investment held in Industrial Investment Trust Limited during the previous year.

During the year, the Company earned income by way of Dividend of Rs.91.32 Lacs against Rs.98.91 Lacs in the previous year. The reduction in dividend income is mainly on account of lesser dividend of Rs.31.48 Lacs received from Standard Industries Ltd. for its financial period of six months ended on 31st March, 2006 as against Rs.62.95 Lacs received from it in the previous year for its full year ended on 31st March, 2005. The shortfall is partly compensated by interim dividend paid by certain investee companies to save on recent increase in distribution tax in the last budget from 12.5% to 15% effective from 1st April, 2007

(ii) Trading in Securities

During the year under review, the Company concentrated its focus on trading in securities and has made a profit of Rs.75.03 Lacs as against Rs.45.25 Lacs in the previous year.

(iii) Finance

During the year under report the Company earned interest income of Rs.12.39 Lacs as against Rs.11.86 Lacs excluding Rs.19.36 Lacs received as interest on sale proceeds of shares of Industrial Investment Trust Limited, remained in Escrow Account for some time during the previous year.

Opportunities

The rapidly growing Indian economy will continue to provide several attractive growth opportunities. The increasing thrust on Infrastructure Sector will continue to provide excellent investment opportunities in future.

The Service Sector which is also growing at a rapid pace and contributing substantially to GDP will provide many new opportunities for the financial services industry in India.

Threats

The NBFC sector continues to face competition from local and multinational players in the market.

The Banking Sector and Financial Institutions have increased their penetration in consumer financing market with comparatively low cost funds at their disposal. The spread in the lending business has narrowed considerably.

Outlook

The Company intends to continue to maintain its focus on capital market activities including trading in securities and emerging products in derivatives.

Risk and Concern

The Company is exposed to specific risks that are particular to its businesses and the environment within which it operates, including interest rate volatility, economic cycle, credit risk and market risk. The Company has significant quoted investments which are exposed to fluctuations in stock prices. These investments represent a material portion of the Company's business and are vulnerable to fluctuations in the stock markets. Any decline in prices of the Company's quoted investments may affect its financial position and the results of its operations. The Company has a well diversified portfolio of stocks to mitigate any stock specific risks. It continuously monitors its market exposure and tries to manage these risks by following prudent business and risk management practices.

Adequacy of Internal Control

The Company has a proper and adequate system of internal controls to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition of assets and that the transactions are authorized, recorded and reported correctly.

The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines.

The Audit Committee of the Board of Directors reviews the adequacy of internal controls.

Human Resource Development (HRD)

The Company has a team of able and experienced industry professionals and employees. The number of employees stood at 24.

CORPORATE GOVERNANCE

Your Directors adhere to the requirements set by the Securities and Exchange Board of India's Corporate Governance practices and have implemented all the stipulations prescribed.

A separate Report on Corporate Governance is furnished as a part of Directors' Report and the Certificate from the Company's Auditors regarding compliance of the conditions of Corporate Governance is annexed to it.

FIXED DEPOSITS

Your Company has not accepted any public deposits during the year under review.

STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibilities Statement, the Directors confirm that:

1. In the preparation of the annual accounts for the financial year ended 31st March, 2007, the applicable accounting standards have been followed and that there are no material departures from the same;
2. Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007 and of the profit for the year ended on that date;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts for the Financial Year ended 31st March, 2007 have been prepared on a 'going concern' basis.

SUBSIDIARIES

The Company has got two subsidiaries, viz. Stanrose Mafatlal Lubechem Limited (SMLL) and Anudeep Holdings Limited (AHL).

In compliance with the provisions of Section 212 of the Companies Act, 1956, the audited Statements of Account along with the Directors' Report for the Financial Year ended 31st March, 2007 of AHL, a wholly owned subsidiary of the Company is annexed to the unabridged financial statements of the Company.

SMLL, a substantially owned subsidiary of the Company is in liquidation. The Hon'ble High Court of Bombay has admitted the Winding-up Petition filed by one of the creditors and appointed a Provisional Liquidator on 21st March, 2007, who has initiated its liquidation proceedings. Therefore, the statements/documents pertaining to it as at 31st March, 2007 pursuant to Section 212(1) of the Companies Act, 1956 are not attached to the accounts of the Company as also the Consolidated Financial Statements/Results do not contain its performance.

