

**SFL INTERNATIONAL LIMITED**  
**(FORMERLY SURYANAGRI FINLEASE LIMITED)**

**ANNUAL REPORT 2015-16**

## COMPANY'S PROFILE

### Board of Director:

Mr. Mohit Kailashchandra Agarwal	Director
Mr. Kamleshkumar Sohanlal Mali	Non Executive Independent Director
Ms. Vanita Mansukh Parmar	Non Executive Independent Director
Ms. Sapna Yogesh Jangir	Non Executive Independent Director

### Registered Office:

101-104 GCP Business Center, Opp Memnagar Fire Station,  
Vijay Cross Road, Ahmedabad-380014, Gujarat, India

**Website:** [www.sfl.net.in](http://www.sfl.net.in),

**Email Id:** sfl1992@ymail.com

### Statutory Auditor:

M/s. Ashok Dhariwal & Co.  
Chartered Accountant  
A-602, Narnarayan Complex  
Navrangpura, Ahmedabad – 380009, Gujarat

### Registrar and Share Transfer Agent:

M/s Skyline Financial Services Pvt Ltd  
4A9, Gundecha Onclave, Kherani Road  
Sakinaka, Mumbai-400072, Maharashtra  
Tel: 022-6221 5779/2851 1022, Fax: 011-2681 2683  
**Email:** mumbai@skylinerta.com

### Bankers :

Axis Bank Limited

### 24<sup>TH</sup> ANNUAL GENERAL MEETING

Date & Time : Wednesday, 28<sup>th</sup> September 2016, at 11:00 A.M.

Venue : Celestia the Hotel, H L Commerce College Road  
Navrangpura, Ahmedabad – 380009, Gujarat

### Book Closure:

From 21st September, 2016 to 28th September, 2016 (Both Days Inclusive)

### Stock Exchanges where Shares of the Company are Listed:

BSE Limited  
The Ahmedabad Stock Exchange Limited

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## **BOARD'S REPORT**

TO THE MEMBERS  
SFL INTERNATIONAL LIMITED  
(Formerly, Suryanagri Finlease Ltd)

The Directors hereby present their Twenty Fourth Annual Report on the business and operations of the Company and the financial statements for the year ended 31st March, 2016.

### **FINANCIAL HIGHLIGHTS/PERFORMANCE OF THE COMPANY** (Rs. in Lakhs)

<b>Particulars</b>	<b>Year ended 31st March, 2016</b>	<b>Year ended 31st March, 2015</b>
Total Income	-	392.52
Total Expenditure	13.45	391.82
Profit/ (Loss) before Tax	(13.45)	0.69
Tax Expense	(4.05)	0.30
Profit/ (Loss) for the period	(9.40)	0.39
Brought forward from previous year	(83.72)	(84.11)
Surplus/ (Deficit) carried to Balance Sheet	(93.12)	(83.72)

### **COMPANY PERFORMANCE**

The Company has incurred a loss of Rs. 13.45 Lakhs during the year, as compared to a profit before tax of Rs. 0.69 Lakhs in the previous year.

### **DIVIDEND**

In order to maintain a healthy capital adequacy ratio to support long term growth of your Company, your Directors has not recommended any Dividend for the Financial Year 2015-16.

### **TRANSFER TO RESERVES**

There was no tranfer of any amount to reserve account.

### **MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT**

There have been no material changes and commitments, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial year relate and the date of this report.

### **SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS**

There were no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company and its operations in future.

### **ADEQUACY OF INTERNAL CONTROLS**

The Company's Internal Control Systems are commensurate with the nature, size and complexity of its business and ensure proper safeguarding of assets, maintaining proper accounting record and providing reliable financial information.

The Directors have laid down internal financial controls to be followed by the Company and such policies and procedures have been adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting record and the timely preparation of reliable financial information.

An external independent firm carries out the internal audit of the Company operations and reports its findings to the Audit Committee on a regular basis. Internal Risk and Control function also evaluates organisational risk along with controls required for mitigating those risks. Internal Audit provides assurance on functioning and quality of internal controls along with adequacy and effectiveness through periodic reporting.

The Company has a Code of Business Conduct for all employees and a clearly articulated and internalized delegation of financial authority. These authority levels are periodically reviewed by management and modifications, if any, are submitted to the Audit Committee and Board for approval. The Company also takes prompt action on any violations of the Code of Business Conduct by its employees.

The Audit Committee reviews the effectiveness of the internal control system and also invites senior management personnel to provide updates on operating effectiveness and controls from time to time. A CEO/CFO Certificate signed by the Director of the Company confirms the existence and effectiveness of internal controls and reiterates their responsibilities to report deficiencies to the Audit Committee. The Audit Committee also reviews the Risk management framework periodically and ensures it is updated and relevant.

During the year under review, the Internal Financial Control Audit was carried out by the Statutory Auditors, the Report of which is forming part of this Annual Report.

