

**STANROSE MAFATLAL  
INVESTMENTS AND FINANCE LIMITED**



**39<sup>TH</sup>**  
**ANNUAL REPORT 2018-2019**

# STANROSE MAFATLAL

## INVESTMENTS AND FINANCE LIMITED

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Attendance Slip		HDFC BANK LTD.                      AXIS BANK LTD
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<b>STATUTORY AUDITORS</b>		<b>CORPORATE OFFICE</b>
MANUBHAI & SHAH LLP		VIJYALAXMI MAFATLAL CENTRE
Chartered Accountants		57-A, DR. G. DESHMUKH MARG,
		MUMBAI - 400 026.
<b>SECRETARIAL AUDITORS</b>		<b>SHARE TRANSFER AGENT</b>
MANOJ HURKAT & ASSOCIATES		LINK INTIME (INDIA) PVT. LTD.,
Company Secretaries		5th Floor, 506-508,
		Amarnath Business Centre-1 (ABC-1),
<b>REGISTERED OFFICE</b>		B/s. Gala Business Centre,
6TH FLOOR, POPULAR HOUSE,		Nr. St. Xavier's College Corner,
ASHRAM ROAD, AHMEDABAD-380 009,		Off C. G. Road, Ellisbridge,
GUJARAT.		Ahmedabad - 380 006
Email: <a href="mailto:info@stanroseinvest.com">info@stanroseinvest.com</a>		Tel. 079 26465179
Website: <a href="http://www.stanroseinvest.com">www.stanroseinvest.com</a>		Email: <a href="mailto:ahmedabad@linkintime.co.in">ahmedabad@linkintime.co.in</a>
		Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</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-Ninth Annual General Meeting on August 23, 2019 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-Ninth Annual Report together with the Audited Statements of Account of the Company for the financial year ended 31st March, 2019.

**FINANCIAL RESULTS**

	<i>(Rupees in Lacs)</i>	
	<b>Current Year</b>	<b>Previous Year</b>
	<b>Rupees</b>	<b>Rupees</b>
Total Income	<b>510.42</b>	912.32
Gross Profit	<b>83.27</b>	440.99
Less : Depreciation	<b>34.51</b>	40.92
Profit before Tax	<b>48.76</b>	481.91
Less: Provision for Taxation	<b>2.37</b>	68.78
Less : Exceptional Item	<b>(17.88)</b>	72.60
Adjustments of earlier years Tax	<b>(6.06)</b>	(1.22)
Profit after Tax	<b>70.33</b>	341.75
Add: Profit brought forward from Previous Year	<b>1717.44</b>	1742.24
Balance Available for Appropriations	<b>1787.77</b>	2083.98
Less: Transfer to Reserve u/s. 45 IC of RBI Act, 1934	<b>15.00</b>	70.00
Transfer to General Reserve-I	<b>5.00</b>	10.00
Transfer to General Reserve-II	<b>—</b>	—
Dividend Paid	<b>238.07</b>	238.07
Tax on Dividend	<b>48.47</b>	48.47
Balance carried forward	<b>1481.23</b>	1717.44

**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. 287.01 Lacs (inclusive of dividend tax) for the financial year ended on 31st March, 2019. If approved by the Shareholders at the forthcoming Annual General Meeting to be held on August 23, 2019, the said dividend will be paid on September 6, 2019 or thereafter, to (i) those shareholders whose names appear on the Register of Members of the Company on August 16, 2019 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. 510.42 Lacs as compared to Rs. 912.32 Lacs in the previous year. Depreciation was Rs. 34.51 Lacs (Previous Year Rs. 40.92 Lacs). The Provision for Taxation: (i) for the year under report was Rs. 2.37 Lacs, (ii) Adjustments of earlier year

tax was Rs. 6.06 Lacs. Profit after tax was Rs. 70.33 Lacs.

An amount of Rs.15.00 Lacs was transferred to Statutory Reserve Fund pursuant to Section 45 IC of RBI Act, 1934, an amount of Rs. 5.00 Lacs was transferred to General Reserve I, during the year under review.

The Net Worth of the Company as at 31st March, 2019 stood at Rs. 5585.53 Lacs as against Rs. 5802.21 Lacs on 31st March, 2018.