CONSOLIDATED FINANCIAL STATEMENTS

As required under Clause No. 32 of the Listing Agreement with the Stock Exchanges, Consolidated Financial Statements of the Company and its subsidiary prepared in accordance with Accounting Standard 21 are forming part of this Annual Report. These statements have been prepared on the basis of audited financial statements received from Anudeep Holdings Ltd. the subsidiary company, as approved by its Board.

As reported hereinabove, another subsidiary viz. Stanrose Mafatlal Lubechem Limited, being in liquidation, the Consolidated Financial Statements of Current Year do not reflect its performance.

The Group recorded a consolidated net profit of Rs. 220.57 Lacs for the year 2006-07 as compared to Rs. 219.98 Lacs for the Company. The network of the Group as on 31st March, 2007 was Rs. 3019.64 Lacs as compared to Rs. 3013.84 Lacs for the Company.

DIRECTORATE

Pursuant to Article 155 of the Articles of Association of the Company read with Section 256 of the Companies Act, 1956, Shri Pradeep R. Mafatlal and Shri Rozal J. Mehta, are due to retire at the ensuing Annual General Meeting and are eligible for re-appointment.

None of the Directors of the Company is disqualified from being appointed as a Director as specified under Section 274 of the Companies Act, 1956.

Your Directors regretfully inform the sad demise of Shri Jaywantsinh M. Chudasama on 30th March, 2007, who was associated with the Company as a Director since July, 1991. The invaluable services and guidance rendered by him to the Company will be greatly missed.

AUDITORS AND AUDITORS' REPORT

You are requested to appoint Auditors for the current year to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

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

Your Company has not paid any remuneration attracting the provisions of Companies (Particulars of Employees) Rules, 1975 read with Section 217 (2A) of the Companies Act, 1956, as amended to date. Hence, no information is required to be appended to the Report in this regard.

ACKNOWLEDGEMENTS

Your Directors sincerely express their deep appreciation to employees at all levels, bankers, customers 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
Pradeep R. Mafatlal
Chairman

Mumbai,
Dated : 29th June, 2007

STANDROSE MAFATLAL**CORPORATE GOVERNANCE**

Securities and Exchange Board of India (SEBI) has stipulated Corporate Governance standards for listed companies vide Clause No. 49 of the Listing Agreement with the Stock Exchanges. The Company furnishes its report on the Corporate Governance as under:

Company's Philosophy on Corporate Governance

Corporate Governance is a combination of voluntary practices and compliance with Laws and Regulations leading to effective control and management of the organization. Good Corporate Governance leads to long-term shareholder value and enhances interest of other stakeholders. It brings into focus the fiduciary and trusteeship role of the Board to align and direct the actions of the organization towards creating wealth and shareholder value.

1. BOARD OF DIRECTORS:**(A) Composition of the Board:**

The Company's Board consists of Directors having varied experience in different areas with some eminent personalities who have made a mark in their respective fields. The composition of the Board is in conformity with the provisions of Clause 49 of the Listing Agreements. Shri

Pradeep R. Mafatlal, a Non-Executive Promoter Director, is the Chairman of the Company, heading the Board. The Board comprises of 8 Directors. Of these, 4 Directors are Independent Non-Executive and 4 are Non-Independent (including one Managing Director of an Associate Company, viz. Standard Industries Ltd.)

(B) Category of Directors, their attendance at the Board and AGM, etc.

The category of Directors, their attendance at the Board Meetings during the year 2006-07 and the last Annual General Meeting, the particulars of No. of other Directorships and Committee Memberships held are as follows: (See Table-1 given at the bottom)

(C) Number of Board Meetings held and the dates on which such Meetings were held, etc.:

Five Board Meetings were held during the year on 21-4-2006, 27-6-2006, 28-7-2006, 27-10-2006 and 24-1-2007.

All relevant information such as statement of investments, finance, financial results, capital expenditure proposals, etc. as a matter of routine, is placed before the Board for its appraisal, review and approval.

