

STANROSE MAFATLAL
INVESTMENTS AND FINANCE LIMITED



40TH
ANNUAL REPORT 2019-2020

STANROSE MAFATLAL

INVESTMENTS AND FINANCE LIMITED

CONTENTS	PAGE	BOARD OF DIRECTORS
Corporate Information	02	SHRI PRADEEP R. MAFATLAL
Directors' Report	03	Chairman
Report on Corporate Governance	21	SHRI MADHUSUDAN J. MEHTA
Corporate Governance Compliance Certificate	29	SHRI ARUN P. PATEL (upto 20-01-20)
Independent Auditors' Report on Standalone Financial Statement	30	SHRI RAJESH JAYKRISHNA
Balance Sheet	37	SHRI KERSI J. PARDIWALLA
Statement of Profit and Loss	38	SHRI HARIT S. MEHTA (from 10.02.20)
Cash Flow Statement	39	MS. AZIZA A. KHATRI (from 29.06.20)
Statement of Changes in Equity	40	SMT. DATTA B. DAVE
Notes to Financial Statements	41	CHIEF EXECUTIVE OFFICER
Independent Auditors' Report on Consolidated Financial Statements	67	SHRI MADHUSUDAN J. MEHTA
Consolidated Financial Statements and Notes thereon	72	CHIEF FINANCIAL OFFICER
Salient Features of Financial Statements of Subsidiary	102	SHRI HARSHAD V. MEHTA
Notice of AGM	103	COMPANY SECRETARY & COMPLIANCE OFFICER
		SHRI SOHAM A. DAVE
STATUTORY AUDITORS		BANKERS
M/S. MANUBHAI & SHAH LLP		HDFC BANK LTD. AXIS BANK LTD
Chartered Accountants		IDBI BANK LTD.
SECRETARIAL AUDITORS		CORPORATE OFFICE
MANOJ HURKAT & ASSOCIATES		VIJYALAXMI MAFATLAL CENTRE
Company Secretaries		57-A, DR. G. DESHMUKH MARG,
		MUMBAI - 400 026.
REGISTERED OFFICE		SHARE TRANSFER AGENT
6 TH FLOOR, POPULAR HOUSE,		LINK INTIME (INDIA) PVT. LTD.,
ASHRAM ROAD, AHMEDABAD-380 009,		5th Floor, 506-508,
GUJARAT.		Amarnath Business Centre-1 (ABC-1),
Email: info@stanroseinvest.com		B/s. Gala Business Centre,
Website: www.stanroseinvest.com		Nr. St. Xavier's College Corner,
		Off C. G. Road, Ellisbridge,
		Ahmedabad - 380 006
LISTED ON : BSE, CODE : 506105		Tel. 079 26465179
DEMAT CODE : ISIN : INE441L01015		Email: ahmedabad@linkintime.co.in
		Website: 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.

Fortieth Annual General Meeting on 29th August, 2020 through Video Conferencing Platform of CDSL.

STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED

DIRECTORS' REPORT

To

The Members,

STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED

Your Directors have pleasure in presenting the Fortieth Annual Report together with the Audited Statements of Account of the Company for the financial year ended 31st March, 2020.

FINANCIAL RESULTS

	<i>(Rupees in Lacs)</i>	
	Current Year	Previous Year
	Rupees	Rupees
Total Income	39.00	147.00
Gross Profit	(778.39)	(278.78)
Less : Depreciation	40.60	34.52
Profit/(Loss) before Tax & Exceptional Item	(818.99)	(313.30)
Less: Current Tax	(5.75)	(6.57)
Less : Exceptional Item	(0.45)	17.88
Profit/(Loss) after Tax	(813.68)	(288.85)
Add: Profit brought forward from Previous Year	1480.76	1724.93
Balance Available for Appropriations	667.08	1436.08
Less : Dividend Paid (Including tax on dividend)	287.01	287.01
Items of the OCI for the year, net of tax:		
Remeasurement benefit of defined benefit plans	(0.49)	0.90
Transfer to Reserve	00.00	20.00
Add: Other Comprehensive Income:		
Transfer from OCI to Retained Earnings	726.65	352.59
Balance carried forward	1107.21	1480.76

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. 238.08 Lacs for the financial year ended on 31st March, 2020. If approved by the Shareholders at the forthcoming Annual General Meeting to be held on August 29, 2020, the said dividend will be paid on September 9, 2020 or thereafter, to (i) those shareholders whose names appear on the Register of Members of the Company on August 22, 2020 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. 39.00 Lacs as compared to Rs.147.00 Lacs in the previous year.

Depreciation was Rs. 40.60 Lacs (Previous Year Rs. 34.52 Lacs). The Provision for Taxation: (i) for the year under report was NIL. (ii) Adjustments of earlier year tax was Rs. (3.29) Lacs. Loss after tax was Rs. 813.68 Lacs.

This year, the company has decided not to transfer any funds to General Reserve and Statutory Reserve Fund pursuant to Section 45IC of RBI Act, 1934.

The Net Worth of the Company as at 31st March, 2020 stood at Rs. 4,921.10 Lacs as against Rs. 6,527.02 Lacs on 31st March, 2019.

