STANROSE MAFATLAL
INVESTMENTS AND FINANCE LIMITED

35th

ANNUAL REPORT 2014-2015

STANROSE MAFATLAL
INVESTMENTS AND FINANCE LIMITED

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STATUTORY AUDITORS

C. C. CHOKSHI & COMPANY
Chartered Accountants

SECRETARIAL AUDITORS

MANOJ HURKAT & ASSOCIATES
Company Secretaries

REGISTERED OFFICE

POPULAR HOUSE, ASHRAM ROAD
AHMEDABAD-380 009

Email: info@stanrosefinvest.com
Website: www.stanrosefinvest.com

LISTED ON : BSE, CODE : 506105

DEMAT CODE : ISIN : INE441L01015

BOARD OF DIRECTORS

SHRI PRADEEP R. MAFATLAL, Chairman
SHRI RUSSI JAL TARAPOREVALA
SHRI ARUN P. PATEL
SHRI RAJESH JAYKRISHNA
SHRI CHETAN J. PARIKH (Upto 13-05-14)
SHRI KERSI J. PARDIWALLA
SHRI MADHUSUDAN J. MEHTA
SHRI FRAMROZ M. PARDIWALLA
SMT. DATTA B. DAVE (from 1-11-2014)

CHIEF EXECUTIVE OFFICER

SHRI BHARAT N. DAVE

VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

SHRI GIRISH R. SHAH

CHIEF FINANCIAL OFFICER

SHRI HARSHAD V. MEHTA

ASSISTANT COMPANY SECRETARY

SHRI SOHAM A. DAVE

BANKERS

HDFC BANK LTD. AXIS BANK LTD.
IDBI BANK LTD.

CORPORATE OFFICE

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

SHARE TRANSFER AGENT

LINK INTIME INDIA PVT. LTD.,
Unit No. 303, 3rd Floor, Shopper's Plaza V,
Opp. Municipal Market, Off. C.G.Road,
Ahmedabad - 380 009.
Tel. 079 26465179
Email: ahmedabad@linkintime.co.in
Web site: www.linkintime.co.in

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.

Thirty-Fifth Annual General Meeting on 12th August, 2015 at 'Banquet Hall', Karnavati Club Limited, S. G. Highway, Ahmedabad - 380 058.

DIRECTORS' REPORT

To
The Members,
STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED

Your Directors have pleasure in presenting the Thirty-fifth Annual Report together with the Audited Statements of Account of the Company for the financial year ended 31st March, 2015.

FINANCIAL RESULTS:

(Rupees in Lacs)

	Current Year Rupees	*Previous Year Rupees*
Total Income	**1071.88**	*730.63*
Gross Profit	**735.91**	*408.37*
Less:Depreciation	**36.11**	*24.03*
Profit before Tax	**699.80**	*384.34*
Less: Provision for Taxation	**112.17**	*53.50*
Short Provision for taxation in respect of earlier years (Net)	**107.14**	-
Profit after Tax	**480.49**	*330.84*
Add: Profit brought forward from Previous Year	**1140.75**	*1164.06*
Balance Available for Appropriations	**1621.24**	*1494.90*
Less:Transfer to Reserve u/s. 45 IC of RBI Act, 1934	**96.50**	*66.50*
Transfer to General Reserve-I	**5.75**	*33.25*
Transfer to General Reserve-II	**4.02**	-
Proposed Dividend	**238.08**	*238.08*
Tax on Dividend	**48.46**	*40.46*
Add:Transfer from General Reserve II (for diminution of certain Non-current Investments)	**-**	*24.13*
Balance carried forward	**1228.43**	*1140.74*

DIVIDEND

Your Directors recommend a Dividend of Rs. 6/- (Previous Year Rs.6/-) per share on 39,67,920 Equity Shares of Rs.10 each aggregating to Rs. 286.54 Lacs (inclusive of dividend tax) for the financial year ended on 31st March, 2015. If approved by the Shareholders at the forthcoming Annual General Meeting to be held on 12th August, 2015, the said dividend will be paid on 24th August, 2015 or thereafter, to (i) those shareholders whose names appear on the Register of Members of the Company on 5th August, 2015 and (ii) those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, for the purpose.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

