

# STANDARD INDUSTRIES LTD.



103RD ANNUAL REPORT 1997-99

**STANDARD INDUSTRIES LTD.****ANNUAL GENERAL MEETING****Date** : 29th July, 1999.**Time** : 3-00 P.M.**Venue** : Nehru Centre Auditorium,  
Dr. Annie Besant Road,  
Mumbai 400 018.**CONTENTS**

Pages

Board of Directors, etc. ....	2
Management Team .....	3
Notice .....	4-8
Financial Statistics .....	9
Graphs .....	10-11
Shareholdings .....	12
Directors' Report .....	13-20
Auditors' Report .....	21-23
Balance Sheet .....	24
Profit & Loss Account .....	25
Schedules 1 to 18 .....	26-48
Statement Under Section 212 .....	49

**SUBSIDIARY COMPANIES :**

Standard Salt Works Ltd. ....	50-66
Stanrose Industries Ltd. ....	67-72
Mafatlal Enterprises Ltd. ....	73-82

Shareholders are requested kindly to bring their copy of the Annual Report to the Meeting as copies of Annual Report will not be distributed at the Meeting as a measure of economy.


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**STANROSE MAFATLAL**

## STANDARD INDUSTRIES LTD.

### BOARD OF DIRECTORS

SHRI RASESH N. MAFATLAL,  
*Chairman*  
SHRI RUSSI JAL TARAPOREVALA  
DR. F. A. MEHTA  
SHRI J. P. THACKER  
SHRI V. C. VAIDYA  
SHRI PRADEEP R. MAFATLAL  
SHRI M. L. APTE  
DR. A. C. MUTHIAH  
SHRI F. M. PARDIWALLA,  
*(Nominee of ICICI)*  
SHRI K. J. PARDIWALLA,  
*Managing Director*  
SHRI S. K. DIWANJI  
SHRI S.B. GHIA

### BANKERS

CENTRAL BANK OF INDIA  
UNITED BANK OF INDIA  
UNION BANK OF INDIA  
BANK OF BARODA  
BANK OF INDIA

### AUDITORS

MESSRS. C. C. CHOKSHI & COMPANY  
*Chartered Accountants*

### SOLICITORS

MESSRS. KANGA & COMPANY  
MESSRS. DESAI & DIWANJI

### REGISTERED OFFICE

MAFATLAL CENTRE,  
NARIMAN POINT,  
MUMBAI 400 021.

### SHARE DEPARTMENT

5TH FLOOR,  
MAFATLAL HOUSE,  
BACKBAY RECLAMATION,  
MUMBAI 400 020.

### TEXTILE MILLS

1. NEW PRABHADEVI ROAD,  
MUMBAI 400 025.
2. TOKERSI JIVRAJ ROAD,  
SEWREE, MUMBAI 400 015.

### CHEMICALS FACTORY

STANDARD ALKALI,  
THANE-BELAPUR ROAD,  
THANE.

### GARMENT UNITS

1. KAMALAGRAM ROAD,  
NADIAD 387 001
2. KANDLA FREE TRADE ZONE,  
GANDHIDHAM-KUTCH.

## STANROSE MAFATLAL

### MANAGEMENT TEAM

SHRI K. J. PARDIWALLA  
*Managing Director*

SHRI D. M. NADKARNI  
*Vice-President (Projects & Works-Standard Alkali)*

SHRI D. H. PAREKH  
*Vice-President (Finance)*

SMT. TANAZ B. PANTHAKI  
*Company Secretary*

SHRI I. H. MEHTA  
*General Manager (Textiles Division)*

SHRI J. N. DESAI  
*General Manager (Marketing)*

SHRI G. M. MODAK  
*General Manager (Central Costing)*

SHRI A. T. KARNIK  
*General Manager (Materials-Textiles Division)*

SHRI D. A. VORA  
*General Manager (Exports)*

SHRI V. K. KAPUR  
*General Manager (Works-Standard Alkali)*

SMT. MEENU THADANI  
*Chief Executive (Apparels Division)*

SHRI GHULAM SABIR  
*Mill Manager (Prabhadevi Unit)*

SHRI B. S. LANDE  
*Mill Manager (Sewree Unit)*

SHRI I. K. S. ROHATGI  
*Factory Manager (Kandla Unit)*

SHRI V. M. KULKARNI  
*Factory Manager (Nadiad Unit)*

**STANDARD INDUSTRIES LTD.****NOTICE**

Notice is hereby given that the ONE HUNDRED & THIRD ANNUAL GENERAL MEETING of the Members of STANDARD INDUSTRIES LIMITED will be held at Nehru Centre Auditorium, Dr. Annie Besant Road, Mumbai-400 018, on Thursday, the 29th July, 1999, at 3.00 P.M., to transact the following business :

