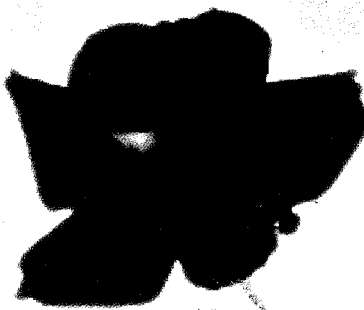


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**STANDARD INDUSTRIES LTD.**

107th ANNUAL REPORT 2002-2003

**STANDARD INDUSTRIES LTD.****ANNUAL GENERAL MEETING****Date : 5th March, 2004.****Time : 3.00 P.M.****Venue : Nehru Centre Auditorium,  
Dr. Annie Besant Road,  
Mumbai - 400 018.****CONTENTS**

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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**

## STANDARD INDUSTRIES LTD.

### BOARD OF DIRECTORS

SHRI RASESH N. MAFATLAL  
*Chairman*  
SHRI RUSSI JAL TARAPOREVALA  
SHRI V. C. VAIDYA  
SHRI PRADEEP R. MAFATLAL  
SHRI M. L. APTE  
SHRI F. M. PARDIWALLA  
*(Nominee of ICICI Bank Ltd.)*  
SHRI K. J. PARDIWALLA  
*Managing Director*  
SHRI S. K. DIWANJI  
SHRI S. B. GHIA  
SHRI P. K. JANI

### 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

59, "THE ARCADE", 1ST FLOOR,  
WORLD TRADE CENTRE, CUFFE PARADE,  
COLABA, MUMBAI - 400 005.

### CORPORATE OFFICE

MAFATLAL CENTRE,  
NARIMAN POINT,  
MUMBAI - 400 021.

### CHEMICALS FACTORY

STANDARD ALKALI,  
THANE-BELAPUR ROAD,  
THANE.

### REGISTRAR & SHARE TRANSFER AGENTS

IIT CORPORATE SERVICES LIMITED,  
PROTOPRIMA CHAMBERS,  
3RD FLOOR, SUREN ROAD,  
NEAR CINEMAGIC THEATRE,  
ANDHERI (EAST),  
MUMBAI - 400 093.  
Tel. Nos. : 2683 5599, 2683 8240/41  
Fax No. : 2684 8375  
E-mail : [iitcs1@bom3.vsnl.net.in](mailto:iitcs1@bom3.vsnl.net.in)

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**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 G. M. MODAK  
*General Manager (Costing & Internal Audit)*

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

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

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

Notice is hereby given that the ONE HUNDRED & SEVENTH 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 Friday, the 5th March, 2004, 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 30th September, 2003 and the Balance Sheet of the Company as on that date.
2. To appoint a Director in place of Shri Russi Jal Taraporevala, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri P. R. Mafatlal, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri P. K. Jani, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

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

**SPECIAL BUSINESS**

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 198, 269, 309, 311 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force) and subject to approval of the Central Government, the Company in General Meeting, hereby approves the

re-appointment of Shri K. J. Pardiwalla as Managing Director of the Company for a period of 5 years from 2nd August, 2003, on the terms of re-appointment including remuneration, commission and perquisites as set out in the draft Letter of Appointment to be issued to him, placed before the Meeting and initialled by the Chairman for the purpose of identification, which Letter of Appointment is hereby specifically approved with liberty to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board) to alter and vary the said terms of re-appointment and remuneration in such manner as may be agreed to between the Board and Shri K. J. Pardiwalla, within the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments thereto."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, expedient or desirable to give effect to this Resolution."

"RESOLVED FURTHER THAT where in any Financial Year during the currency of Shri K. J. Pardiwalla's tenure as the Managing Director, the Company has no profits or its profits are inadequate, he shall be paid remuneration by way of salary, perquisites and retirement benefits subject to the limits specified in para (A) of Clause 1 of Section II of Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, in force from time to time as minimum remuneration."