TABLE : 1 [Reference : para 1(B)]

Name of Director	Category of Director	No. of Other Directorships *	No. of Other Committee Memberships**	Attendance	
				Board Mtgs.	Last AGM
1. Shri Pradeep R. Mafatlal <i>Chairman</i>	Non-Independent Non-Executive	2 (Chairman of 1)	1	2	No
2. Shri Russi Jal Taraporevala	Independent Non-Executive	2	3 (Chairman of 1)	2	No
3. Shri Arun P. Patel	Independent Non-Executive	2	—	3	Yes
4. Shri Rajesh Jaykrishna	Independent Non-Executive	—	—	3	No
5. Shri Rozal J. Mehta	Independent Non-Executive	—	—	4	No
6. Late Shri Jaywantsinh M. Chudasama (expired on 30-3-07)	Independent Non-Executive	—	—	1	No
7. Shri Chetan J. Parikh	Non-Independent Non-Executive	2	—	2	No
8. Shri Bharat N. Dave Managing Director	Non-Independent Executive	2 (Chairman of 1)	—	5	Yes
9. Shri Kersi J. Pardiwalla	Non-Independent Non-Executive	3 (Chairman of 1)	1	4	No

* Exclude Private and Foreign Companies.

** Represents Chairmanship/Membership of Audit Committees and Shareholders'/Investors' Grievance Committees, of Public Limited Companies.

STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED

2. CODE OF CONDUCT:

The Company has formulated and implemented a Code of Conduct for Board Members and Senior Management Personnel of the Company. Requisite annual affirmations of compliance with the respective Codes have been made by the Directors and Senior Management of the Company. As the Company does not have its own website, it could not place the said Code on it.

The Declaration signed by the Managing Director (the CEO within the meaning of Clause 49-V of the Listing Agreement) is given below :

DECLARATION BY CEO :

It is hereby declared that the Company has obtained from all the members of the Board & Senior Management affirmation that they have complied with the Code of Conduct for Members of the Board & Senior Management of the Company for the year ended on 31st March, 2007.

B. N. Dave
Managing Director

3. CEO / CFO CERTIFICATION :

A Certificate from the CEO / CFO - Managing Director about the correctness of the Annual Financial Statement etc. was placed before the Board.

4. COMMITTEES OF THE BOARD:**(a) Audit Committee:**

The Company has constituted an Audit Committee comprising of three Independent Non-Executive Directors viz. Shri Arun P. Patel, Chairman of the Committee, Shri Rajesh Jaykrishna and Shri Rozal J. Mehta. The Company Secretary acts as a Secretary to the Committee.

The role, term of reference and the authority and powers of this Committee are in conformity with the requirements of the Listing Agreement, as amended to date.

During the year the Committee met four times. Shri Arun P. Patel and Shri Rajesh Jaykrishna attended three meetings, whereas Shri Rozal J. Mehta attended two.

(b) Shareholders'/Investors' Grievance Committee

- i) Name of Non-executive Director heading the Committee: Shri Russi Jal Taraporevala
- ii) Name and Designation of Compliance Officer: Shri Girish R. Shah, Company Secretary
- iii) Number of shareholders' complaints received: During the year 2006-07, the Company has received 24 complaints in aggregate pertaining to transfer of shares, non-receipt of Balance Sheet and non-receipt of declared Dividend, etc. and all of them have been resolved by furnishing

requisite information/documents.

- iv) Number not solved to the satisfaction of shareholders: NIL
- v) Number of pending share transfers: 81 requests for transfer were pending for approval as on 31-3-2007, which were approved on 3rd April, 2007.
- vi) During the year the Committee met twice. Shri Russi Jal Taraporevala, Shri Pradeep R. Mafatlal and Shri Chetan J. Parikh attended all the meetings, whereas Late Shri Jaywantsinh M. Chudasama could attend one.

(c) Remuneration Committee

The constitution of Remuneration Committee is a non-mandatory requirement under Clause 49 of the Listing Agreement. However, in view of the appointment of the Managing Director in the Company and for compliance of Schedule XIII of the Companies Act, 1956, the Board has constituted a Remuneration Committee which comprises of three Independent, Non-Executive Directors, viz. Shri Arun P. Patel, Chairman of the Committee, Shri Rajesh Jaykrishna and Shri Rozal J. Mehta.

The term of reference of the Remuneration Committee is to consider the matters relating to the Company's policies on remuneration packages to the Executive Directors.

During the year the Committee met once. Shri Arun P. Patel and Shri Rajesh Jaykrishna attended the meeting, whereas Shri Rozal J. Mehta could not attend.