**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. 9 to Financial Statements of the Company for the year ended on 31st March, 2019. The total worth of Company's Quoted and Unquoted Investments in Shares and Securities (Including Stock-in-trade) as at 31st March, 2019 is Rs. 3682.99 Lacs (Previous Year Rs. 4305.22 Lacs) which is 35.49 % (Previous Year 48.31%) higher than related Book Value. The decrease in Book Value from 48.31% to 35.49% 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:

- has made disinvestment of Rs. 281.84 Lacs from its Non-current Quoted and Non-Quoted Equity Investments as against Rs. 568.29 Lacs in the Previous Year.
- booked a net profit of Rs. 352.59 Lacs on sale of Non-Current investments as against Rs. 731.26 Lacs in the previous year..
- earned income by way of Dividend of Rs. 137.67 Lacs against Rs.103.94 Lacs in the

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previous year which inter alia includes Rs. 124.04 Lacs (Previous year Rs. 93.03 Lacs) received from Standard Industries Ltd.

After the close of the Financial Year ended on March 31, 2019, the Company has booked Net Capital Gain of Rs. 339.56 Lacs on sale of certain Non-Current Investments in shares of the aggregate book value of Rs. 261.24 Lacs.

### (ii) Finance

#### Interest on Inter-corporate Deposit:

During the year under report the Company earned interest income on Inter Corporate Deposits of Rs. 3.67 Lacs as against Rs. NIL in the previous year.

#### Changes in Key Financial Ratios

Sr. No.	Ratios	F.Y. 2018-19	F.Y. 2017-18
1.	Current Ratio	34.31	19.84
2.	Debt Equity Ratio	0.23	0.25
3.	Operating Profit Margin (%)	13.06%	44.86%
4.	Net Profit Margin (%)	13.78%	37.46%
5.	Return on Net Worth (%)	17.72%	86.13%

**Note:** The Company is not having any Debt/Borrowings as at 31st March, 2019. Also, the Company is not into the Customer based products which are manufactured/produced by the Company. Hence, as required under Part B of Schedule V to the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, ratios such as Debtors Turnover Ratio, Inventory Turnover Ratio and Interest Coverage Ratio have not been provided.

#### 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, 2019, 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, 2019 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, 2019 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, 2019, 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).

#### **AMALGAMATION OF SURCOT TRADING PRIVATE LIMITED (STPL) AND UMIYA REAL ESTATE PRIVATE LIMITED (UREPL) ("THE TRANSFEROR COMPANIES") WITH STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED (SMIFL) ("THE TRANSFeree COMPANY")**

As reported last year, the Board of Directors of the Company, at its meeting held on 13th March, 2018 had approved the proposed Scheme of Amalgamation of Surcot Trading Private Limited and Umiya Real Estate Private Limited ("the Transferor Companies") with Stanrose Mafatlal Investments and Finance Limited ("the Transferee Company") to be undertaken by way of scheme of

arrangement, subject to receipt of all necessary consents and approvals, including the approval of shareholders and creditors (if any) and the sanction of the Hon'ble National Company Law Tribunal (NCLT), SEBI, BSE Limited and such other competent authorities as may be applicable.

The Company has already received No-Objection Certificate from BSE Limited/SEBI on 14th November, 2018. Thereby, the Company has filed an application with the NCLT-Ahmedabad Bench for conveying the meeting of the Equity Shareholders and waiving of meeting of creditors as there were none. NCLT-Ahmedabad Bench ordered on 16th January, 2019 for conveying the meeting of the equity Shareholders on 22nd February, 2019 and waiving the meeting of the Creditors.

As on date, after obtaining the approval of the Shareholders, Registrar of Companies, Regional Director and Official Liquidator, the Company has filed a Petition with the NCLT - Ahmedabad Bench for sanction of the aforesaid Scheme and are awaiting for the same.

#### **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 Pradeep R. Mafatlal, a Non-Independent, Non-Executive Promoter Director of the Company is retiring by rotation and being eligible offers himself for re-appointment. Brief resume of Shri Pradeep R. Mafatlal, as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is covered in the notes of the Notice of the 39th 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 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 has appointed three Key Managerial Personnel, viz. Shri Madhusudan J. Mehta, 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



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fields as envisaged under the provisions of the Companies Act, 2013 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 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

At the 37th Annual General Meeting, M/s Manubhai & Shah, Chartered Accountants (Firm Regn. No. 106041W/ W100136), Ahmedabad, were appointed as the Statutory Auditors of the Company 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). On 7th May, 2018, Section 40 of the Companies Amendment Act, 2017 (amending Section 139 of the Companies Act, 2013) was notified whereby ratification of Statutory Auditor's appointment is not required at every Annual General Meeting. Accordingly, resolution for ratification of appointment of Statutory Auditors is not proposed.

#### 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 M/s. 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 there under, 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. 2018-19 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.