**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 Item No. 6 is annexed hereto.

- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 27th February, 2004 to Friday, the 5th March, 2004, (both days inclusive) for the purpose of Annual General Meeting to be held on Friday, the 5th March, 2004.
- (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.
- Dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account of a Company is required to be transferred to the Investor Education and Protection Fund (IEPF) in terms of Section 205C of the Act. Accordingly the unclaimed dividends for the financial years commencing from the financial year ended 30th September, 1995, are transferred/to be transferred to the Investor Education and Protection Fund on the dates given in the table below:
- (e) The introduction of Section 109A by the Companies (Amendment) Act, 1999, provides for **Nomination** by the shareholders of the Company in the prescribed Form No. 2B. The shareholders are requested to avail of this facility. The duly filled in and signed Form No. 2B should be sent to IIT Corporate Services Limited, the Registrar and Share Transfer Agents of the Company.
- (f) Shareholders holding equity shares in physical form are requested to send immediately the intimation of change of address, if any, for registration with the Company's Registrar & Share Transfer Agents, IIT Corporate Services Limited, Protoprime Chambers, 3rd Floor, Suren Road, Nr. Cinemagic Theatre, Andheri (East), Mumbai-400 093. Shareholders holding equity shares in dematerialised/electronic form should intimate their respective Depository Participants regarding change of address, if any.
- (g) The draft letter of appointment of Shri K. J. Pardiwalla, 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:

Financial Year	Date of Declaration of Dividend	Date for transfer to IEPF
October, 1994 to September, 1995	13.2.1996	25.4.2003 (already transferred)
October, 1995 to September, 1996	—	—
October, 1996 to September, 1997	24.2.1998	12.5.2005 (due date for transfer)

Members who have so far not encashed the Dividend Warrants for the Financial Year ended September, 1997, are advised to submit their claims to the Company's Registrar and Share Transfer Agents, IIT Corporate Services Ltd., Protoprime Chambers, 3rd Floor, Suren Road, Nr. Cinemagic Theatre, Andheri (East), Mumbai-400 093 immediately quoting the Folio Numbers/DP/Client ID.

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
2.	The Stock Exchange, Ahmedabad, Kamdhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad-380 015.	—do—
3.	National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400 051.	—do—

The Company has paid Annual Listing fees to the above Stock Exchanges upto 31st March, 2004.

**STANDARD INDUSTRIES LTD.****(i) Re-appointment of Directors:**

Details to be furnished in respect of the Directors being proposed for re-appointment at the ensuing Annual General Meeting in terms of Clause 49 of the Listing Agreement relating to Corporate Governance are given hereunder:

1. Shri Russi Jal Taraporevala was born in September, 1932 and is an Economist and specialist in finance. He holds B.Com. degree from University of Bombay, M.Sc. (Economics) degree from London School of Economics of the University of London and an M.B.A. degree from the University of California at Berkley. He possesses long and rich experience in Industry, Finance and Corporate Affairs.

Since 1955, Shri Taraporevala has been a Director of thirty large Public and three Private Companies. In addition, Shri Taraporevala has been a Director in the Sixties of The Central Bank of India Ltd. He was the Chairman of the Advisory Board in India of Citibank N.A. from 1975 to 1981. Shri Taraporevala continues to be a Director of various Public and Private Limited Companies, viz. Standard Industries Limited, Gabriel India Limited, Rallis India Limited, Stanrose Mafatlal Investments and Finance Limited, Vista Travels Private Limited and D.B. Taraporevala Sons & Co. Private Limited.

Shri Taraporevala is the Chairman of the Remuneration Committee and Member of the Audit Committee of Rallis India Limited. He is the Chairman of the Audit Committee, Chairman of the Remuneration Committee and Member of the Shareholders/Investors Grievance Committee of Standard Industries Limited. He is also the Chairman of the Investors Grievance Committee of Stanrose Mafatlal Investments and Finance Limited and Member of the Investors/Shareholders Grievance Committee of Gabriel India Limited.

