

SFL INTERNATIONAL LIMITED
(FORMERLY SURYANAGRI FINLEASE LIMITED)

ANNUAL REPORT 2016-17

COMPANY'S PROFILE

Board of Director :

Mr. Rupesh Balkrishna Bhoir	Director
Mr. Kamleshkumar Sohanlal Mali	Independent Director
Ms. Vanita Mansukh Parmar	Independent Director

Registered Office :

101-104 GCP Business Center, Opp Memnagar Fire Station,
Office No. 107, Vijay Cross Road, Ahmedabad-380014, Gujarat, India
Website: 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 :

Indusind Bank

25TH ANNUAL GENERAL MEETING

Day, Date & Time : Tuesday, September 26, 2017 at 11:00 am

Venue : 101-104, GCP Business Centre, Opp. Memnagar Fire Station
Vijay Cross Road, Ahmedabad-380014, Gujarat

Book Closure :

Tuesday, September 19, 2017 to Tuesday, September 26, 2017 (both days inclusive)

Stock Exchanges where Shares of the Company are Listed:

BSE Limited
The Ahmedabad Stock Exchange Limited

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DIRECTOR'S REPORT

TO THE MEMBERS

SFL INTERNATIONAL LIMITED

Your Directors are pleased to present the Twenty Fifth (25th) Annual Report together with the Audited Accounts of your Company for the Financial Year ended March 31, 2017. The summarised financial performance of your Company is as follows:

(Rs. in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Total Income	-	-
Total Expenditure	11.59	13.45
Profit/(Loss) before Taxation	(11.59)	(13.45)
Tax Expense	(2.92)	(4.05)
Profit/(Loss) for the period	(8.67)	(9.40)
Brought forward from previous year	(93.12)	(83.72)
Surplus/(Deficit) carried to Balance Sheet	(101.79)	(93.12)

FINANCIAL PERFORMANCE

The Company has incurred a loss of Rs. 11.59 Lakhs during the year 2016-17, as compared to a loss of Rs. 13.45 Lakhs in the year 2015-16.

DIVIDEND

Due to loss, your Directors have not recommended any Dividend for the Financial Year 2016-17.

AMOUNTS PROPOSED TO CARRY TO THE RESERVES

The Company has not transferred any amount to reserve account during the year under review.

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 are 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.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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.

AUDITORS

i. STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013, and Rules framed there under the term of M/s Ashok Dhariwal & Co., Chartered Accountants, as the Statutory Auditors of the Company will conclude from the close of the ensuing Annual General Meeting of the Company.

The Board places on record its appreciation to the services rendered by M/s Ashok Dhariwal & Co. as the Statutory Auditors of the Company.

Subject to the approval of the Members, the Board of Directors of the Company has recommended the appointment of M/s Vijay Moondra & Co., Chartered Accountants (Firm Registration No. 112308W), as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013.

Accordingly, the Board recommends the resolution in relation to appointment of Statutory Auditors, for the approval by the shareholders of the Company.

There is no audit qualification for the year under review.

ii. SECRETARIAL AUDITOR

In terms 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, Practicing Company Secretary, as the Secretarial Auditor to conduct an audit of the Secretarial Records of the Company.

The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed herewith as [Annexure-A] to this report.

DETAILS OF SUBSIDIARY/ JOINT VENTURES/ASSOCIATE COMPANIES

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

SHARE CAPITAL

The Authorised Share Capital of your Company stands at Rs. 5,00,00,000/- divided into 50,00,000 Equity Shares of Rs. 10/- each. At present the Issued, Subscribed and Paid Up Share Capital of your Company is Rs. 3,36,45,000/- divided into 33,64,500 Equity Shares of Rs. 10/- each, fully paid-up.

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 herewith 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.

DIRECTOR'S & KEY MANAGERIAL PERSONNEL

Your Company has a duly constituted Board of Directors which is in compliance with the requirements of the Companies Act, 2013, schedules thereto and rules framed there under and as per provisions of the Articles of Association of the Company.