5. SUBSIDIARY COMPANIES:

The Company does not have material non-listed Indian Subsidiary Companies whose turnover or networth (Paid-up Capital and Free Reserves) exceeds 20% of the consolidated turnover or networth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

The copies of the Minutes of the Board Meetings and Statement of significant transactions and arrangements entered into, if any, by a non-listed subsidiary Company viz. Anudeep Holdings Ltd. are being placed before the subsequent Board Meeting of the Company. The Audit Committee of the Company reviews the financial statements of Anudeep Holdings Limited more particularly the investments made by it.

Stanrose Mafatlal Lubechem Limited, a substantially owned subsidiary of the Company is now in liquidation. In Company Petition No. 642 of 2006 and Company Application No. 1116 of 2006, the High Court of Bombay admitted the Petition and appointed a Provisional Liquidator on 21st March, 2007. Accordingly, the Provisional Liquidator has initiated the winding-up proceedings for the said subsidiary.

STANROSE MAFATLAL**TABLE NO. 2 (Reference : Para 6)**

Name of Director	Sitting Fee Rs.	Salary, Perquisites etc Rs.	Total Rs.
Shri Pradeep R. Mafatlal	8,000	—	8,000
Shri Russi Jal Taraporevala	8,000	—	8,000
Shri Arun P. Patel	14,000	—	14,000
Shri Rajesh Jaykrishna	14,000	—	14,000
Shri Rozal J. Mehta	12,000	—	12,000
Late Shri Jaywantsinh M. Chudasama	4,000	—	4,000
Shri Chetan J. Parikh	8,000	—	8,000
Shri Bharat N. Dave, Managing Director	—	13,25,416	13,25,416
Shri Kersi J. Pardiwalla	8,000	—	8,000

6. DIRECTORS' REMUNERATION DURING 2006-07:

The Non-Executive Directors are paid Sitting Fees for attending the Meetings of the Board/Committees (except the Share Transfer Committee). Since the net profit determined under Sections 349 and 350 of the Companies Act, 1956 for the financial year ended 31st March, 2006, resulted into a net loss, the Directors could not be paid any commission during the year.

The payment of remuneration to Managing Director is in accordance with the Letter of Appointment issued to him in terms of the Resolutions passed by the Members at the General Meeting, the Board and the Remuneration Committee, from time to time. His remuneration structure comprises of salary, commission, perquisites, bonus, contribution to Provident Fund, Superannuation Fund, etc.

The details of remuneration paid during the year 2006-07 to the Directors including the remuneration paid to the Managing Director are given in Table No. 2 above.

7. GENERAL BODY MEETINGS:

- Location & time, where last three AGMs were held:
On 25-9-2006 at 11.30 A.M.
On 5-9-2005 at 11.30 A.M. &
On 6-9-2004 at 11.00 A.M.
At: H.T. Parekh Convention Centre,
AMA Premises, ATIRA Campus,
Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.
- Whether the Special Resolutions were put through postal ballot last year, details of voting pattern, person who conducted the postal ballot exercise: No postal ballot had been conducted.
- Whether Special Resolutions are proposed to be conducted through postal ballot: No
- Procedure for postal ballot: Not applicable

8. DISCLOSURES

- Disclosures on materially significant related party transactions, i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of company at large:

During the year 2006-07, the Company had no materially significant related party transactions which were considered to have potential conflict with the interest of the Company at large.

Transactions with the related parties are disclosed in the Notes on Accounts in the Annual Report.

- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital market, during the last three years:

None.

9. MEANS OF COMMUNICATION

- Half-yearly report sent to each household of shareholders : No.
- Quarterly Results:
Which newspapers normally published in:
Business Standard and Jansatta - Ahmedabad Edition
Any website where displayed : No
- Whether it also displays official news releases and the presentations made to institutional investors or to the Analysts : No
- Whether MD & A is a part of the Annual Report or not : Yes.

10. GENERAL SHAREHOLDERS INFORMATION**(a) 27th Annual General Meeting**

Date & Time : 24th September, 2007
at 11.30 A.M.

Venue : H.T. Parekh Convention Centre,
AMA Premises, ATIRA Campus,
Dr. Vikram Sarabhai Marg,
Ahmedabad - 380 015.