FINANCIAL REVIEW

The total income for the year was Rs. 1071.88 Lacs as compared to Rs.730.63 Lacs in the previous year. Depreciation was Rs. 36.11 Lacs (Previous Year Rs. 24.03 Lacs). The increase in depreciation is mainly on account of change in charging provisions under the Companies Act, 2013, based on useful life of asset instead of fixed percentage under the Companies Act, 1956. The Provision for Taxation: (i) for the year under report was Rs.112.16 Lacs and (ii) Short Provision in respect of earlier years (net) was Rs.107.14 Lacs. Whereas the amount of Contingent Liabilities not provided for in respect of disputed demands of Income-tax as at 31st March, 2015 stood reduced to Rs.4.99 Lacs as against Rs.153.11 Lacs as at 31st March, 2014. Profit after tax was Rs. 480.49 Lacs. The total income and the profit for the year are higher, mainly on account of higher booking of profit on sale of non-current investments by Rs.247.56 Lacs and increase in interest income on Inter Corporate Financing by Rs.93.14 Lacs.

An amount of Rs.96.50 Lacs was transferred to Statutory Reserve Fund pursuant to Section 45 IC of RBI Act, 1934, an amount of Rs.5.75 Lacs was transferred to General Reserve I and Rs.4.02 Lacs to General Reserve II, during the year under review.

The Net Worth of the Company as at 31st March, 2015 stood at Rs. 5001.20 Lacs as against Rs.4807.25 Lacs on 31st March, 2014.

NBFC INDUSTRY

The NBFC (Non-Banking Finance Company) sector has evolved considerably in terms of its size, operations, technological sophistication, and entry into newer areas of financial services and products. NBFCs are now deeply interconnected with the entities in the financial sector, on both sides of their balance sheets. Being financial entities, they are exposed to risks arising out of counterparty failures, funding and asset concentration, interest rate movement and risks pertaining to liquidity and solvency, as any other financial sector player.

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) Investments

The Company's investment portfolio is reviewed from time to time to buy securities to add to the Portfolio or to sell in order to make Capital gains. Details of the Company's investments are given under Note No. 7 to Financial Statements of the Company for the year ended as at 31st March, 2015. The total worth of Company's Quoted and Unquoted Investments in Shares and Securities (Including Stock-in-trade) as at 31st March, 2015 is Rs.5404.98 Lacs (Previous Year Rs.4359.63 Lacs) which is

128.82% (Previous Year 55.16%) higher than related Book Value. The increase in appreciation of Book Value of portfolio from 55.16% to 128.82% is mainly on account of overall increase in market capitalization.

During the year under report the Company:

(a) has made disinvestment of Rs.456.91 Lacs from its Non-current Quoted Equity Investments as against Rs.37.59 Lacs in the previous year.

(b) booked a net profit of Rs.727.90 Lacs on sale of Non-Current investments as against Rs. 480.34 Lacs in the previous year.

(c) earned income by way of Dividend of Rs.123.06 Lacs against Rs.129.68 Lacs in the previous year which inter alia includes Rs.93.03 Lacs (Previous year Rs.93.03 Lacs) received from Standard Industries Ltd.

After the close of the Financial Year ended on March 31, 2015, the Company has booked Net Capital Gain of Rs.106.68 Lacs on sale of certain Non-Current Investments in shares of the aggregate book value of Rs.12.33 Lacs.

(ii) Trading in Securities

During the year under review, the Company made a profit from trading in securities of Rs. 20.20 Lacs (Previous Year Rs. 14.01 Lacs), mainly on redemption of Units held in Mutual Funds.

(iii) Finance

(a) Interest on Inter-corporate Deposit:

During the year under report the Company earned interest income on Inter Corporate Deposits of Rs.119.56 Lacs as against Rs.105.76 Lacs in the previous year.

(b) Interest on Real Estate Exposure:

Till last year no income was earned on the amount provided as loan to Stan Plaza Limited (SPL) for taking exposure in real estate business on behalf of the Company. During the year, SPL got credit on the amount it extended to a real estate business company on our behalf. Accordingly SPL gave credit of Rs.79.34 Lacs as interest to the Company as per mutual understanding.

During the year, the Company on taking additional exposure to the extent of balance 50% share of Standard Industries Ltd. (SIL), has become the sole beneficial owner of the stake held by SPL in a real estate business company besides SPL holding land at Pune for and on behalf of the Company and SIL equally.