### ANNUAL PERFORMANCE EVALUATION:

In compliance with the provisions of the Act, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation was carried out as under:

**Board:** In accordance with the criteria suggested by the Nomination and Remuneration Committee, the Board of Directors evaluated the performance of the Board, having regard to various criteria such as Board composition, Board processes and Board dynamics. The Independent Directors, at their separate meeting, also evaluated the performance of the Board as a whole based on various criteria. The Board and the Independent Directors were of the unanimous view that performance of the Board of Directors as a whole was satisfactory.

**Committees of the Board:** The performance of the Audit Committee, the Corporate Social Responsibility Committee, the Nomination and Remuneration Committee and the Stakeholders Relationship Committee was evaluated by the Board having regard to various criteria such as committee composition, committee processes and committee dynamics. The Board was of the unanimous view that all the committees were performing their functions satisfactorily and according to the mandate prescribed by the Board under the regulatory requirements including the provisions of the Act, the Rules framed thereunder and the Listing Agreement/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Individual Directors:

**(a) Independent Directors:** In accordance with the criteria suggested by the Nomination and Remuneration Committee, the performance of each independent director was evaluated by the entire Board of Directors (excluding the director being evaluated) on various parameters like qualification, experience, availability and attendance,

integrity, commitment, governance, independence, communication, preparedness, participation and value addition. The Board was of the unanimous view that each independent director is a reputed professional and brought his rich experience to the deliberations of the Board. The Board also appreciated the contribution made by all the independent directors in guiding the management in achieving higher growth and concluded that continuance of each independent director on the Board will be in the interest of the Company.

**(b) Non-Independent Directors:** The performance of each of the non-independent directors (including the Chairperson) was evaluated by the Independent Directors at their separate meeting. Further, their performance was also evaluated by the Board of Directors. Various criteria considered for the purpose of evaluation included qualification, experience, availability and attendance, integrity, commitment, governance, communication, etc. The Independent Directors and the Board were of the unanimous view that each of the non-independent director was providing good business and people leadership.

#### **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 - NIL.

#### **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 Organization.

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

The extract of the Annual Return in Form MGT 9 is provided in "Annexure E" to this Report and the same is also available on the website of the Company [www.stanroseinvest.com](http://www.stanroseinvest.com) under "Investor Relations" Section.

#### **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:** May 30, 2019.

## 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

(CIN : L65910GJ1980PLC003731)

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, 2019 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, 2019 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, 2018;
- (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, 2018;

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 SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 amended from time to time.

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 except the filing of Reconciliation of Share Capital Audit under Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018 for the quarter ended on 31st December, 2018 with a delay of 15 days.

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.



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- (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 the Board of Directors of the Company at its meeting held on 13th March, 2018, has approved the Scheme of Amalgamation ("Scheme") between Surcot Trading Private Limited (Transferor

Company Number I) and Umiya Real Estate Private Limited (Transferor Company Number II) with the Company under Sections 230-232 of the Companies Act, 2013, with appointed date as 1st April, 2017. Further the Company has already received No Objection letter no. DCS/AMAL/SD/R37/1331/2018-19 dated 14th November, 2018 from BSE Limited under Regulation 37 of the SEBI-LODR Regulations. Moreover the members of the Company at the NCLT Convened meeting held on 22nd February, 2019 have approved the Scheme. Further the Company has filed Petition No. CP (CAA) No. 30 of 2019 with the Hon'ble NCLT-Ahmedabad Bench for obtaining sanction to the Scheme.

Barring this, during the audit period, no other events/actions 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.

For **MANOJ HURKAT AND ASSOCIATES**

*Practicing Company Secretaries*

**Place:** Ahmedabad

**MANOJ R HURKAT**

**Date:** May 30, 2019

*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.

## ANNEXURE 'A' to Secretarial Audit Report

To,

The Members of

### STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED

(CIN : L65910GJ1980PLC003731)

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:** May 30, 2019

*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 Kersi J. Pardiwalla, Member
    - (c) Smt. Datta B. Dave, Member
3. Average net profit of the company for last three financial years- Rs. 556.79 Lacs.
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) - Rs.11.14 Lacs.
5. Details of CSR spent during the financial year:
  - (a) Total amount spent during the financial year - Rs.11.74 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 (1) Local area or other (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 Sub-heads: (1) Direct expenditure on projects or programs (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.11.74 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*

(PRADEEP R. MAFATLAL)  
CHAIRMAN

(MADHUSUDAN J. MEHTA)  
CHAIRMAN - CSR COMMITTEE

Place: Mumbai

Date: May 30, 2019