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STANDARD INDUSTRIES LTD.

104th
ANNUAL REPORT
1999-2000

STANROSE MAFATLAL

STANDARD INDUSTRIES LTD.**ANNUAL GENERAL MEETING****Date** : 13th September, 2000.**Time** : 3-00 P.M.**Venue** : Nehru Centre Auditorium,
Dr. Annie Besant Road,
Mumbai 400 018.**CONTENTS**

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SUBSIDIARY COMPANIES :

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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.

**STANROSE MAFATLAL**

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.

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)

SHRI S. RAJENDRAN
Chief Engineer & General Manager (Power Plant)

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

SHRI V. K. SRINIVASAN
Factory Manager (Kandla Unit)

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

FINANCIAL STATISTICS

(Rupees in lakhs)

	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.)	1999/ 2000
COMPANY OWNED:										
1. Fixed Assets (Net)	10723	15368	17898	17388	18780	19292	19555	17406	13685	22953
2. Investments	168	168	98	110	167	72	71	72	72	72
3. Net Current Assets	6918	6541	8662	9596	9086	9236	8019	7031	8878	3612
4. Miscellaneous Expenditure	10	6	41	41	195	817	787	633	652	396
Total Assets (Net)	17819	22083	26699	27135	28228	29417	28432	25142	23285	27033
COMPANY OWED:										
1. Loan funds	9385	13416	16251	16792	14280	13175	13110	10149	8267	12574
2. Company's Net Worth:										
Equity Share Capital	1105	1548	1872	1873	3447	3933	3933	3933	3933	3933
Reserves and Surplus	7329	7119	8576	8470	10501	12309	11389	11060	11085	10526
Total Capital Employed	17819	22083	26699	27135	28228	29417	28432	25142	23285	27033
Debt/Equity Ratio#	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†	0.43:1.00†
Income	26668	30240	40288	21468	44926	48756	47888	46411	60356	32817
Raw Materials	6516	7429	8983	4730	10417	11160	10318	9039	11641	6726
Salaries and Wages	3671	4041	4720	2522	5352	5220	5330	5923	8873	5142
Operation and Other Expenses etc.	11067	12476	17831	9796	19509	20157	21874	21588	27896	14746
Interest	1114	1415	2861	1382	2738	2346	2550	2319	2367	2096
Excise duty	2050	2479	3461	1783	4885	6026	6841	5679	6810	3239
Profit before Depreciation and Taxes	2250	2400	2432	1275	2025	1847	973	1863	2749	868
Depreciation	862	896	1751	971	1415	1436	1488	1555	2255	1390
Provision for diminution in value of investment	44	—	—	—	—	—	—	—	—	—
Profit before Taxes	1344	1504	681	304	610	411	(514)	308	494	(522)
Taxes	100	480	55	15	35	35	35	35	156	25
Profit after Taxes	1244	1024	626	303	607	408	(517)	305	338	(524)
Provision and Refund of Income-tax (Net)	(13)	—	29	4	—	—	—	—	4	—
Amount for Appropriation	1655*	1495*	1707*	1204*	1637*	1532*	261*	866*	776*	251*
Dividends	221	309	309	187	562	578	—	393	—	—
Tax on Dividends	—	—	—	—	—	—	—	39	—	—
Balance retained in business	1434	1186	1398	1017	1075	954	261	434	776	251
Earnings per Equity Share	11.65‡	6.62‡	4.37‡	3.23‡	2.57‡	1.06‡	—	0.77‡	0.86‡	—
Dividend paid per Equity Share	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.

STANDARD INDUSTRIES LTD.

DISTRIBUTION OF INCOME
1st April, 1999 to 31st March, 2000



Materials
20.50%

Utilities
22.74%

Other
Expenses
22.19%

Employees
Costs
15.67%

Excise
Duty
9.87%

Interest
6.37%

Taxes
0.01%

Deprecia-
tion
4.24%

Profit
After Taxes
-1.59%

STANDARD INDUSTRIES LTD.

Regd. Office: Mafatlal Centre, Nariman Point, Mumbai 400 021.