Opportunities and Threats

As various factors are posing constant threats and high volatility in the Capital Markets, it appears 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 its surplus funds 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 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. 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 compliances with all regulatory guidelines.

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

Human Resources

Relations remained cordial with employees at all levels during the year.

CORPORATE GOVERNANCE

During the year under Report SEBI introduced revised Clause 49 in the Listing Agreement.The Company has

complied with applicable provisions of Corporate Governance under Clause 49 of the Listing Agreement with BSE. A separate report on Corporate Governance compliance is included as a part of the Annual Report along with the Auditors' Certificate.

FIXED DEPOSITS

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, the Directors confirm that:

1. In the preparation of the annual accounts for the financial year ended 31st March, 2015, 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, 2015 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, 2013, 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, 2015 have been prepared on a `going concern' basis.
5. Proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
6. Proper systems devised to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

SUBSIDIARY COMPANY

As reported hereinabove, since substantial part of the assets standing in the name of Stan Plaza Limited (SPL) are now beneficially owned by the Company, during the year under Report, the Company has taken it over as its wholly owned subsidiary from Standard Industries Limited (SIL).

SPL is a Non-Listed Company. The total investment (exposure) of the Company in SPL being in excess of 20% of the consolidated Net Worth of the Company, SPL shall be termed as our material subsidiary under the Listing Agreement.

Stanrose Mafatlal Lubechem Limited - In Liquidation, a substantially owned subsidiary of the Company was ordered to wind-up by the High Court of Mumbai vide its Order dated June 10, 2011 and appointed the Official Liquidator to take charge of its Assets, Bank Accounts, Books of Accounts, Affairs, Business and Properties with all powers under the provisions of the Companies Act, 1956.

In compliance with the requirements of the provisions of Section 129(3) read with Rule 5 of Companies (Accounts) Rules, 2014, a Statement in *Form AOC-1* containing the salient features of financial statements in respect of Stan Plaza Limited, a wholly owned subsidiary of the Company has been included as a part of this Annual Report. Stanrose Mafatlal Lubechem Limited being inoperative, its details are not disclosed in Form AOC-1.

The Company has framed a `Policy for Determining Material Subsidiaries' for identifying material subsidiaries and to provide governance framework for such material subsidiaries. The policy is available on the website of the Company viz. www.stanrosefinvest.com.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements (CFS) of the Company and its wholly owned subsidiary Company viz. Stan Plaza Limited (SPL) are prepared in accordance with the provisions of Schedule III of the Companies Act, 2013 and relevant Accounting Standards issued by the Institute of Chartered Accountants of India, as applicable to the Company and form part of this Annual Report. These Statements have been prepared on the basis of audited financial statements received from SPL as approved by its Board. Stanrose Mafatlal Lubechem Ltd., a substantially owned subsidiary Company being inoperative, its financial statements are not considered in preparation of CFS.

DIRECTORATE

During the year, the Board of Directors appointed Mrs. Datta Bharat Dave (DIN 06990663) as an Additional Director of the Company. She being the spouse of Shri Bharat N. Dave, CEO of the Company, is treated as a Non-Independent Director and being eligible, necessary Resolution for her re-appointment as a Director of the Company is being put up at the forthcoming Annual General Meeting, for the approval of the Members.

As reported last year, Shri Chetan J. Parikh resigned from the directorship of the Company with effect from 13th May, 2014, in view of his commitments abroad.

In terms of Section 152 of the Companies Act, 2013, Shri Kersi J. Pardiwalla, a Non-Independent, Non-Executive Director of the Company is retiring by rotation and being eligible offers himself for re-appointment.

Brief resumes of Mrs Dave and Mr. Pardiwalla, as required under Clause 49 of the Listing Agreement, are

covered in the notes of the Notice of the 35th AGM of the Company.

All Independent Directors have given their declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

None of the Directors of the Company is disqualified from being appointed or re-appointed as a Director as specified under Section 164 of the Companies Act, 2013.

KEY MANAGERIAL PERSONNEL

During the year under Report, the Company has appointed three Key Managerial Personnel, viz. Shri Bharat N. Dave, Chief Executive Officer, Shri Girish R. Shah, Vice President (Legal) & Company Secretary and Shri Harshad V. Mehta, Chief Financial Officer, to inter alia shoulder the responsibilities in their respective fields as envisaged under the provisions of the Companies Act, 2013.

FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

During the year under Report, the Board of Directors has adopted the Familiarization Programme for Independent Directors of the Company and posted the same on the website of the Company viz. www.stanrosefinvest.com. The Programme aims to provide insights into the Company to enable the Independent Directors to understand and significantly contribute to its business.

AUDITORS AND AUDITORS' REPORT

STATUTORY AUDITORS

At the last AGM, M/s. C. C. Chokshi & Co., Chartered Accountants, were reappointed as the Statutory Auditors of the Company to hold office from the conclusion of that Meeting to the conclusion of the fourth consecutive Annual General Meeting (subject to ratification of the appointment by the members at every AGM held after that AGM). The Company has received a letter from them to the effect that their appointment, if ratified, would be within the prescribed limits under Section 139 of the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of Section 141 of the Companies Act, 2013.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs Manoj Hurkat and Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The *Secretarial Audit Report* is annexed herewith as *"Annexure A"*.

The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956/2013, Reserve Bank of India Act, 1934, Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, Listing Agreement with the Stock Exchange, Depositories Act, 1996, Securities Contracts (Regulation) Act, 1956, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and various Regulations and Guidelines as applicable to the Company.;

CORPORATE SOCIAL RESPONSIBILITY

As part of its initiative under Corporate Social Responsibility (CSR), the Board of Directors has constituted a Corporate Social Responsibility Committee comprising of Shri Shri Madhusudan J. Mehta as Chairman, Shri Framroz M. Pardiwalla and Smt. Datta B. Dave, as other members. Since the Net Profit for the year ended 31st March, 2015 is more than Rs. 5 crores, it will now comply with the relevant provisions of the Act, in due course.

NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors at its Meeting held on 2nd August, 2014 constituted a Nomination and Remuneration Committee comprising of Shri Framroz M. Pardiwalla as Chairman, Shri Russi Jal Taraporevala and Shri Kersi J. Pardiwalla, as other members. The role and responsibilities, Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other related matters are in conformity with the requirements of the Companies Act, 2013 and the Listing Agreement.

AUDIT COMMITTEE

The Board of Directors at its meeting held on 2nd August, 2014 re-constituted the Audit Committee, comprising of four Independent Non-Executive Directors, viz. Shri Framroz M. Pardiwalla, Chairman, Shri Arun P. Patel, Shri Rajesh Jaykrishna and Shri Russi Jal Taraporevala. The Scope of Audit Committee is enhanced in accordance with the Companies Act, 2013 and the Listing Agreement. The information relating to its term of reference, no. of meetings held and attendance, etc. during the year under report, are provided in the Corporate Governance Report**.**

EVALUATION OF BOARD, COMMITTEES AND DIRECTORS

A detailed exercise for evaluation of the performance of the Board, its various Committees, viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Share Transfer Committee as also the performance of individual Directors was carried out by the Board. The performance of the Board and that of its Committees was evaluated on the basis of various parameters like adequacy of its Composition, Board Culture, Execution and Performance of Specific Duties, Obligations and Governance, etc. Whereas the

evaluation of individual Directors and that of the Chairman of the Board was on the basis of various factors like their attendance, level of their engagement and contribution, independency of judgment, their contribution in safeguarding the interest of the Company, etc. The Board recorded its satisfaction over the performance of its various Committees, its directors individually as well as the collective efforts put in by the Board in enhancing and safeguarding the interest of the Company as a whole.

DISCLOSURE OF RATIO OF REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEES' REMUNERATION, ETC.

The particulars of ratio of remuneration of each director to median remuneration of the employees of the Company for the financial year under report, percentage increase in remuneration to each Director and KMP, etc. more particularly described under Section 197(12) of the Companies Act, 2013 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given in *"Annexure B"* to this Report.

PARTICULARS OF LOANS AND INVESTMENTS

The Company being a Non-Banking Financial Company registered with Reserve Bank of India with the principal business, inter alia, of Inter-Corporate Financing, the provisions of Section 186 except sub-section (1) of the Companies Act, 2013 (the Act) are not applicable to it. Hence no particulars thereof as envisaged under Section 134(3)(g) of the Act are covered in this Report.

