

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



**29<sup>TH</sup>**

**ANNUAL REPORT 2008-2009**

# STANROSE MAFATLAL

## INVESTMENTS AND FINANCE LIMITED

### TWENTY-NINTH Annual General Meeting

**DAY** : Saturday  
**DATE** : 12th September, 2009  
**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 KERSI J. PARDIWALLA  
 SHRI BHARAT N. DAVE  
*Managing Director Upto 31-10-2008*

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### COMPANY SECRETARY

SHRI GIRISH R. SHAH

### BANKERS

HDFC BANK LTD.  
 IDBI BANK LTD.  
 AXIS 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 the 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 Twenty-ninth Annual General Meeting of the Members of the Company will be held on Saturday, the 12th September, 2009 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, 2009 and Balance Sheet of the Company as on that date.
2. To declare Dividend on Equity Shares. The Board of Directors has recommended a Dividend @ 35% i.e. Rs.3.50/- per Equity Share of Rs.10/- each.
3. To appoint a Director in place of Shri Rajesh Jaykrishna, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri Kersi J. Pardiwalla, who retires by rotation and is eligible for re-appointment.
5. To re-appoint M/s. C. C. Chokshi & Co., Chartered Accountants, Ahmedabad, as Statutory Auditors of the Company 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 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 their 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 2008-09, the **ECS Mandate should be lodged with the Company on or before 4th September, 2009.**

- (e) 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.
- (f) 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.
- (g) 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 Rajesh Jaykrishna :

Shri Rajesh Jaykrishna, aged 59 years, holds a degree of B.Sc., M.S. in Chemical Engineering (U.S.A.) and is a well-known industrialist. He has a very wide experience in industry, finance and corporate affairs.

He is on the Board of Sukrut Chemicals Pvt. Ltd., H.K. Investment Co. Pvt. Ltd., Jayavardhini Investment Pvt. Ltd., Deesa Stockholding Pvt. Ltd. and Telegenic Productions Pvt. Ltd.

He is on the Board of the Company since 9th November, 1982.

He is a member of the Audit Committee of the Company.

He is holding 156 Equity Shares of Rs. 10 each in the Company as a jointholder.

#### 2. Shri Kersi J. Pardiwalla :

Shri Kersi J. Pardiwalla, aged 71 years, is a Bachelor of Commerce (B.Com.) and a Fellow Member of the Institute of Chartered Accountants of India (F.C.A.). He possesses long and diverse experience in the field of Finance, Accounting, Taxation, Production, Marketing and Management. Since more than last 44 years he is with Standard Industries Limited and holding the position of its Managing Director from March, 1996.

Besides Standard Industries Limited, he is also on the Board of Stan Plaza Limited, Standard Salt Works Limited and Vinadeep Investments Private Limited. He is a Member of the Shareholders'/Investors' Grievance Committee of Standard Industries Limited.

He is holding 300 Equity Shares of Rs. 10 each in the Company.

### Registered Office:

Popular House,  
Ashram Road,  
AHMEDABAD - 380 009.

Mumbai, Dated: 12th June, 2009

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

## DIRECTORS' REPORT

To The Members,

### STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED

Your Directors have pleasure in presenting the Twenty-ninth Annual Report together with the Audited Statements of Account of the Company for the financial year ended 31st March, 2009.

#### FINANCIAL RESULTS:

	(Rupees in Lacs)	
	Current Year	Previous Year
	Rupees	Rupees
Total Income	686.46	405.20
Gross Profit	513.33	261.17
Less: Depreciation	18.04	22.24
Profit before Tax	495.29	238.93
Less: Provision for Taxation	47.72	13.95
Short/(Excess) Provision for taxation in respect of earlier years (Net)	3.73	(8.54)
Profit after Tax	443.84	233.52
Add: Profit brought forward from Previous Year	357.27	338.57
Profit Available for Appropriation	801.11	572.09
Transferred to Reserve		
u/s. 45 IC of RBI Act, 1934	90.00	48.00
Transfer to General Reserve-I	50.00	27.55
Proposed Dividend	138.88	119.04
Tax on Dividend	23.60	20.23
Balance carried forward	498.63	357.27

#### DIVIDEND

Your Directors recommend a Dividend of Rs. 3.50 per share (Previous Year Rs.3/- per share) on 39,67,920 Equity Shares of Rs.10 each aggregating to Rs. 162.48 Lacs (inclusive of dividend tax) for the financial year ended on 31st March, 2009. If approved by the Shareholders at the forthcoming Annual General Meeting to be held on 12th September, 2009, the said dividend will be paid on 1st October, 2009, to those shareholders whose names appear on the Register of Members of the Company on 22nd August, 2009.

#### MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

##### MACROECONOMIC OVERVIEW AND MARKET SENARIO

The first half of fiscal 2009 was characterized by increasing inflation and interest rates. The equity markets weakened due to global macro-economic concerns and reversal in the pattern of global capital flows. The bankruptcy of Lehman Brothers in September, 2008 led to a rapid deterioration of the global macro-economic environment and a sharp moderation in global economic activities. Several advanced economies are experiencing their sharpest decline in the post World War II period.

The Indian economy, which was on a robust growth path upto 2007-08, averaging its GDP at 8.9% during the period 2003-04 to 2007-08, witnessed moderation in 2008-09. Like all emerging economies, India too has been impacted by the crises mainly through trade and capital flow channels. The moderation in GDP growth is reflecting the lower industrial production, negative exports, deceleration in services activities and private consumption, dented corporate margins and diminished business confidence. There are some comforting factors like well functioning of financial markets, robust rural demand, lower headline inflation and comfortable foreign exchange reserves which buffered us from the worst impact of the crisis. The fiscal stimulus packages of the Government and monetary easing and regulatory action of the Reserve Bank have helped to arrest the moderation in growth and revive consumption and investment demand.

The equity markets which had remained subdued throughout 2008-09 with BSE Sensex declining from the peak of 17600 on 2<sup>nd</sup> May, 2008 to 9709 at year end fiscal 2009 has begun to peak up in the last week of March, 2009 in line with the international developments. The WPI inflation rate declined from its intra-year peak of 12.9% recorded on 2<sup>nd</sup> August, 2008 to 0.3% as on 28<sup>th</sup> March, 2009. The rupee depreciated from Rs.40.12 per US\$ at year end fiscal 2008 to Rs.50.72 per US\$ at the year end fiscal 2009.

Notwithstanding several challenges, particularly from global economy, the Indian economy remained resilient, its financial institutions and private corporate sector remained sound and solvent.

The revised estimate of the Central Statistical Organization (CSO), Ministry of Statistics and Programme Implementation placed India's GDP growth at 6.7% for 2008-09 (Previous Year 9%), which is a wee bit higher than the 6.5%, that most in Government were expecting and it is a lot better than 5 - 5.5% rate that independent economists and global analysts had projected in the year of downturn and global financial meltdown. CSO's outlook indicates the real GDP growth for 2009-10 at around 6%.

The better than expected estimates of GDP appear to have become possible due to better performance in some sectors like construction (7.2%) and community, social and personal services (13.1%) than anticipated, which indicate that the downturn may be less severe than earlier feared and the recovery may be closer at hand. It also appears that a large fund injected into the system through the stimulus packages declared by the Government, increased Government consumption expenditure and recently elected stable Government at the Centre shall help to stem the downturn.

#### Financial Review

The total income for the year was Rs. 686.46 Lacs as compared to Rs. 405.20 Lacs in the previous year. Depreciation was lower at Rs.18.04 Lacs (Previous Year Rs. 22.24 Lacs). The Provision for Taxation during the year was Rs. 47.72 Lacs. Profit after tax was Rs. 443.84 Lacs,

which is substantially higher as compared to Rs. 233.52 Lacs in the previous year, mainly on account of booking of long-term capital gain.

An amount of Rs. 90.00 Lacs was transferred to Statutory Reserve Fund pursuant to Section 45 IC of the RBI Act, 1934 and an amount of Rs. 50.00 Lacs was transferred to General Reserve No. I during the year under review.

The Net Worth of the Company as at 31<sup>st</sup> March, 2009 stood at Rs. 3389.41 Lacs as against Rs. 3108.05 Lacs on 31<sup>st</sup> March, 2008

### **Industry Structure and Developments**

The NBFC industry in private sector in India is represented by a mix of a 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:

#### **(i) Inter-corporate Investments**

The Company's investment portfolio is reviewed from time to time and securities are bought to add to the Portfolio or sold in order to make Capital gains. Details of the Company's investments are given in Schedule 4 of the Balance Sheet of the Company as at 31<sup>st</sup> March, 2009. The total worth of Company's Quoted and Unquoted Investments (including Stock-in-trade) as at 31<sup>st</sup> March, 2009 is Rs.4693.87 Lacs (Previous Year Rs.10611.84 Lacs) which is 47.30% (Previous Year 282.36%) higher than related Book Value. The substantial decrease in appreciation is mainly on account of overall decrease in Market Capitalisation.