(b) Financial Calendar (tentative) :

Financial Year :

1st April to 31st March

Financial Reporting for :

Quarter ending 30-06-2007:

By last week of July, 2007

Quarter ending 30-09-2007 :

By last week of October, 2007

Quarter ending 31-12-2007 :

By last week of January, 2008

Year ending 31-3-2008 :

Audited Results by the end of June, 2008

(c) Book Closure Dates for AGM & Dividend :

20th August, 2007 to 30th August, 2007
(both days inclusive)

(d) Dividend Payment Date :

From 11th October, 2007

STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED

(e) Unpaid Dividend :

- (i) The Company has transferred unclaimed dividends for and upto the Financial Year ended on 30th September, 1994 to the General Revenue Account of the Central Government and thereafter upto the financial year 31st March, 2000 to the Investor Education and Protection Fund (IEPF), as required under Section 205A(5) of the Companies Act, 1956, within the prescribed time limit. No claim shall lie in respect of dividend transferred to IEPF. The members, therefore, may submit their claims, if any, for unclaimed dividends for and upto the financial year ended 30th September, 1994, to the Registrar of Companies, Gujarat, at C.G.O. Complex, Opp. Rupal Park, Behind Ankur Bus Stand, Naranpura, AHMEDABAD - 380 013.

- (ii) Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, dividend for the financial year ended on 31st March, 2001 and thereafter which remains unpaid or unclaimed for a period of 7 years will be transferred to the 'Investor Education & Protection Fund' of the Central Government.

The likely schedule indicating the deadline for claiming the unpaid dividends before its transfer to IEPF is given hereunder:

TABLE NO. : 3

Dividend No.	For the Year ended	Date of Declaration	Last Date for Claiming Unpaid Dividend
20th	31-3-2001	21-9-2001	20-09-2008
21st	31-3-2002	27-9-2002	26-09-2009
22nd	31-3-2003	26-9-2003	25-09-2010
23rd	31-3-2004	06-9-2004	05-09-2011
24th	31-3-2005	05-9-2005	04-09-2012
25th	31-3-2006	25-9-2006	24-09-2013

Members who have not encashed/received their Dividend Warrants so far for the Financial

Year ended on 31st March, 2001, or any subsequent years are requested to make their claim to the Company for obtaining fresh/ duplicate Dividend Payment Instrument/s.

It may again be noted that once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

(f) Rationalisation of Odd Lot Holdings

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 for 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 or contact Shri H. K. Dave, Share Superintendent, 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.

(g) Nomination Facility

Members can avail the 'Nomination Facility' by filing Form 2-B, in duplicate, with the Company. Blank Forms will be supplied on request.

(h) Share Transfer System

All the transfers received are processed at the Company's In-house Share Department at the Registered Office of the Company; approved by the Share Transfer Committee, which normally meets twice in a month; registered and returned between 15 to 30 days from the date of receipt, provided that the documents lodged are in order.

(i) Address for Correspondence:

601, Popular House, Ashram Road,
Ahmedabad - 380 009.
Phone No. 079 66310887, 26580067
Fax: 079 26589557
E-mail : smiff.invcare@yahoo.co.in

(j) (i) Distribution of Shareholding as on 31st March, 2007 :

TABLE NO. 4

Sr. No.	Number or range of Shares held	Shareholders			Shares held		
		Number	% to total Number	Cumulative %	Number	% to total Number	Cumulative %
1.	1	630	1.72	1.72	630	0.02	0.02
2.	2	9128	24.88	26.60	18256	0.46	0.48
3.	3	162	0.44	27.04	486	0.01	0.49
4.	4	11824	32.24	59.28	47296	1.19	1.68
5.	5	66	0.18	59.46	330	0.01	1.69
6.	6 to 10	3069	8.37	67.83	21989	0.55	2.24
7.	11 to 20	5142	14.02	81.85	78313	1.97	4.21
8.	21 to 49	2665	7.27	89.12	86236	2.17	6.38
9.	50	617	1.68	90.80	30850	0.78	7.16
10.	51 to 100	1638	4.47	95.27	126407	3.19	10.35
11.	101 to 500	1409	3.84	99.11	312599	7.88	18.23
12.	501 to 1000	157	0.43	99.54	112720	2.84	21.07
13.	1001 & more	171	0.46	100.00	3131808	78.93	100.00
		36678	100.00		3967920	100.00	