#### **DEPOSITS**

During the year under review, your Company has not accepted any deposit within the meaning of Sections 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

#### **STATUTORY AUDITORS**

M/s. Ashok Dhariwal & Co, Chartered Accountants, (Firm Registration No.-100648W) Statutory Auditors of the Company, hold office till the conclusion of the Annual General Meeting of the Company to be held for the financial year 2016-17 and are eligible for re-appointment. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

#### **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s Jalan Alkesh & Associates, Company Secretaries to undertake the Secretarial Audit of the Company for a consecutive term of three financial years starting from 2015-16 to 2017-18. The Secretarial Audit Report is given as "Annexure-A" forming part of this Report.

## **DETAILS OF SUBSIDIARY/ JOINT VENTURES/ASSOCIATE COMPANIES**

The Company does not have any subsidiary/joint ventures/associate companies.

## **SHARE CAPITAL**

The paid up Equity Share Capital as on 31st March, 2016 was Rs. 3,36,45,000/- divided into 33,64,500 Equity Shares of Rs. 10/- each. During the year under review, the Company has not issued any shares.

## **EXTRACT OF ANNUAL RETURN**

The extract of Annual Return is prepared in Form MGT-9 as per the provisions of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 and the same is annexed as "Annexure-B" to this Report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

### **a) Particulars of Conservation of Energy, Technology Absorption**

The Provisions of Section 134(m) of the Act relating to conservation of energy and technology absorption do not apply to this Company as the Company has not carried out any manufacturing activities.

### **b) Foreign Exchange Earnings and Outgo**

During the year under review there was no foreign exchange outgo nor was any foreign exchange earned.

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

### **a) Declaration by Independent Directors**

All the Independent Directors have given a declaration that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 read with the rules made there under and as per SEBI(Listing Obligations & Disclosure Requirements) Regulations, 2015. In the opinion of the Board, they fulfil the conditions of independence as Specified in the Act and the rules made there under.

### **b) Familiarisation Programme**

The Independent Directors are familiarised with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. On appointment, the Independent Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. The Director is also informed in brief the various compliances required from him/her as a Director. The Director is also explained in detail the various compliances required from him as a Director under the various provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015. The details of familiarization programme are available on the Company's website at the weblink [www.sfl.net.in](http://www.sfl.net.in).

### **c) Non-Independent Director**

In accordance with the provisions of Companies Act, 2013, Mr. Mohit Kailashchandra Agarwal (DIN: 06425687), Director of the Company, is liable to retire by rotation and being eligible,

offers himself for re-appointment. The Board recommends his appointment with a view to avail his valuable advices and wise counsel.

A brief profile of the above Director seeking appointment/re-appointment required as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in the Notice forming part of the Annual Report.

**d) Changes in Directorship during the year**

During the year under review, there were no changes in the Directorship of the Company.

**e) Key Managerial Personnel**

During the year under review, there were no changes in the Key Managerial Personnel of the Company.

**ANNUAL EVALUATION OF BOARD'S PERFORMANCE**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations, evaluation of all Board members is done on an annual basis. The evaluation is done by the Board, Nomination and Remuneration Committee and Independent Directors with specific focus on the performance and effective functioning of the Board and Individual Directors. Such performance evaluation process was formulated in consultation with the Nomination and Remuneration Committee and approved by your Board. The performance evaluation, thus, included the following:

**a) Criteria for evaluation of Board of Directors as a Whole**

- The frequency of meetings;
- The length of meetings;
- The number of committees and their roles;
- The flow of information to board members and between board members;
- The quality and quantity of information;
- The disclosure of information to the stakeholders.

**b) Criteria for evaluation of the Individual Directors**

- Ability to contribute and monitor corporate governance practices;
- Ability to contribute by introducing best practices to address top management issues;
- Participation in long term strategic planning;
- Commitment to the fulfilment of Director obligations and fiduciary responsibilities;
- Guiding strategy;
- Monitoring management performance and development;
- Statutory compliance & Corporate Governance;
- Attendance and contribution at Board/Committee meetings;
- Time spent by each of the member; and
- Core competencies.

The Directors expressed their satisfaction over the evaluation process and results thereof.

**NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

During the financial year ended 31st March, 2016, eight Board Meetings were held on 15th May 2015, 30th May 2015, 14th August 2015, 29th August 2015, 14th November 2015, 13th February

2016, 18th March 2016 and 28th March 2016. The maximum time gap between any two meetings was less than four months as stipulated under SEBI (LODR) Regulations, 2015. Details of Board meetings held during the financial year have been furnished in the Corporate Governance Report forming part of this Annual Report.

#### **MEETINGS OF INDEPENDENT DIRECTOR**

During the year under review, a meeting of Independent Directors was held on 18th March 2016 wherein the performance of the non-independent directors and the Board as a whole was reviewed. The Independent Directors at their meeting also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board of Directors of the Company.

#### **COMMITTEES OF THE BOARD**

The Company has constituted/re-constituted various Board level committees in accordance with the requirements of Companies Act, 2013. Details of all the above Committees along with the composition and meetings held during the year under review are provided in the report on Corporate Governance forming part of this report.

#### **AUDIT COMMITTEE**

The composition and terms of reference of the Audit Committee has been furnished in the Corporate Governance Report forming part of this Annual Report. The Board has accepted all the recommendations of the Audit Committee during the year under review.