2. Born on March 18, 1965, Shri Pradeep Mafatlal comes from the illustrious

House of Mafatlals. He has obtained Davar's Diploma in Commerce (D.D. Com.) and has also completed a Diploma course in Business Management.

He is the Vice Chairman and Managing Director of Shanudeep Pvt. Ltd., Chairman of Mafatlal Enterprises Ltd. and Vice Chairman of Sheiladeep Investments Pvt. Ltd. and Vinadeep Investments Pvt. Ltd. He is also on the Boards of Standard Industries Ltd. and Stanrose Mafatlal Investments & Finance Ltd., companies belonging to the Stanrose Mafatlal Group of Companies, actively assisting the Chairman of Standard Industries Ltd. in managing the various activities of the Group. He is also a Director of IIT Corporate Services Ltd. and Mafatlal AG, Zug. Moreover, he is a member of the Investors Grievance Committee of Stanrose Mafatlal Investments & Finance Ltd. and a member of the Managing Committee of Indian Merchants' Chamber.

3. Shri P.K. Jani is a Graduate in Arts with Economics. He has wide knowledge and experience in various types of businesses for over 50 years. He started his career in the Insurance business and branched out into the business of Travel Agency. Since then, he has diversified into real estate business, financial services, electronics, etc. and has extensive experience in Banking and Insurance fields.

Shri P.K. Jani holds Directorships/Chairmanships in many Companies in Kenya, Uganda and Tanzania. He does not hold any Directorship in any Indian Company except that of Standard Industries Limited.

By Order of the Board  
TANAZ B. PANTHAKI  
Company Secretary

*Registered Office:*

59, 'THE ARCADE', 1st Floor,  
World Trade Centre, Cuffe Parade, Colaba,  
Mumbai - 400 005.

*Dated: 16th December, 2003*

**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 Item No. 6 contained in the accompanying Notice dated 16th December, 2003.

**Item No. 6**

Shri K. J. Pardiwalla was re-appointed as the Managing Director of the Company, for a period of 5 years with effect from 2nd August, 1998, on the terms and conditions approved by the Shareholders at the Extra-Ordinary General Meeting held on 8th September, 1998.

The Directors at their meeting held on 23rd December, 2002, re-appointed Shri K. J. Pardiwalla as Managing Director for a further period of 5 years from 2nd August, 2003. The remuneration payable to Shri K. J. Pardiwalla has been approved by the Remuneration Committee of the Company at their Meeting held on 23rd December, 2002. The terms of re-appointment and remuneration payable to Shri K. J. Pardiwalla are set out in the draft Letter of Appointment placed before the Meeting. As Managing Director of the Company, Shri K. J. Pardiwalla will be responsible for the management and affairs of the Company, subject to the superintendence, control and directions of the Board of Directors.

The Company had in pursuance of the above, made an application to the Central Government for the re-appointment and payment of minimum remuneration to Shri K. J. Pardiwalla for a period of 5 years upto 1st August, 2008. The Central Government has granted permission to the proposal upto the ensuing Annual General Meeting of the Company. However, as per the requirement of the Central Government the Company is required to pass a Special Resolution of the Members and furnish it to the Central Government after which the approval of the Central Government will be obtained for the rest of the period. The Company, therefore, proposes the said Resolution to be passed by the Members as a Special Resolution.

The terms of salary, commission and perquisites payable to Shri K. J. Pardiwalla are as under:

- (1) Salary of Rs. 1,00,000 per month inclusive of dearness and all other allowances with the authority to the Remuneration Committee of the Board to grant such increments from time to time as it may decide in its absolute discretion upto a salary of Rs. 1,50,000 per month.
- (2) Commission as may be fixed by the Remuneration Committee subject to the limits of 5% and 10% of the net profits of the Company, as the case may be, as laid down in Section 309 of the Companies Act, 1956.