1. To receive, consider and adopt the Directors' Report and Audited Profit and Loss Account of the Company for the Accounting Period ended 31st March, 1999 and the Balance Sheet of the Company as on that date.
2. To appoint a Director in place of Shri Russi Jai Taraporevala who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Dr. F.A. Mehta who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri M.L. Apte who retires by rotation and is eligible for re-appointment.
5. To consider and, if thought fit, to pass, with or without modifications, the following :

**AS A SPECIAL RESOLUTION**

"RESOLVED THAT pursuant to Sections 224 and 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs. C.C. Chokshi & Co., Chartered Accountants, Mumbai, be and they are hereby appointed Auditors of the Company for the Accounting Year commencing on 1st April, 1999, to hold office as such from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and that their remuneration be and is hereby fixed at Rs. 3,25,000/- apart from out-of-pocket expenses to be reimbursed to them."

NOTICE is hereby further given that the following business will be transacted as Special Business in the Meeting :

**SPECIAL BUSINESS**

6. To appoint a Director in place of Shri S.K. Diwanji, who was appointed by the Board of Directors as an Additional Director on 17th March, 1998, under Article 142 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting under the said Article and being eligible, offers himself for appointment. Notice in writing from a Member proposing his candidature for the office of the Director has been received under Section 257 of the Companies Act, 1956.
7. To appoint a Director in place of Shri S.B. Ghia, who was appointed by the Board of Directors as an Additional Director on 17th March, 1998, under Article 142 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting under the said Article and being eligible, offers himself for appointment. Notice in writing from a Member proposing his candidature for the office of the Director has been received under Section 257 of the Companies Act, 1956.
8. To consider and, if thought fit, to pass, with or without modifications, the following :

**AS A SPECIAL RESOLUTION**

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification thereto or any re-enactment thereof for the time being in force) the Articles of Association of the Company be and are hereby altered in the following manner :

"(A) The following new Articles 49A, 49B and 49C be inserted after the present Article 49 :

**STANDROSE MAFATILAL****NOMINATION OF SHARES AND/OR DEBENTURES**

'49A (1) Every holder of shares in or debentures of the Company may at any time nominate, in the manner prescribed under the Act, a person to whom his shares in or debentures of the Company shall vest in the event of his death.

(2) Where the shares in or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the manner prescribed under the Act, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.

(3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the shares or debentures where a nomination made in the manner prescribed under the Act, purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall on the death of the shareholder or the debenture holder concerned, or on the death of the joint holders become entitled to all the rights in relation to such shares or debentures to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under the Act.

(4) Where the nominee is a minor, the holder of the shares or debentures concerned, can make the nomination to appoint in the prescribed manner under the Act, any person to become entitled to the shares or debentures concerned in the event of his death during the minority.

**TRANSMISSION IN CASE OF NOMINATION**

49B (1) Notwithstanding anything contained in Articles 48 and 49, any person who becomes a nominee by virtue of the provisions of Section 109A, upon the production of such evidence as may be required by the Board and subject as hereinafter provided elect either —

(a) to be registered himself as holder of the share or debenture as the case may be; or

(b) to make such transfer of the share or debenture as the case may be as the deceased shareholder or debenture holder as the case may be could have made.

(2) If the person being a nominee, so entitled, elects to be registered as holder of the share or debenture himself as the case may be, he shall deliver or send to the Company a notice in writing duly signed by him stating that the nominee concerned so elects and such notice

**STANDARD INDUSTRIES LTD.**

shall be accompanied with the death certificate of the deceased shareholder/debenture holder as the case may be.

- (3) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfer of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were signed by that shareholder or debenture holder, as the case may be.

- (4) A person being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied

with within ninety days, the Board may thereafter withhold payments of all dividends, bonuses, or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.

**NOMINATION FOR FIXED DEPOSITS**

49C A depositor may, at any time, make a nomination and the provisions of sections 109A and 109B shall, as far as may be, apply to the nominations made pursuant to the provisions of section 58A(11) of the Act."

- "(B) The existing Articles 200 and 201 be deleted and be replaced by the following new Articles 200 and 201 :

**INTER-CORPORATE LOANS, ETC.**

'200 The Company shall

- (a) make any loan to any other body corporate;
- (b) give any guarantee, or provide security, in connection with a loan made by any other person to, or to any other person by, any body corporate,

in accordance with the provisions of Section 372A of the Act.

