

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



**37<sup>TH</sup>**

**ANNUAL REPORT 2016-2017**

# STANROSE MAFATLAL

## INVESTMENTS AND FINANCE LIMITED

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| Attendance Slip  |      | <b>SHARE TRANSFER AGENT</b><br>LINK INTIME (INDIA) PVT. LTD.,<br>506-508, Amarnath Business Centre-1<br>(ABC-1), B/s. Gala Business Centre, Nr. St.<br>Xavier's College Corner,<br>Off C. G. Road, Ellisbridge, Ahmedabad - 6<br>Tel. 079 26465179<br>Email: <a href="mailto:ahmedabad@linkintime.co.in">ahmedabad@linkintime.co.in</a><br>Web site: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a> |
| <b>STATUTORY AUDITORS</b><br>C. C. CHOKSHI & COMPANY<br>Chartered Accountants  |      |   |
| <b>SECRETARIAL AUDITORS</b><br>MANOJ HURKAT & ASSOCIATES<br>Company Secretaries  |      |   |
| <b>REGISTERED OFFICE</b><br>6TH FLOOR, POPULAR HOUSE,<br>ASHRAM ROAD, AHMEDABAD-380 009,<br>GUJARAT.<br>Email: <a href="mailto:info@stanroseinvest.com">info@stanroseinvest.com</a><br>Website: <a href="http://www.stanroseinvest.com">www.stanroseinvest.com</a> |      |   |
| <b>LISTED ON : BSE, CODE : 506105</b>  |      |   |
| <b>DEMAT CODE : ISIN : INE441L01015</b>  |      |   |

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-Seventh Annual General Meeting on 4th August, 2017 at 'Banquet Hall', Karnavati Club Limited, S. G. Highway, Ahmedabad - 380 058, Gujarat.

**DIRECTORS' REPORT**

To

The Members,

**STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED**

Your Directors have pleasure in presenting the Thirty-Seventh Annual Report together with the Audited Statements of Account of the Company for the financial year ended 31st March, 2017.

**FINANCIAL RESULTS**

|   | <i>(Rupees in Lacs)</i> |                      |
|---|-------------------------|----------------------|
|   | <b>Current Year</b>     | <b>Previous Year</b> |
|   | <b>Rupees</b>           | <b>Rupees</b>        |
| Total Income  | <b>942.37</b>           | 1095.07              |
| Gross Profit  | <b>581.42</b>           | 752.74               |
| Less: Depreciation  | <b>40.66</b>            | 32.44                |
| Profit before Tax   | <b>540.76</b>           | 720.30               |
| Less: Provision for Taxation  | <b>93.18</b>            | 122.58               |
| <i>Short Provision for taxation in respect of earlier years (Net)</i> | <b>12.95</b>            | —                    |
| Profit after Tax  | <b>434.63</b>           | 597.72               |
| Add: Profit brought forward from Previous Year                        | <b>1404.61</b>          | 1228.43              |
| Balance Available for Appropriations                                  | <b>1839.24</b>          | 1826.15              |
| Less: Transfer to Reserve u/s. 45 IC of RBI Act, 1934                 | <b>87.00</b>            | 125.00               |
| Transfer to General Reserve-I   | <b>10.00</b>            | 10.00                |
| Transfer to General Reserve-II  | —                       | —                    |
| Proposed Dividend*  | —                       | 238.08               |
| Tax on Dividend   | —                       | 48.46                |
| Balance carried forward   | <b>1742.24</b>          | 1404.61              |

\* As per amended Accounting Standard-4

**DIVIDEND**

Your Directors recommend a Dividend of Rs.6/- per share (Previous Year Rs.6/-) 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, 2017. If approved by the Shareholders at the forthcoming Annual General Meeting to be held on 4th August, 2017, the said dividend will be paid on 17th August, 2017 or thereafter, to (i) those shareholders whose names appear on the Register of Members of the Company on 28th July, 2017 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.942.37 Lacs as compared to Rs.1095.07 Lacs in the previous year. Depreciation was Rs.40.66 Lacs (Previous Year Rs.32.44

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. 93.18 Lacs (ii) Short Provision in respect of earlier years (net) was Rs.12.95 Lacs. Profit after tax was Rs. 434.63 Lacs. The total income and the profit for the year is low, mainly on account of lower booking of profit on sale of non-current investments by Rs. 163.10 Lacs.