NOTICE

Notice is hereby given that the ONE HUNDRED & FOURTH 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 Wednesday, the 13th September, 2000, 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 Year ended 31st March, 2000 and the Balance Sheet of the Company as on that date.
2. To appoint a Director in place of Shri P.R. Mafatlal who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri J.P. Thacker who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri V.C. Vaidya, 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, 2000, 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/- exclusive of 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:

6. To consider and, if thought fit, to pass, with or without modifications, the following:

AS A SPECIAL RESOLUTION

"RESOLVED THAT pursuant to the provisions of Sections 294, 294A, 294AA and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, the Company hereby approves the terms of re-appointment and remuneration of M/s. Mafatlal AG, Zug, Switzerland, as Sole Selling Agents of the

Company for the sale of Fabric, Apparels, Garments, Leather Garments, Made-ups and Home Textiles, marketed and dealt with by the Company and offered for sale in export markets in U.K., the Continent of Europe, North Korea, South Korea, Thailand, Canada, U.S.A., Panama, Mexico, Brazil, Japan, Hong Kong, Singapore, Australia, New Zealand, Puerto Rico, etc. and countries of East Europe, (viz. Confederation of Independent States, Hungary, Republics of Czech and Slovak, Poland, Romania, Bulgaria) and all other countries outside India as may be decided by Board of Directors from time to time, for a further period of five years from the date of expiry of their current term of Office, viz., from 1st November, 2000, upon and subject to the terms and conditions as set out in the draft letter of appointment submitted to the Meeting and for identification initialled by a Director of the Company, which terms are hereby specifically sanctioned with liberty to the Board of Directors to alter and vary such terms of appointment and remuneration and/or draft letter as and when considered necessary including in such manner as may be agreed to between the Central Government and the Directors and acceptable to M/s. Mafatlal AG, provided that such alterations are not less beneficial to the Company."

7. To consider and, if thought fit, to pass, with or without modifications, the following:

AS AN ORDINARY RESOLUTION

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Financial Institutions, Banks, Debenture Trustees and such other permissions and sanctions as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to sell, lease, transfer, or otherwise dispose off as a going concern, or otherwise, the Company's Undertakings (which comprise, inter alia, of land, buildings, plant and machinery, stocks, debtors, liabilities including all rights, title, interest, licenses, permits, quotas, workmen, employees, pending contracts and other movable and immovable assets and liabilities, whether tangible or intangible) at (a) New Prabhadevi Road, Prabhadevi, Mumbai, (b) Tokersi Jivraj Road, Sewree, Mumbai, (c) KFTZ, Gandhidham, Kandla and (d) Kamalagram Road, Nadiad, upon the terms and conditions and at a consideration to be mutually agreed upon with any prospective buyer(s)."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to decide and finalise all the terms and conditions relating to the above referred disposal of the Undertakings including the date(s) from which the disposal would be effected, the mode of disposal, the price and the manner of payment thereof and all other matters relating thereto."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board of Directors be and is hereby authorised to do all such acts, deeds and things including finalising and executing deeds, agreements, conveyances, memoranda of understanding and other documents as they may, in their absolute discretion, deem necessary, proper, expedient or desirable."

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 7 are annexed hereto.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 30th August, 2000 to Wednesday, the 13th September, 2000 (both days inclusive) for the purpose of Annual General Meeting to be held on 13th September, 2000.
- (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.
Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, as amended, dividend(s) for the Accounting Year ended 1994-95 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend(s) so far for the Accounting Year ended 1994-95 or any subsequent Accounting years are requested to make their claim to the Company's Share Department. It may also be noted that once the unclaimed dividend is transferred to the above Fund, no claim shall lie in respect thereof.
- (e) Trading in Company's shares through stock exchanges has been made compulsory in

dematerialised/electronic form effective 8th May, 2000. The Company has entered into agreements with both National Securities Depository Limited as well as Central Depository Services (India) Ltd. to enable shareholders to hold and trade in the equity shares of the Company in dematerialised/electronic form. In view of the numerous advantages offered by the Depository System, members are requested to avail of the facility of dematerialisation of the Company's shares.

- (f) Shareholders holding equity shares in physical form are requested to send immediately the intimation of change of address for registration with the Company's Share Department. Shareholders holding equity shares in dematerialised/electronic form should intimate their respective Depository Participants regarding change of address.
- (g) The draft Letter of Appointment of M/s. Mafatlal AG., Sole Selling Agents of the Company 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.
- (h) 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, 2001.

By Order of the Board
TANAZ B. PANTHAKI
Company Secretary

Registered Office:

Mafatlal Centre,
Nariman Point,
Mumbai-400 021.

Dated : 25th July, 2000.

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 7 contained in the accompanying Notice dated 25th July, 2000.

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

M/s. Mafatlal AG., Zug, Switzerland, were appointed as Sole Selling Agents of the Company for a period of 5 years from 1st November, 1995. It is proposed to renew the appointment of M/s. Mafatlal AG., as Sole Selling Agents for a further period of 5 years from 1st November, 2000.

M/s. Mafatlal AG., have in the course of their engagement been advising the Company about export potential for various products, price, demand patterns, changes in the patterns, etc. from time to time and they are also following up with the parties and communicating to the Company the complaints, claims, etc. and render necessary assistance for promotion of sales. The Company has effected substantial exports against contracts obtained through M/s. Mafatlal AG.