**INTER-CORPORATE INVESTMENTS**

201 The Company shall acquire, by way of subscription, purchase or otherwise the securities of any other body corporate in accordance with the provisions of Section 372A of the Act."

**STANROSE MAFATLAL****NOTES:**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
- (b) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Items Nos. 5 to 8 are annexed hereto.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 30th June, 1999 to Wednesday, the 14th July, 1999 (both days inclusive) for the purpose of the Annual General Meeting to be held on 29th July, 1999.
- (d) The Company has transferred the unclaimed dividends upto the Accounting Year ended 30th September, 1994, to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. The Members are requested to submit their claims in respect of the outstanding dividends, if any, for these years to the Registrar of Companies, Maharashtra, Mumbai.
- (e) Shareholders are requested to send immediately the intimation of change of address for registration with the Company.
- (f) The Memorandum and Articles of Association of the Company referred to in the Resolution at Item No.8 together with the

proposed alteration is open for inspection of the Members at the Registered Office of the Company between 10.00 A.M. and 12.00 Noon except on Saturdays and Holidays.

- (g) The Company's securities are listed on the following Stock Exchanges :

Sr. No.	Name & Address of the Stock Exchange	Nature of Security
1.	The Stock Exchange Mumbai, Jeejeebhoy Towers, Dalal Street, Mumbai-400 023.	Equity Shares & 17.5% Secured Partly Convertible Debentures (Non-Convertible Portion)
2.	The Stock Exchange Ahmedabad, Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ahmedabad-380 015.	— do —
3.	National Stock Exchange of India Ltd., Trade World, Kamala Mill Compound, 2nd Floor, Senapati Bapat Marg, Lower Parel, Mumbai-400 013.	Equity Shares

The Company has paid Annual Listing fees to the above Stock Exchanges upto 31st March, 2000.

By Order of the Board

TANAZ B. PANTHAKI

Company Secretary

Registered Office:

Mafatlal Centre,  
Nariman Point,  
Mumbai-400 021.

Dated : 18th June, 1999.

**STANDARD INDUSTRIES LTD.****ANNEXURE TO THE NOTICE****Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 :**

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to Items Nos. 5 to 8 contained in the accompanying Notice dated 18th June, 1999.

**Item No. 5**

According to Section 224A of the Companies Act, 1956, the appointment or re-appointment at each Annual General Meeting of an auditor or auditors is required to be made by a Special Resolution, if not less than 25% of the subscribed capital of the Company is held, either singly or in combination, *inter alia*, by public financial institutions, nationalised banks and insurance companies carrying on general insurance business. In the case of the Company, the holdings of the aforesaid categories of Shareholders exceed 25% of the subscribed capital.

It is, therefore, deemed necessary to pass a Special Resolution for the appointment of Auditors and to fix their remuneration.

None of the Directors is concerned or interested in the said Resolution.

**Item No. 6**

Shri S.K. Diwanji, who was appointed as an Additional Director on 17th March, 1998, holds office upto the ensuing Annual General Meeting of the Company to be held on 29th July, 1999, in accordance with Article 142 of the Articles of Association of the Company and, being eligible, he offers himself for appointment as a Director. Notice has been received from a Member of the Company intending to propose him for the office of the Director at the Annual General Meeting.

Shri S.K. Diwanji is a Solicitor of repute and has varied experience in the field of Corporate Law. The Board considers it desirable that the Company should avail itself of the services of Shri S.K. Diwanji. Apart from Shri S.K. Diwanji, no other Director is interested in the said Resolution.

**Item No. 7**

Shri S.B. Ghia, who was appointed as an Additional Director on 17th March, 1998, holds office upto the ensuing Annual General Meeting of the Company to be held on 29th July, 1999, in accordance with Article 142 of the Articles of Association of the Company and, being eligible, he offers himself for appointment as a Director.

Notice has been received from a Member of the Company intending to propose him for the office of the Director at the Annual General Meeting.

Shri S.B. Ghia, is a renowned Industrialist and has rich experience in the field of Corporate Management. The Board considers it desirable that the Company should avail itself of the services of Shri S.B. Ghia. Apart from Shri S.B. Ghia, no other Director is interested in the said Resolution.

**Item No. 8**

As per the provisions of Sections 109A, 109B & 58A of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1999, every holder of shares in, or holder of debentures or deposits of, the Company, may at any time nominate in the prescribed manner, a person to whom his shares in, or debentures or deposits of, the Company, shall vest in the event of his death.