During the year under report, the Company has divested securities of Rs.164.52 Lacs (net) from its long-term investment portfolio as against Rs.68.56 Lacs in the previous year.

During the year under report, the Company has made a net profit of Rs.514.88 Lacs on sale of long term investments as against Rs.155.63 Lacs in the previous year.

During the year, the Company earned income by way of Dividend of Rs.126.27 Lacs against Rs.125.49 Lacs in the previous year, which inter alia includes Rs. 50.36 Lacs received from Standard Industries Ltd. against Rs.75.96 Lacs in the previous year and Rs. 21.89 Lacs on Units of Mutual Funds (Previous Year Rs.NIL).

#### **(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.27.48 Lacs as against Rs.102.01 Lacs in the previous year. The decrease is on account of subdued equity markets throughout 2008-09.

#### **(iii) Finance**

During the year under report the Company earned interest income of Rs.16.03 Lacs as against Rs. 14.07 Lacs in the previous year.

### **Opportunities and Threats**

As various factors are posing constant threats and high volatility of the Capital Markets, it appears to be beneficial to diversify the portfolio to reduce the risk and insulate from the vagaries of stock-market. Mutual Funds help to reduce risk through diversification and professional management and therefore, the Company invests in debt/ equity oriented Mutual Funds. One of the biggest advantages of Mutual Fund investment is Liquidity. Open-end funds provide option to redeem on demand, which is beneficial during rising or falling markets. The management is exploring other avenues of business.

### **Outlook**

The Company intends to continue focusing 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 business 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 control in all spheres of its activities to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition and that the



transactions are authorized, recorded and reported diligently. The Internal control is supplemented by an effective internal audit being carried out by an external firm of Chartered Accountants.

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 19 as on 31st March, 2009.

#### **CORPORATE GOVERNANCE**

Your Directors adhere to the requirements set out 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.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

1. In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2009, 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 31<sup>st</sup> March, 2009 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 31<sup>st</sup> March, 2009 have been prepared on a 'going concern' basis.

#### **SUBSIDIARIES**

In view of the meagre size of assets and operations, Anudeep Holdings Limited, a wholly owned subsidiary of the Company was de-subsidiarised on 30<sup>th</sup> March, 2009.

Stanrose Mafatlal Lubechem Limited, a substantially owned subsidiary of the Company is in provisional 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 21<sup>st</sup> March, 2007, who has initiated its liquidation proceedings. Its Financial Statements/Results thereafter are not prepared/made available.

Thus at the end of the financial year viz. 31<sup>st</sup> March, 2009 as at which Company's Balance Sheet is made out, the Company was not having any subsidiary or subsidiaries in operation and hence the question of annexing statements/documents pertaining to the subsidiaries to the Balance Sheet as at 31<sup>st</sup> March, 2009 of the Company, as referred under Section 212 of the Companies Act, 1956 does not arise.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

As reported hereinabove, as at the end of the financial year of the Company viz. 31<sup>st</sup> March, 2009, the Company does not have any subsidiary or subsidiaries in operation. However, since for a part of the year the parent-subsidiary relationship existed, the Consolidated Financial Statements of the Company and Anudeep Holdings Limited are prepared as required under Clause 32 of the Listing Agreement and Accounting Standard 21, which are forming part of this Annual Report.

Anudeep Holdings Limited ceased to be a subsidiary of the Company on 30<sup>th</sup> March, 2009, but virtually, there being no difference in its financial position/performance for its period ended on 30<sup>th</sup> March, 2009 or 31<sup>st</sup> March, 2009, these statements have been prepared on the basis of audited financial statements as at 31<sup>st</sup> March, 2009 received from Anudeep Holdings Limited, as approved by its Board.

Stanrose Mafatlal Lubechem Limited being in liquidation, the Consolidated Financial Statements do not reflect its performance.

The Group recorded a consolidated net profit of Rs.438.95 Lacs for the year 2008-09 as compared to Rs.443.84 Lacs for the Company.

#### **DIRECTORATE**

The term of Shri Bharat N. Dave as the Managing Director of the Company ended on 31<sup>st</sup> October, 2008. Thereafter the Company has not appointed any Managing Director. Shri Dave has also resigned from the Directorship of the Company with effect from that date. Your Directors placed on record their appreciation of the valuable services rendered by Shri Dave during his tenure as a Director/Managing Director.