M/s. Mafatlal AG have wide business experience and expertise in the business of Fabric, Apparels, Garments, Made-ups, Textiles, Chemicals and other products. The Board of Directors have, therefore, thought it prudent in the interest of expanding the Company's exports, to re-appoint M/s. Mafatlal AG, Zug, Switzerland, as Sole Selling Agents for a further

period of five years with effect from 1st November, 2000. The terms of their re-appointment are contained in the draft letter of appointment placed before the Meeting and which is open for inspection.

The aforesaid re-appointment and remuneration shall be subject to the approval of the Central Government.

The main terms and conditions proposed to be entered into between the Company and M/s. Mafatlal AG., are that M/s. Mafatlal AG, shall be re-appointed as Sole Selling Agents for the sale of Fabric, Apparels, Garments, Leather Garments, Made-ups and Home Textiles manufactured, marketed and dealt with by the Company and offered for sale in the Export Markets in U.K., the Continent of Europe, North Korea, South Korea, Thailand, Canada, U.S.A., Panama, Mexico, Brazil, Japan, Hong Kong, Singapore, Australia, New Zealand, Puerto Rico, etc. and countries of East Europe, (viz. Confederation of Independent States, Hungary, Republics of Czech and Slovak, Poland, Romania, Bulgaria) and all other countries outside India as may be decided by Board of Directors from time to time.

In consideration of the said services, M/s. Mafatlal AG., shall be entitled to a commission @ 7.5% on the F.O.B. value of the goods exported by the Company.

The Directors of the Company recommend that the Resolution be approved and passed.

Shri Rasesh N. Mafatlal and Shri Pradeep R. Mafatlal, being Directors of M/s. Mafatlal AG., are deemed to be interested in the aforesaid Resolution.

None of the other Directors is concerned or interested in the aforesaid Resolution.

Item No. 7

In the process of restructuring its Textiles/Garment Business, the Company has identified manufacturing/processing facilities which either suffer from high operating cost or lack business synergy. The Company is in the process of rationalization and integration of its textile and garment activities at different locations at Prabhadevi and Sewree in Mumbai, KFTZ, Kutch, Kandla and Kamalagram Road, Nadiad. In view of the situation prevailing in the textiles and garment industries, it is deemed advisable to dispose off any or all the said Undertakings, which would result into stoppage of losses and enable modernisation and rationalisation of the Chemicals Unit owned by the Company.

The Company owns a Textiles Undertaking at New Prabhadevi Road, Prabhadevi, Mumbai, which was set up as far back as 1892. The said Undertaking has facilities for spinning and weaving (installed 28568 spindles and 104 automatic looms) and also Processing facilities.

The Company also has a Textiles Undertaking at Tokersi Jivraj Road, Sewree, Mumbai, which was set up as far back as 1889. The said Undertaking has facilities for spinning and weaving (installed 35056 spindles and 350 automatic looms) but does not have processing facilities.

In the year 1988 the Company acquired a Garment Unit at Kandla, presently having an annual capacity of 22 lacs Pcs. of all types of Readymade Garments.

In the year 1969, the Company set up a Garment Unit at Nadiad, presently having an annual capacity of 12 lac Pcs. of all types of Ready-made Garments and Made-Ups.

The Company has started negotiations with the Representative Unions with regard to Textiles and Garment Units. The Company had applied for closure of the Sewree Unit due to uneconomic operations under Section 25(O) of the Industrial Disputes Act. Permission was, however, refused by the State Government and the Company has filed a Review Application which is pending before the Government. The Company has offered to hand over the Unit to the Workers Co-operative at a nominal consideration but the representatives of the workmen had not come forward to accept the same. Hence various avenues are being explored constantly in the interest of all concerned parties.

The Directors of the Company after due consideration of the matter and in consultation with its Finance, Economic and Legal Advisers, feel that it would be in the best long term interest of the Company to sell, lease, transfer or otherwise dispose off any or all of the Undertakings of the Company mentioned above. Under the provisions of Section 293(1)(a) of the Companies Act, 1956, the disposal of the whole or substantially the whole of any undertaking of the Company requires consent of the Company in General Meeting. Accordingly, Ordinary Resolution as set out in Item No. 7 of the Notice is placed for approval of the members.

Authority is therefore being taken from the shareholders to enable the Board to negotiate and conclude the disposal of any or all of the Undertakings of the Company mentioned above after evaluation of various alternatives. At present the Company has no specific offers on hand. Prospective buyers could be the Workers Co-operative, State Assisted Undertakings, Real Estate Developers, Financial Institutions, Banks, etc. dependent upon policy initiatives which may be taken by the Government.

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

By Order of the Board
TANAZ B. PANTHAKI
Company Secretary

Registered Office:
Mafatlal Centre,
Nariman Point,
Mumbai-400 021.

Dated: 25th July, 2000.