The Companies (Amendment) Act, 1999, has also introduced new Section 372A to cover intercorporate loans and investments. The provisions of Sections 370 and 372 would not apply to intercorporate loans and investments, respectively, made by a Company on or after 31st October, 1998.

It is, therefore, proposed to insert new Articles 49A, 49B & 49C and replace the existing Articles 200 and 201 in the Articles of Association of the Company to give effect to the said provisions as detailed in the Special Resolution set out at Item No. 8 of the accompanying Notice.

Pursuant to the provisions of the Companies Act, 1956, a Company may by a Special Resolution alter its Articles of Association. Accordingly your Directors recommend the Special Resolution for approval by the Shareholders.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

By Order of the Board

TANAZ B. PANTHAKI

Company Secretary

Registered Office:

Mafatlal Centre,  
Nariman Point,  
Mumbai-400 021.

Dated : 18th June, 1999.

## FINANCIAL STATISTICS

(Rupees in lakhs)

	1989/90	1990/91	1991/92	1992/93	Apr./Sept. 1993 (6 mths)	1993/94	1994/95	1995/96	1996/97	1-10-1997 to 31-3-1999 (18 mths.)
<b>COMPANY OWNED:</b>										
1. Fixed Assets (Net) .....	9015	10723	15368	17898	17388	18780	19292	19555	17406	13685
2. Investments .....	210	168	168	98	110	167	72	71	72	72
3. Net Current Assets .....	5999	6918	6541	8682	9596	9086	9236	8019	7031	8876
4. Miscellaneous Expenditure .....	13	10	6	41	41	195	817	787	633	652
Total Assets (Net) .....	15237	17819	22083	26699	27135	28228	29417	28432	25142	23285
<b>COMPANY OWED:</b>										
1. Loan funds .....	7325	9385	13416	16251	16792	14280	13175	13110	10149	8267
2. Company's Net Worth:										
Equity Share Capital .....	1105	1105	1548	1872	1873	3447	3933	3933	3933	3933
Reserves and Surplus .....	6807	7329	7119	8576	8470	10601	12309	11389	11060	11085
Total Capital Employed .....	15237	17819	22083	26699	27135	28228	29417	28432	25142	23285
Debt/Equity Ratio# .....	0.73:1.00†	0.82:1.00†	1.34:1.00†	1.43:1.00†	1.39:1.00†	0.84:1.00†	0.62:1.00†	0.50:1.00†	0.26:1.00†	0.12:1.00†
Income .....	24837	26668	30240	40288	21468	44926	46756	47886	48411	60356
Raw Materials .....	6436	6516	7429	8983	4730	10417	11160	10318	9039	11641
Salaries and Wages .....	3255	3671	4041	4720	2522	5352	5220	5330	5823	8873
Operation and Other Expenses etc. ....	10940	11067	12476	17831	9796	19509	20157	21874	21588	27896
Interest .....	1039	1114	1415	2861	1382	2738	2346	2550	2319	2387
Excise duty .....	2115	2050	2479	3481	1763	4885	6026	6841	5679	6810
Profit before Depreciation and Taxes .....	1052	2250	2400	2432	1275	2025	1847	973	1863	2749
Depreciation .....	838	862	896	1751	971	1415	1436	1488	1555	2255
Provision for diminution in value of investment .....	—	44	—	—	—	—	—	—	—	—
Profit before Taxes .....	214	1344	1504	681	304	610	411	(514)	308	494
Taxes .....	35	100	480	59	19	39	39	39	39	158
Profit after Taxes .....	179	1244	1024	676	303	607	408	(517)	305	336
Provision and Refund of Income-tax (Net) .....	—	(13)	—	29	4	—	—	—	—	4
Amount for Appropriation .....	638*	1655*	1495*	1707*	1204*	1637*	1532*	261*	866*	776*
Dividends .....	221	221	309	309	187	562	578	—	393	—
Tax on Dividends .....	—	—	—	—	—	—	—	—	39	—
Balance retained in business .....	417	1434	1186	1398	1017	1075	954	261	434	776
Earnings per Equity Share .....	Rupees 1.62‡	11.65‡	6.62‡	4.37‡	3.23‡	2.57‡	1.06‡	—	0.77‡	0.86‡
Dividend paid per Equity Share .....	Rupees 2‡	2‡	2‡	2‡	1‡	2‡	1.5‡	—	1‡	—

# On Long term borrowings.

\* Includes amount transferred from Statutory Development Rebate Reserve/Investment Allowance (Utilised) Reserve Debenture Redemption Reserve and balance amount of profit brought forward from previous year.

† Without Revaluation Reserve.

‡ On Equity Shares of Rs. 10.

§ Wealth-tax.