**(3) Perquisites:**

Perquisites such as furnished accommodation or house rent allowance, provision of gas, electricity, water and furnishings in respect of such accommodation, medical reimbursement for self and family, club fees (excluding admission and life membership fees), leave benefits, leave travel concessions for self and family, personal accident insurance and such other perquisites and on such terms and conditions as the Remuneration Committee may in its absolute discretion determine from time to time.

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Managing Director.

The monetary value of perquisites will be determined in accordance with the relevant rules laid down in this regard under the Income-tax Act. In the absence of such rules, the monetary value of such perquisite shall be determined at cost.

**(4) Retirement Benefits:**

Company's contribution to Provident Fund, Superannuation Fund, Gratuity and Encashment of Leave at the end of the tenure, as per Company's Rules.

Total remuneration to Shri K. J. Pardiwalla including salary, commission, perquisites and retirement benefits shall not exceed Rs. 2,00,000 per month. However, the retirement benefits mentioned at (4) above to



**STANDARD INDUSTRIES LTD.**

the extent mentioned hereunder shall not be included in computation of this ceiling on remuneration:

- (a) Company's contribution to Provident Fund, Superannuation Fund, to the extent these either singly or put together are not taxable under Income-Tax Act, 1961.
- (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- (c) Encashment of leave at the end of the tenure.

Notwithstanding anything contained hereinabove, where in any financial year during the currency of Shri K. J. Pardiwalla's tenure the Company has no profits or its profits are inadequate, he shall be paid remuneration by way of salary and perquisites referred to in (1) and (3) as also retirement benefits in (4) above, subject to the limits specified in Paragraph (A) of Clause 1 of Section II of Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, in force from time to time, as minimum remuneration.

Shri K. J. Pardiwalla will not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof of the Company.

Shri K. J. Pardiwalla shall not be liable to retire by rotation as long as he holds office of Managing Director.

Shri K. J. Pardiwalla shall be entitled to Earned/Privilege Leave on full pay and Allowances as per the Rules of the Company but not more than 1 month's leave for every 11 months' service.

Shri K. J. Pardiwalla shall be entitled to reimbursement of expenses actually and properly incurred by him for the business of the Company.

Shri K. J. Pardiwalla shall not enter into any buying or selling agency agreement with the Company, nor shall he or become interested or otherwise concerned directly or through his wife and/or children in any buying or selling agency of the Company without the prior approval of the Central Government.

Shri K. J. Pardiwalla's services are liable to be terminated by giving three months' notice from either side or by giving him three months' salary in lieu of notice.

The Board is of the opinion, that the re-appointment of Shri K. J. Pardiwalla as Managing Director, would be in the interest of the Company.

In compliance with the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, and the requirement of the Central Government, the terms of re-appointment of Shri K. J. Pardiwalla, Managing Director of the Company are placed before the Members in General Meeting for their approval by Special Resolution.

As per Section 269 of the Companies Act, 1956, an appointment of a Managing Director of the Company would require the approval of the Central Government, unless such appointment is made in accordance with the conditions specified in Parts I and II of Schedule XIII.

One of the requirements of paragraph (A) of Clause 1 of Section II of Part II of Schedule XIII is that the Company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment of such managerial person.

During the financial year ended 30th September, 2002, the Company had defaulted in repayment of its debts for a continuous period of thirty days. Therefore, the appointment of and payment of remuneration as aforesaid to Shri K. J. Pardiwalla will be subject to approval of the Central Government.

Shri K. J. Pardiwalla may be regarded as interested in the Resolution as the same concerns his re-appointment. None of the other Directors is concerned or interested in this Resolution.

This explanation, together with the accompanying Notice is and should be treated as an abstract under Section 302 of the Companies Act, 1956.

By Order of the Board

TANAZ B. PANTHAKI  
Company Secretary

Registered Office:  
59, 'THE ARCADE', 1st Floor,  
World Trade Centre,  
Cuffe Parade, Colaba,  
Mumbai - 400 005.

Dated: 16th December, 2003.