An amount of Rs.87.00 Lacs was transferred to Statutory Reserve Fund pursuant to Section 45 IC of RBI Act, 1934, an amount of Rs.10.00 Lacs was transferred to General Reserve I, during the year under review.

The Net Worth of the Company as at 31st March, 2017 stood at Rs. 5747.01 Lacs as against Rs. 5312.38 Lacs on 31st March, 2016.

**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 on 31st March, 2017. The total worth of Company's Quoted and Unquoted Investments in Shares and Securities (Including Stock-in-trade) as at 31st March, 2017 is Rs.4718.40 Lacs (Previous Year Rs.4741.47 Lacs) which is 70.22 % (Previous Year 98.08%) higher than related Book Value. The decrease in Book Value from 98.08% to 70.22% is mainly on account of decrease in the market value of some of the shares, purchase of new shares at current-higher rates and sale of old-low cost shares from Non-current Investment portfolio.

During the year under report the Company:

- (a) has made disinvestment of Rs.191.27 Lacs from its Non-current Quoted Equity Investments as against Rs.66.74 Lacs in the Previous Year.
- (b) Booked a net profit of Rs.682.95 Lacs on sale of Non-Current investments as against Rs. 846.05 Lacs in the previous year.
- (c) earned income by way of Dividend of Rs.108.02 Lacs against Rs.116.63 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, 2017, the Company has booked Net Capital Gain of Rs. 329.17 Lacs on sale of certain Non-Current Investments in shares of the aggregate book value of Rs. 67.66 Lacs.

## **(ii) Finance**

### **Interest on Inter-corporate Deposit:**

During the year under report the Company earned interest income on Inter Corporate Deposits of Rs.141.26 Lacs as against Rs.131.31 Lacs in the previous year.

### **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 and market risks. 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**

The Company has complied with applicable provisions of Corporate Governance as provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate report on Corporate Governance compliance is included as a part of the Annual Report along with the Auditors' Certificate.

### **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, 2017, 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, 2017 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, 2017 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 COMPANIES**

The Company's wholly owned subsidiary, Stan Plaza Limited is a Non-Listed Company, having its Registered Office at Mumbai. As on March 31, 2017, in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it will be termed as a Non-Material Subsidiary of the Company.

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 then 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, [www.stanroseinvest.com](http://www.stanroseinvest.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**

In terms of Section 152 of the Companies Act, 2013, Shri Madhusudan J. Mehta, a Non-Independent Non-Executive Director of the Company is retiring by rotation and being eligible offers himself for re-appointment. Brief resume of Shri Mehta, as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is covered in the notes of the Notice of the 37th AGM of the Company.

Shri Arun P. Patel and Shri Rajesh Jaykrishna are due for retirement from their first term as Independent Directors under the Companies Act, 2013. Based on their skills, experience, knowledge, performance, evaluation and recommendation of Nomination and Remuneration Committee, it is proposed to re-appoint them for three consecutive years up to the conclusion of the Annual General Meeting that may be held for the financial year ending March 31, 2020. Their brief resumes, as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are covered under Annexure to the Notice for 37th AGM of the Company.

Shri Framroz M. Pardiwalla has resigned from the Directorship of the Company with effect from 17th November, 2016, on health grounds. Your Directors place on record their appreciation of the valuable services rendered by Shri Pardiwalla during his tenure as a director.

Your Directors regret to inform about the demise of Shri Russi Jal Taraporevala on 7th January, 2017, who was associated with the Company as a Director since August 1981. The invaluable services and guidance rendered by him to the Company will be greatly missed.