RELATED PARTY TRANSACTIONS

The particulars of contracts or arrangements entered into by the Company with related parties which are subsisting during the year under Report are provided under *"Annexure C"* in *Form AOC - 2*. The Company has framed a 'Policy on Related Party Transactions' for determining related parties, transactions on arm's length basis and procedures to be followed for obtaining various approvals, etc.The policy is available on the website of the company viz. www.stanrosefinvest.com.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Pursuant to the requirement under Section 134(3) of the Companies Act, 2013, read with Rule 8 of Companies (Accounts) Rules, 2014:

(a) The Company has no activity involving conservation of energy or technology absorption.

(b) The Company does not have any Foreign Exchange Earnings.

(c) Outgo under Foreign Exchange - Rs.11.86 Lacs.

SEXUAL HARASSMENT

Entire staff in the Company is working in a most congenial manner and there are no occurrences of any incidents of sexual harassment during the year.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Board during the year under report approved and adopted "Vigil Mechanism/Whistle Blower Policy" in the Company. The Brief details of establishment of this Policy are provided in the Corporate Governance Report.

RISK MANAGEMENT POLICY

The Company was already having risk management system to identify, evaluate and minimize the Business risks. The Company during the year had formalized the same by formulating and adopting Risk Management Policy. This policy intends to identify, evaluate, monitor and minimize the identifiable risks in the Organisation.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in *Form MGT 9* is provided in *"Annexure D"* to this Report.

PARTICULARS OF EMPLOYEES

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

Place: Mumbai
Dated: 29th May, 2015.

ANNEXURE 'A' TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members of
STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED
6th Floor, Popular House, Ashram Road,
Ahmedabad - 380009

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of :

I. The Companies Act, 2013 (the Act) and the Rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the following:

I. Secretarial Standards issued by The Institute of Company Secretaries of India could not be examined as the same were not notified during the audit period.

II. The Equity Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited.

We hereby report that during the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

VI. We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

(a) The Reserve Bank of India Act, 1934 and applicable NBFC Regulations.

(b) The Prevention of Money Laundering Act, 2002.

We further report that:

(a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

(b) Adequate notice is given to all Directors to schedule the Board Meetings at least seven days in advance. Agenda and detailed notes on agenda were also sent to all Directors and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the following event/action has taken place which have major bearing on the affairs of the Company in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.:

The Company has acquired Equity shares of Stan Plaza Limited from Standards Industries Limited pursuant to Share Purchase Agreement dated 13th March, 2015, making Stan Plaza Limited, a wholly owned subsidiary of the Company.

For **MANOJ HURKAT AND ASSOCIATES**
Practicing Company Secretaries
Place: Ahmedabad *MANOJ R HURKAT*
Date: *29th May, 2015* *Partner*
FCS No. 4287, C P No.: 2574

ANNEXURE 'B' TO DIRECTORS' REPORT

Disclosure of Ratio of Remuneration of each Director to the Median Employee's Remuneration, the Percentage increase in Remuneration of each Director, Chief Executive Officer, Company Secretary and Chief Financial Officer, etc. for the Financial Year ended 31st March, 2015.

Names and Positions	**[A]** Ratio of Directors' Remuneration to the median Remuneration of Employees	**[B]** Percentage (%) increase in Remuneration
(i) Shri Pradeep R. Mafatlal, Chairman	2.36 : 1	20.19
(ii) Shri Russi Jal Taraporevala, Director	0.36 : 1	11.76
(iii) Shri Arun P. Patel, Director	0.40 : 1	5.00
(iv) Shri Rajesh Jaykrishna, Director	0.40 : 1	16.67
(v) Shri Chetan J. Parikh, Director (upto 13th May, 2014)	0.30 : 1	-
(vi) Shri Kersi J. Pardiwalla, Director	0.42 : 1	22.22
(vii) Shri Madhusudan J. Mehta, Director	0.42 : 1	29.41
(viii) Shri Framroz M. Pardiwalla, Director	0.51 : 1	22.73
(ix) Smt. Datta Bharat Dave, Director (w.e.f. 1st November, 2014)	-	-
(x) Shri Bharat N. Dave, CEO		*
(xi) Shri Girish R. Shah, CS		16.06
(xii) Shri Harshad V. Mehta, CFO		6.27

* Not applicable. Shri Bharat N. Dave was appointed as CEO-KMP w.e.f. 13.5.2014. In the earlier period / year, he was not in the employment but was a retainer as Financial Advisor of the Company.