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. 8 to Financial Statements of the Company for the year ended on 31st March, 2020. The total worth of Company's Quoted and Unquoted Investments in Shares and Securities (Including Stock-in-trade) as at 31st March, 2020 is Rs.2,330.67 Lacs (Previous Year Rs. 4,022.55 Lacs). The Company has adopted IND-AS from 1st April, 2019. Under IND-AS, investments are valued at fair value whereas in case of IGAAP, Long term investments were valued at lower of cost or fair value.

During the year under report the Company:

- (a) has made disinvestment of Rs. 805.46 Lacs from its Non-current Quoted and Non-Quoted Equity Investments as against Rs. 281.84 Lacs in the Previous Year.
- (b) booked a net profit of Rs. 726.40 Lacs on sale of Non-Current investments as against Rs. 352.59 Lacs in the previous year.

- (c) earned income by way of Dividend of Rs. 32.97 Lacs against Rs. 137.67 Lacs in the previous year.

After the close of the Financial Year ended on March 31, 2020, the Company has booked Net Capital Gain of Rs. 36.79 Lacs on sale of certain Non-Current Investments in shares of the aggregate book value of Rs. 276.96 Lacs.

(ii) Finance

Interest on Inter-corporate Deposit:

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

Changes in Key Financial Ratios

Sr. No.	Ratios	F.Y. 2019-20	F.Y. 2018-19
1.	Current Ratio	12.92	34.31
2.	Debt Equity Ratio	0.23	0.23
3.	Operating Profit Margin (%)	-0.21	13.06%
4.	Net Profit Margin (%)	-20.86%	13.78%
5.	Return on Net Worth (%)	-205.07%	17.72%

Note: The Company is not having any Debt/Borrowings as at 31st March, 2020. 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 Disclosure 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, 2020, the applicable Indian accounting standards (IndAS) 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, 2020 and of the profit for the year ended on that date;

STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED

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, 2020 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, 2020, 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.

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 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.

The Company had obtained approval from Shareholders in the NCLT Convene Meeting, Registrar of Companies, Regional Director and Official Liquidator. The Company had filed Petition with the NCLT-Ahmedabad Bench and after various hearing the NCLT - Ahmedabad Bench had approved the Scheme of Amalgamation on 17th July, 2019 subject to approval of NCLT-Chennai Bench where the Transferor Company, Umiya Real Estate Private Limited had filed petition for Approval of the said 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 Indian 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, Director & CEO of the Company is retiring by rotation and being eligible offers himself for re-appointment

Shri Arun P. Patel has resigned from the Directorship of the Company with effect from 20th January, 2020, on health grounds. Your Directors place on record their appreciation of the valuable services rendered by Shri Patel during his tenure as a director.

Shri Rajesh Jaykrishna was re-appointed at the 37th AGM for three years upto the AGM that may be held for the F.Y. 2019-20. According to Section 149(11) of the Companies Act, 2013, no Independent Directors can hold office for more than two consecutive terms.

As Shri Jaykrishna's second term will be expired on this AGM, the Board does not propose him for further re-appointment.

To fill the vacancy of Independent Directors caused due to resignation of Shri Arun P. Patel and the non-appointment of Shri Rajesh Jaykrishna in accordance with Section 149(11) of the Companies Act, 2013, the Board has appointed Shri Harit S. Mehta and Ms. Aziza A. Khatri, as an Independent Directors, both for Five consecutive years. Accordingly, a resolution proposing his appointment along

STANDROSE MAFATLAL

with their brief resume is provided under Notice of 40th AGM.

Shri Kersi J. Pardiwalla is due for retirement from its first term as Independent Director under the Companies Act, 2013. Based on his skills, experience, knowledge, performance, evaluation and recommendation of Nomination and Remuneration Committee, it is proposed to re-appoint him for Five consecutive years up to August 28, 2025.

Brief resumes of Shri Harit S. Mehta, Ms. Aziza Khatri and Shri Kersi J. Pardiwalla, as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are covered under notes of the Notice of the 40th 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 fields as envisaged under the provisions of the Companies Act, 2013 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 Takeover) 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. For the Financial Year 2019-20, the Company is not falling under Section 135(1) of the Companies Act, 2013 as the Net worth, Turnover and Net Profits of the Company are less than the prescribed limit for the past three consecutive years and so the reporting under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is not applicable to the Company.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of Shri Kersi J. Pardiwalla, Chairman, Shri Rajesh Jaykrishna, Shri Harit S. Mehta and Ms. Aziza A. Khatri, 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

STANROSE MAFATLAL INVESTMENTS AND FINANCE LIMITED

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 was 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 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) 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 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, 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 are 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 D" to this Report and the same is also

STANDROSE MAFATLAL

available on the website of the Company 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: June 29, 2020.

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, 2020, 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, 2020 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.

- 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

STANROSE MAFATLAL

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.

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 was approved by the Hon'ble NCLT-Ahmedabad Bench vide its order dated 17th July, 2019. However, the Company is awaiting final order of Hon'ble NCLT-Chennai Bench for the petition filed by one of the Transferor Company Number II, for implementation of 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
FRN: P2011GJ025800

Place: Ahmedabad
Date: June 29, 2020

MANOJ R HURKAT
Partner
FCS No. 4287, C P No.: 2574
UDIN:F004287B000369058

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
FRN: P2011GJ025800

Place: Ahmedabad
Date: June 29, 2020

MANOJ R HURKAT
Partner
FCS No. 4287, C P No.: 2574
UDIN:F004287B000369058