To fill the vacancy of an Independent Director caused due to resignation of Shri F. M. Pardiwalla and demise of Shri Russi Jal Taraporevala, the Board has appointed Shri Kersi J. Pardiwalla, an existing Non-Independent Director as an Independent Director for three consecutive years upto the conclusion of AGM that may be held for the Financial Year 2020. Accordingly, a resolution proposing his appointment alongwith his brief resume is provided under Notice of 37th AGM.

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**

The Company had appointed three Key Managerial Personnel, viz. Shri Bharat N. Dave, Chief Executive Officer, Shri Harshad V. Mehta, Chief Financial Officer and Shri Soham A. Dave, as Company Secretary, to inter alia shoulder the responsibilities in their respective fields as envisaged under the provisions of the Companies Act, 2013.

Shri Bharat N. Dave has resigned from the post of Chief Executive Officer of the Company with effect from 24th April, 2017, on the grounds of old age. Shri Dave has been retained for advising and assisting the Company in its business of fund management, management of its equity and mutual fund portfolios, trading in securities, etc. The company will fill in the vacancy for the post of CEO in due course and within the time prescribed under the Companies Act, 2013.

**FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS**

The Board of Directors has adopted a Familiarization Programme for Independent Directors of the Company and posted the same on the website of the Company viz. [www.stanroseinvest.com](http://www.stanroseinvest.com). The Programme aims to provide insights into the Company to enable the Independent Directors to understand and significantly contribute to its business.

**AUDITORS****Statutory Auditors**

Under the Companies Act, 2013 M/s. C. C. Chokshi & Co., Chartered Accountants, were appointed as the Statutory Auditors of the Company for three consecutive years to hold office upto the conclusion of the 37th AGM. The Act requires the Company to mandatory rotate the Auditors within or after three years if they are associated as Statutory Auditors with the Company for ten or more years.

Accordingly, the Company recommends M/s. Manubhai & Shah, Chartered Accountants (Firm Regn. No. 106041W/W100136), Ahmedabad, as the Statutory Auditors of the Company in place of the retiring auditors, M/s C. C. Chokshi & Co., Chartered Accountants, to hold office from the conclusion of the 37th AGM to the conclusion of the 42nd AGM (subject to ratification of the appointment by the members at every AGM held after this AGM). The Company has received a letter from them to the effect that their appointment, if made, 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 Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 2013, Reserve Bank of India Act, 1934, Equity Listing Agreement/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Depositories Act, 1996, Securities Contracts (Regulation) Act, 1956, SEBI (Prohibition of Insider Trading) Regulations, 1992/2015, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and various Regulations and Guidelines as applicable to the Company.

**CORPORATE SOCIAL RESPONSIBILITY**

In accordance with the provisions of Section 135 of the Companies Act, 2013 and the rules made thereunder, the Company has constituted a Corporate Social Responsibility Committee of Directors. The role of the Committee is to review the CSR activities of the Company periodically and recommend the Board the amount of expenditure to be incurred on the CSR activities annually.

Annual Report on CSR activities carried out by the Company during F.Y. 2016-17 is enclosed as "Annexure-B" to this report.

**NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee comprises of Shri Kersi J. Pardiwalla, Chairman, Shri Arun P. Patel and Shri Rajesh Jaykrishna, members. The role and responsibilities, Company's policy on directors' appointment and remuneration including the criteria for determining the qualifications, positive attributes, independence of a director and other related matters are in conformity with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**AUDIT COMMITTEE**

The information relating to the composition of the Committee, scope & 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, Corporate Social Responsibility 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. 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 of each Director and KMP, etc. more particularly described under Section 197(12) of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given in "Annexure C" 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) are not applicable to it. Hence no particulars thereof as envisaged under Section 134(3)(g) are covered in this Report.

#### **RELATED PARTY TRANSACTIONS**

The particulars of contracts or arrangements entered by the Company with related parties which are subsisting during the year under Report are provided under "Annexure D" 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, [www.stanroseinvest.com](http://www.stanroseinvest.com). As regards the justification for entering into related party transactions, it may be noted that the same are entered into due to business exigencies and are in the best interest of the Company.

#### **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.14.88 Lacs.

#### **SEXUAL HARASSMENT**

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

#### **VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Board has 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 has formalized risk management system by formulating and adopting Risk Management Policy to identify, evaluate, monitor and minimize the identifiable business risks in the Organisation.