In terms of Article 155 of the Articles of Association of the Company read with Section 256 of the Companies Act, 1956, Shri Rajesh Jaykrishna and Shri Kersi J. Pardiwalla, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. Their brief resumes as required under Clause 49 of the Listing Agreement are covered in the notes of the Notice for 29<sup>th</sup> AGM of the Company.

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.

#### **AUDITORS AND AUDITORS' REPORT**

M/s. C. C. Chokshi & Co., Chartered Accountants, the Statutory Auditors of the Company are holding office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

#### **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 : 12th June, 2009*

Report  Junction.com

#### **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To The Members of  
**Stanrose Mafatlal Investments and Finance Limited**

We have examined the compliance of conditions of corporate governance by STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED ("the Company") for the year ended on 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the corporate governance as stipulated in the said clause. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause-49 of the above mentioned Listing Agreement except non-attendance of the Chairman of the Audit Committee at Annual General Meeting held on 15th September 2008.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For, C.C. CHOKSHI & CO.**  
Chartered Accountants  
**H.P. SHAH**  
Partner  
Membership No. 33331

*Ahmedabad*  
*12th June, 2009*

## CORPORATE GOVERNANCE

Securities and Exchange Board of India (SEBI) has stipulated Corporate Governance standards for listed companies vide Clause No. 49 of the Listing Agreements 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 7 Non-Executive Directors, of whom 4 Directors are Independent and 3 are Non-Independent (including one Managing Director of an Associate Company, viz. Standard Industries Ltd.). Shri Chetan J. Parikh is the brother-in-law of Shri Pradeep R. Mafatlal.

##### (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 2008-09 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.:

Six Board Meetings were held during the year on 10.5.2008, 27.6.2008, 28-7-2008, 15.9.2008, 20-10-2008 and 28-1-2009.

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	Yes
2. Shri Russi Jal Taraporevala	Independent Non-Executive	2	4 (Chairman of 2)	2	No
3. Shri Arun P. Patel	Independent Non-Executive	1	—	1	No
4. Shri Rajesh Jaykrishna	Independent Non-Executive	—	—	4	No
5. Shri Rozal J. Mehta	Independent Non-Executive	—	—	2	No
6. Shri Chetan J. Parikh	Non-Independent Non-Executive	2	—	2	No
7. Shri Kersi J. Pardiwalla	Non-Independent Non-Executive	3 (Chairman of 1)	1	4	Yes
8. Shri Bharat N. Dave Managing Director (Upto 31-10-2008)	Non-Independent Executive	2 (Chairman of 1)	1	5	Yes

\* Excludes Private and Foreign Companies.

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

@ Shri Arun P. Patel, Chairman of the Audit Committee could not attend the last Annual General Meeting due to pre-occupation.



## 2. CODE OF CONDUCT:

The Board of Directors has adopted a Code of Conduct for Board Members and Senior Management Personnel of the Company. The said Code has been communicated to all the Directors and members of the Senior Management and they have affirmed their compliance with the Code of Conduct as approved and adopted by the Board of Directors. However, in the absence of non-mandatory appointment of CEO viz. Managing Director or Manager under the Companies Act, 1956, in the Company, a declaration to this effect signed by the CEO is not contained in the Annual Report. As the Company does not have its own website, it could not place the said Code on it.

## 3. CEO / CFO CERTIFICATION :

A Certificate from the CFO about the correctness of the Annual Financial Statements, etc. was placed before the Board.

In the absence of non-mandatory appointment of CEO viz. Managing Director or Manager under the Companies Act, 1956, in the Company, there is no such certificate from the CEO placed before the Board.

## 4. COMMITTEES OF THE BOARD:

### (a) Audit Committee:

The Board of Directors of 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 attended three meetings, Shri Rajesh Jaykrishna attended four meetings and Shri Rozal J. Mehta attended one.

### (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 2008-09, the Company has received 3 complaints in the aggregate pertaining to transfer of shares, 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: 25 requests for transfer were pending for approval as on 31<sup>st</sup> March, 2009, which were approved on 2<sup>nd</sup> April, 2009.
- vi) As there was no material business to be looked into by this Committee, no Meetings were held during the year.