#### **NOMINATION AND REMUNERATION COMMITTEE**

The composition and terms of reference of the Nomination and Remuneration Committee has been furnished in the Corporate Governance Report forming part of this Annual Report.

#### **STAKEHOLDER RELATIONSHIP COMMITTEE**

The composition and terms of reference of the Stakeholders Relationship Committee has been furnished in the Corporate Governance Report forming part of this Annual Report.

#### **POLICY ON DIRECTORS APPOINTMENT & REMUNERATION**

A Nomination and Remuneration Policy has been formulated pursuant to the provisions of Section 178 and other applicable provisions of the Companies Act, 2013 and Rules thereto stating therein the Company's policy on Directors appointment and remuneration by the Nomination and Remuneration Committee was approved by the Board of Directors. The said policy is appended as "Annexure- C" to this Report.

The said policy may also be referred to, at the Company's official website at [www.sfl.net.in](http://www.sfl.net.in)

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

The Board has adopted a Whistle Blower Policy to maintain highest standards of professionalism, honesty, integrity, ethical behaviour and to provide a vigil mechanism for Directors/Employees to voice concern in a responsible and effective manner regarding unethical matters involving serious malpractice, abuse or wrongdoing within the organisation. The Company affirms that during the year no personnel have been denied access to the Audit Committee.

The Whistle Blower Policy is available on the website of the Company at [www.sfl.net.in](http://www.sfl.net.in).

#### **PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE**

The Company as an organization is committed to provide a healthy environment to all employees and thus does not tolerate any discrimination and/or harassment in any form. The Company has

in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013.

No complaints were received during the financial year 2015-2016.

#### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

In terms of Section 186 of the Companies Act, 2013 and Rules framed there under, details of the Loans given and Investments made by the Company during the year have been disclosed in the Notes to Audited Standalone Financial Statements.

The Company has not given any guarantee or provided security during the year under review.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

A Related Party Policy has been devised by the Board of Directors for determining the materiality of transactions with related parties and dealings with them. The said policy may be referred to, at the Company's official website at [www.sfl.net.in](http://www.sfl.net.in).

There are no contracts or arrangements entered into by the Company during the year with Related Parties referred to in Section 188 (1) of the Companies Act, 2013. There are no materially significant related party transactions made by the Company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Directors draw attention of the members to Note No. 19 to the financial statement which set out related party disclosures.

#### **DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES:**

A statement containing the details of the Remuneration of Directors, Key Managerial Personnel (KMP) and Employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given as "Annexure-D" forming part of this Report.

The Company have no employee drawing a remuneration of Rs. 60,00,000/- (Rupees Sixty Lakhs) per annum or part thereof in terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### **CORPORATE GOVERNANCE**

Pursuant to the provisions of Regulations 34 read with point C & E of Schedule V of SEBI (LODR) Regulations, 2015, a report on Corporate Governance is given as "Annexure-E" for the financial year ended 31st March, 2016 along with the Certificate on its Compliance is forming part of this Annual Report.

#### **MANAGEMENT DISCUSSION & ANALYSIS**

The Management Discussion and Analysis is given as "Annexure-F" forms an integral part of this report and gives details of the overall industry structure, economic developments, performance and state of affairs of the Company's various businesses, internal controls and their adequacy, risk management systems and other material developments during the financial year 2015-16.

#### **RISK AND MITIGATING STEPS**

The Company has identified various risks faced by the Company from different areas. Appropriate structures are present so that risks are inherently monitored and controlled inter alia through strict quality assurance measures.



The Company has adequate internal control system and procedures to combat risks. The risk management procedure is reviewed by the Audit Committee and Board of Directors on a quarterly basis at the time of review of quarterly financial results of the Company.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) & 134(5) of the Companies Act, 2013, the Directors of your Company confirm that:

- in the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit & loss of the Company for the Financial Year ended 31st March, 2016;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records for the year ended 31st March, 2016, in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a 'going concern' basis;
- the internal financial controls laid down by the Directors were followed by your Company and that such internal financial controls are adequate and operating effectively; and
- proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

#### **ACKNOWLEDGEMENT**

Your Directors wish to convey their gratitude and place on record their appreciation for all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year.

Your Directors sincerely convey their appreciation to customers, shareholders, vendors, bankers, business associates, regulatory and government authorities for their continued support.

**For & On behalf of the Board**

**Mohit Kailashchandra Agarwal**  
**Director/Chairman**  
**DIN: 06425687**

**Place: Ahmedabad**  
**Date: 30th May, 2016**

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31st March, 2016**

*[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,  
**SFL International Limited**  
**(Formerly, Suryanagari Finlease Ltd)**

We have conducted the **Secretarial Audit** of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SFL International Limited (CIN: L17291GJ1992PLC018633)** (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 our opinion thereon.

Based on our verification of Company's 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, and authorized representatives during the conduct of **Secretarial Audit**, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion the Company has, during the audit period covering the financial year ended **31st March, 2016** generally 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 made available to us and maintained by the Company for the financial year ended **31st March, 2016** according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines (as amended from time to time) prescribed under the Securities and Exchange Board of India Act, 1992:-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and 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 and amendments from time to time;