## FINANCIAL STATISTICS

(Rupees in lakhs)

	Apr./ Sept. 1993 (6 mths)	1993/94	1994/95	1995/96	1996/97	1-10-1997 to 31-3-1999 (18 mths.)	1999/ 2000	2000/ 2001	1-4-2001 to 30-9-2002 (18 mths.)	2002/ 2003
<b>COMPANY OWNED:</b>										
1. Fixed Assets (Net) .....	17388	18780	19292	19555	17406	13685	22953	20855	17043	15656
2. Investments .....	110	167	72	71	72	72	72	71	53	72
3. Net Current Assets ....	9596	9086	9236	8019	7031	8876	3612	657	4879	(135)
4. Deferred Tax Assets/(Liability) .....	—	—	—	—	—	—	—	—	(1198)	—
5. Miscellaneous Expenditure .....	41	195	817	787	633	652	396	283	6387	—
6. Profit and Loss A/c. ....	—	—	—	—	—	—	—	3931	—	—
Total Assets (Net) .....	27135	28228	29417	28432	25142	23285	27033	25797	27164	15593
<b>COMPANY OWED:</b>										
1. Loan funds .....	16792	14280	13175	13110	10149	8267	12574	12674	13263	7726
2. Company's Net Worth: Equity Share Capital .....	1873	3447	3933	3933	3933	3933	3933	6433	6433	3216
Reserves and Surplus .....	8470	10501	12309	11389	11060	11085	10526	6690	7468	4651
Total Capital Employed ....	27135	28228	29417	28432	25142	23285	27033	25797	27164	15593
Debt/Equity Ratio# .....	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†	1.02:1.00†	0.76:1.00†	0.83:1.00†
Income .....	21468	44926	46756	47886	46411	60356	32817	24201	41206	16366
Raw Materials .....	4730	10417	11160	10318	9039	11641	6726	4047	3646	1728
Salaries and Wages .....	2522	5352	5220	5330	5923	8873	5142	6113	3062	1683
Operation and Other Expenses etc. ....	9796	19509	20157	21874	21588	27896	14746	11996	19523	8801
Interest .....	1382	2738	2346	2550	2319	2387	2096	2011	3397	1319
Excise duty .....	1763	4885	6026	6841	5679	6810	3239	2794	3472	1994
Profit before Depreciation and Taxes .....	1275	2025	1847	973	1863	2749	868	(2761)	8106	841
Depreciation .....	971	1415	1436	1488	1555	2255	1390	1853	2031	1318
Profit before extra ordinary item and taxes ...	304	610	411	(514)	308	494	(522)	(4614)	6075	(477)
Extra Ordinary Item .....	—	—	—	—	—	—	—	(3040)	—	—
Taxes .....	(1)§	(3)§	(3)§	(3)§	(3)§	(156)	(2)§	(2)§	(3)§	(26)
Deferred Tax .....	—	—	—	—	—	—	—	—	(1198)	1198
Profit after Taxes .....	303	607	408	(517)	305	338	(524)	(7656)	4874	695
Provision and Refund of Income-tax (Net) .....	4	—	—	—	—	4	—	(61)	60	—
Transferred from General Reserve .....	—	—	—	—	—	—	—	—	2235	—
Balance brought forward from Previous Year .....	—	—	—	—	—	—	—	—	(6466)	703
Amount for Appropriation .....	1204*	1637*	1532*	261*	866*	776*	251*	—	703*	1398*
Dividends .....	187	562	578	—	393	—	—	—	—	—
Tax on Dividends .....	—	—	—	—	39	—	—	—	—	—
Balance retained in business .....	1017	1075	954	261	434	776	251	—	703	1398
Earnings per Equity Share .....	3.23†	2.57†	1.06†	—	0.77†	0.86†	—	—	7.67†	1.08**
Dividend paid per Equity Share .....	1‡	2‡	1.5‡	—	1‡	—	—	—	—	—

# On Long term borrowings.

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

† Without Revaluation Reserve.

‡ On Equity Shares of Rs. 10.

§ Wealth-tax.

\*\* On Equity Shares of Rs. 5.