## (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 had constituted a Remuneration Committee which comprised 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 was 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 Rajesh Jaykrishna and Shri Rozal J. Mehta attended the meeting, whereas Shri Arun P. Patel could not attend.

In view of the completion of the term of Managing Director on 31<sup>st</sup> October, 2008, the Board at its subsequent Meeting held on 28<sup>th</sup> January, 2009, dissolved this Committee with immediate effect.

## 5. RISK MANAGEMENT:

The Company follows the business risk management practices covering the entire spectrum of business operations and the Board has been informed about the risk assessment and risk minimization procedures as required under Clause 49 of the Listing Agreement. Business risk evaluation and management is an ongoing process with the Company.

## 6. SUBSIDIARY COMPANIES:

In view of the meagre size of assets and operations, Anudeep Holdings Limited, a wholly owned subsidiary of the Company was de-subsidiarised on 30<sup>th</sup> March, 2009.

The Company does not have any 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 the then non-listed subsidiary Company viz. Anudeep Holdings Ltd. were being placed before the subsequent Board Meetings of the Company. The Audit Committee of the Company reviewed the financial statements of Anudeep Holdings Limited more particularly the investments made by it till it remained a subsidiary.

Stanrose Mafatlal Lubechem Limited, a substantially owned subsidiary of the Company is in provisional 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 21<sup>st</sup> March, 2007. Accordingly, the Provisional Liquidator has initiated the winding-up proceedings for the said subsidiary.

**7. DIRECTORS' REMUNERATION DURING 2008-09:**

The Non-Executive Directors are paid Sitting Fees for attending the Meetings of the Board/Committees (except the Share Transfer Committee) and a commission upto 1% (as the Company had a Managing Director) of the net profits as determined under Sections 349 and 350 of the Companies Act, 1956 for the financial year ended 31<sup>st</sup> March, 2008, in pursuance of General Body Resolution. Within the overall limit, the extent and proportion in which the Commission is to be distributed amongst the Directors is determined by the Board.

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 comprised of salary, commission, perquisites, bonus, contribution to Provident Fund, Superannuation Fund, etc.

The details of remuneration paid during the year 2008-09 to the Directors including the remuneration paid to the Managing Director are given in Table-2 at the bottom.

**8. GENERAL BODY MEETINGS:**

- i) Location & time, where last three AGMs were held:  
 On 15-9-2008 at 11.30 A.M.  
 On 24-9-2007 at 11.30 A.M. &  
 On 25-9-2006 at 11.30 A.M.  
 At: H.T. Parekh Convention Centre,  
 AMA Premises, ATIRA Campus,  
 Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015.
- ii) 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.
- iii) Whether Special Resolutions are proposed to be conducted through postal ballot: No
- iv) Procedure for postal ballot: Not applicable

**9. DISCLOSURES**

- (a) 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 2008-09, 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.

- (b) 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.

**10. MEANS OF COMMUNICATION**

- 1) Half-yearly report sent to each household of shareholders: No
- 2) Quarterly Results:  
 Which newspapers normally published in:  
 Economic Times, English and Gujarati Editions of Ahmedabad  
 Any website where displayed: No
- 3) Whether it also displays official news releases and the presentations made to institutional investors or to the Analysts : No
- 4) Whether MD & A is a part of the Annual Report or not : yes.

**11. GENERAL SHAREHOLDERS INFORMATION**

**(a) 29<sup>th</sup> Annual General Meeting**

**Date & Time :** 12th September, 2009  
 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

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

Name of Director	Remuneration paid during 1-4-2008 to 31-3-2009				No. of Shares held as on 31-3-2009*
	Sitting Fee Rs.	Commission Rs.	Salary, Perquisites, etc. Rs.	Total Rs.	
Shri Pradeep R. Mafatlal	4,000	31,000	—	35,000	26,456
Shri Russi Jal Taraporevala	4,000	11,000	—	15,000	32
Shri Arun P. Patel	8,000	11,000	—	19,000	175
Shri Rajesh Jaykrishna	18,000	11,000	—	29,000	156
Shri Rozal J. Mehta	8,000	11,000	—	19,000	—
Shri Chetan J. Parikh	4,000	11,000	—	15,000	—
Shri Kersi J. Pardiwalla	8,000	11,000	—	19,000	300
Shri Bharat N. Dave, Managing Director (upto 31-10-08)	—	—	*21,97,920	*21,97,920	832

\* Includes retirement benefits like Gratuity, Encashment of earned leave, etc. @ Including Joint Holding.