#### **EXTRACT OF ANNUAL RETURN**

The extract of the Annual Return in Form MGT-9 is provided in "Annexure E" 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:** April 24, 2017.

## **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, minute 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, 2017 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, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 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, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits), Regulations, 2014;
- (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.
- II. The Equity Listing Agreement entered into by the Company with the BSE Limited and the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

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 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, there is no event/action taken place which have major bearing on the affairs of the Company in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For **MANOJ HURKAT AND ASSOCIATES**

*Practicing Company Secretaries*

**Place:** Ahmedabad

**MANOJ R HURKAT**

**Date:** 24th April, 2017

*Partner*

FCS No. 4287, C P No.: 2574

**Note:**

This Report is to be read with our letter of even date which is annexed as "Annexure A" and form an integral part of this Report.

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## **ANNEXURE 'A' to Secretarial Audit Report**

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

6th Floor, Popular House, Ashram Road,  
Ahmedabad - 380009

Our report of even date is to be read along with this letter:

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts

are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts and cost records of the Company.
4. We have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, secretarial records and other factual position which cannot be otherwise verified etc. wherever required or necessary.
5. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of the same on test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **MANOJ HURKAT AND ASSOCIATES**

*Practicing Company Secretaries*

**Place:** Ahmedabad

**MANOJ R HURKAT**

**Date:** 24th April, 2017

*Partner*

FCS No. 4287, C P No. 2574

## ANNEXURE 'B' TO DIRECTORS' REPORT

### REPORT ON CORPORATE SOCIAL RESPONSIBILITY

1. Brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs -
  - The CSR Policy encompasses the Company's philosophy for delineating its responsibility as a Corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare and sustainable development of the community at large. The policy is available on Company's website, [www.stanroseinvest.com](http://www.stanroseinvest.com).
  - On recommendation of CSR Committee, the Board of Directors approved the CSR spending by providing financial assistance to a charitable Institute, which runs a hospital for treating the economically weaker people.
2. The Composition of the CSR Committee-
  - The Company's CSR Committee comprises of two Non-Independent Directors and one Independent Director. Its composition is as under:
 

|  |   |
|--|---|
| (a) Shri Madhusudan J. Mehta, Chairman | (b) Shri Framroz M. Pardiwalla, Member (up to 17.11.2016) |
| (c) Smt. Datta B. Dave, Member         | (d) Shri Kersi J. Pardiwalla, Member (from 18.01.2017)    |
3. Average net profit of the company for last three financial years- Rs.621.03 Lacs.
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) - Rs.12.42 Lacs.
5. Details of CSR spent during the financial year:
  - (a) Total amount spent during the financial year - Rs.12.50 Lacs.
  - (b) Amount unspent, if any - NIL
  - (c) Manner in which the amount spent during the financial year is detailed below:

| 1       | 2                                  | 3  | 4   | 5   | 6   | 7   | 8   |
|---------|------------------------------------|--|---|---|---|---|---|
| Sr. No. | CSR project or activity identified | Sector in which the project is covered               | Project or programs<br>(1) Local area or other<br>(2) Specify the State and district where projects or programs were undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs<br>Sub-heads:<br>(1) Direct expenditure on projects or programs<br>(2) overheads | Cummulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency                 |
| 01.     | Healthcare                         | Promoting healthcare including preventive healthcare | Halol-Kalol, Panchmahal District, Gujarat   | Rs.12.50 Lacs                                   |   |   | Through a Registered Trust viz. Navinchandra Mafatlal Medical Trust |

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. - Not Applicable.
7. The CSR Committee hereby confirms that the implementation and monitoring of CSR activities is in compliance with the CSR objectives and the CSR Policy of the Company.

*For and on behalf of the Board*  
 (KERSI J. PARDIWALLA) (MADHUSUDAN J. MEHTA)  
 DIRECTOR CHAIRMAN - CSR COMMITTEE

Place: Mumbai  
Date: 24th April, 2017.