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 Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

b) Familiarisation Programme undertaken for Independent Directors

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 explained in detail the various compliances required from him/her as a Director under the various provisions of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. The details of familiarisation programme are available on the website of the Company viz. www.sfl.net.in.

c) **Non-Independent Director**

None of the Directors of the Company are disqualified for being appointed as Directors, as specified in Section 164 (2) of the Companies Act, 2013 and rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

d) **Changes in Directorship/Key Managerial Personnel during the year**

Mr. Rupesh Balkrishna Bhoir (DIN: 07075499) was appointed as Additional (Executive) Director of the Company with effect from March 27, 2017.

Ms. Sapna Yogesh Jangir (DIN: 07088078) resigned from the Directorship of the Company with effect from January 25, 2017. Mr. Mohit Kailash Chandra Agarwal (DIN: 06425687) resigned from the Directorship of the Company with effect from March 27, 2017. The Board has placed on record its sincere appreciation and gratitude for contributions made by them during their tenure as the Director of the Company.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

A total of Nine (9) Meetings of the Board of Directors of your Company were held during the year under review. The maximum interval between two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013, and in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of all Board/Committee Meetings are given in the Corporate Governance Report.

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 Committees along with composition and meetings held during the year under review are provided in the Corporate Governance Report.

AUDIT COMMITTEE

The composition and terms of reference of the Audit Committee has been furnished in the Corporate Governance Report. There have been no instances where the Board has not accepted the recommendations of the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

DIRECTORS APPOINTMENT & REMUNERATION POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. The details of this policy are explained and annexed herewith as [Annexure- C] to this Report.

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 said policy is available on the website of the Company viz. 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.

The following is a summary of sexual harassments complaints received and disposed off during the financial year ended March 31, 2017:

- No. of Complaints received : NIL
- No. of Complaints disposed off : Not Applicable

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has complied with Section 186 of the Companies Act, 2013

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

RELATED PARTY TRANSACTIONS

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 website of the Company viz. www.sfl.net.in.

There are no contracts or arrangements entered into by the Company during the year under review 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 person which may have a potential conflict with the interest of the Company at large.

Necessary disclosures required under the Accounting Standards (AS-18) have been made in the Notes to Financial Statements.

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 and annexed herewith as [Annexure-D] to 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 REPORT

As per Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 a separate section on corporate governance practices followed by the Company, together with a certificate confirming compliance is annexed herewith as [Annexure-E] to this Report.

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion and Analysis Report on the operations of the Company, as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in a separate section and annexed herewith as [Annexure-F] to this Report.

RISK MANAGEMENT

Risk Management is embedded in your Company's operating framework. Your Company believes that managing risks helps in maximizing returns. The Company's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The Risk Management framework is reviewed periodically by the Board and the Audit Committee. The Audit Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continual basis.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), the Directors of your Company confirm that:

- i. in the preparation of the Annual Accounts for the financial year ended March 31, 2017, the applicable Accounting Standards and Schedule III of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), have been followed and there are no material departures from the same;

- ii. the Directors have 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 March 31, 2017 and of the profit & loss of the Company for the Financial Year March 31, 2017;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force) for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the annual accounts have been prepared on a 'going concern' basis;
- v. proper 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
- vi. proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

APPRECIATION

Your Directors wish to place on record their appreciation, for the contribution made by the employees at all levels. Your Directors also wish to thank its customers, dealers, agents, suppliers, investors and bankers for their continued support and faith reposed in the Company.

For & on behalf of the Board

Place: Ahmedabad
Date: May 30, 2017

Rupesh Balkrishna Bhoir
Chairman and Director
DIN: 07075499

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[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,
M/s SFL International Limited
101-104, GCP Business Centre, Opp Memnagar Fire Station
Office No-107, Vijay Cross Road, Ahmedabad-380014, Gujarat

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SFL International 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 our opinion thereon.

Based on our verification of the 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, 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 March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - 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;