

STANDARD INDUSTRIES LTD.



109th ANNUAL REPORT 2004-2005

STANDARD INDUSTRIES LTD.**ANNUAL GENERAL MEETING****Date : 21st February, 2006.****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

BOARD OF DIRECTORS

SHRI PRADEEP R. MAFATLAL
Chairman

SHRI RUSSI JAL TARAPOREVALA

SHRI V. C. VAIDYA

SHRI M. L. APTE

SHRI F. M. PARDIWALLA

(Nominee of ICICI Bank Ltd.)

SHRI K. J. PARDIWALLA

Managing Director

SHRI S. K. DIWANJI *(upto 27.7.05)*

SHRI S. B. GHIA *(upto 16.12.05)*

SHRI P. K. JANI *(expired on 19.12.05)*

SMT. DIVYA P. MAFATLAL

REGISTERED OFFICE

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

CORPORATE OFFICE

VIJYALAXMI MAFATLAL CENTRE,
57A, DR. G. DESHMUKH MARG,
MUMBAI - 400 026.

BANKERS

CENTRAL BANK OF INDIA

UNITED BANK OF INDIA

UNION BANK OF INDIA

BANK OF BARODA

BANK OF INDIA

CHEMICALS FACTORY

STANDARD ALKALI,
THANE-BELAPUR ROAD,
THANE.

AUDITORS

MESSRS. C. C. CHOKSHI & COMPANY
Chartered Accountants

**REGISTRAR & SHARE
TRANSFER AGENTS**

M/s. MCS Limited
Sri Venkatesh Bhavan,
Plot No. 27, Road No. 11,
MIDC Area, Andheri (East)
Mumbai - 400 093.

Tel. Nos. : (022) 5502 5235

Fax No. : (022) 5502 5245

E-mail : mcsmum@vsnl.com

SOLICITORS

MESSRS. KANGA & COMPANY

MESSRS. DESAI & DIWANJI

Report  junction.com

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)

NOTICE

Notice is hereby given that the **ONE HUNDRED & NINTH 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 Tuesday, the 21st February, 2006, 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, 2005 and the Balance Sheet of the Company as on that date.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Russi Jal Taraporevala, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri Pradeep R. Mafatlal, 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 appoint a Director in place of Smt. Divya P. Mafatlal, who was appointed by the Board of Directors as an Additional Director on 27th July, 2005, 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 herself for appointment. Notices in writing from Members proposing her candidature for the Office of the Director has been received under Section 257 of the Companies Act, 1956.
7. To consider and, if thought fit, to pass, with or without modifications, the following:

AS AN ORDINARY RESOLUTION

"RESOLVED THAT in supersession of the Resolution passed by the Members at the Eighty-Sixth Annual General Meeting of the Company held on 1st September, 1981,

consent under Section 293(1)(e) of the Companies Act, 1956, be and is hereby accorded to the Directors of the Company to contribute moneys to charitable and other funds not directly relating to the business of the Company or the welfare of its employees PROVIDED HOWEVER, the aggregate amount of such contributions shall not in any one financial year exceed Rs. 100 lakhs or 5 per cent of the Company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater."

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 Nos. 6 & 7 is annexed hereto.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 7th February, 2006, to Tuesday, the 21st February, 2006, (both days inclusive) for the purpose of payment of Dividend for the year ended 30th September, 2005. Those Members whose names appear on the Register of Members of the Company as on 21st February, 2006, will be eligible for Dividend.
- (d) Members are requested to send their Bank Account details on or before 6th February, 2006 to M/s. MCS Limited, Sri Venkatesh Bhavan, Plot No.27, Road No.11, MIDC Area, Andheri (East), Mumbai-400 093, to ensure safe and prompt receipt of Dividend Warrants. This is to prevent the fraudulent encashment of such warrants.

Electronic Clearing Service (ECS) Facility:

With reference to the payment of Dividend the Company offers the facility of ECS.

Shareholders holding equity shares in physical form are requested to send Electronic Clearing Service (ECS) mandates if any, on or before 6th February, 2006, in the prescribed Form enclosed herewith, for registration with the Company's Registrar & Share Transfer Agents, M/s. MCS Limited,

Sri Venkatesh Bhavan, Plot No. 27, Road No. 11, MIDC Area, Andheri (East), Mumbai-400 093. Shareholders holding equity shares in dematerialised/electronic form should intimate their respective Depository Participants on or before 6th February, 2006, regarding Electronic Clearing Service (ECS) mandates, if any, in the prescribed Form enclosed herewith.

- (e) The Dividend as recommended by the Directors when declared at the Annual General Meeting will be paid at the designated Branches of HDFC Bank Ltd. upto Rs.10,000/- from Tuesday, the 14th, March, 2006.

The Dividend in excess of Rs.10,000/- will be paid by the Company through cheque(s)/ Demand Draft(s).

- (f) The Company has already transferred the unclaimed Dividends for the year ended 30th September, 1997, to the IEPF. It may be noted that the Company had not declared any Dividend for the Accounting Years from 1.10.1997 to 30.9.2003. The unclaimed Dividend for the financial year ending 30th September, 2004, is to be transferred to the IEPF on the date given in the table below:

Financial Year	Date of Declaration of Dividend	Date for transfer to IEPF
October, 2003 to September, 2004	22.02.2005	24.03.2012

Members who have so far not encashed the Dividend Warrants for the financial year ended September, 2004, are advised to submit their claims to the Company's Registered Office at 59, 'THE ARCADE', 1st Floor, World Trade Centre, Cuffe Parade, Colaba, Mumbai-400 005.

- (g) 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 M/s. MCS Limited, the Registrar and Share Transfer Agents of the Company at Sri Venkatesh Bhavan, Plot No. 27, Road No. 11, MIDC Area, Andheri (East), Mumbai-400 093.

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

Sr. No.	Name & Address of the Stock Exchange	Nature of Security
1.	Bombay Stock Exchange Ltd., Jeejeebhoy Towers, Dalal Street, Mumbai-400 023.	Equity Shares
2.	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, 2006.

- (i) Appointment/Re-appointment of Directors:

Details to be furnished in respect of the Directors being proposed for appointment/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 two 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, D.B. Taraporevala Sons & Co. Private Limited and Taraporevala Publishing Industries Pvt. Ltd.

STANDARD INDUSTRIES LTD.

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 and 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. Shri Russi Jal Taraporevala holds 2,600 Equity Shares of the Company.

2. Born on March 18, 1965, Shri Pradeep R. 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 Chairman of Standard Industries Limited and Stanrose Mafatlal Investments & Finance Ltd., Vice Chairman and Managing Director of Shanudeep Private Limited, Chairman of

Mafatlal Enterprises Ltd., Vice Chairman of Sheiladeep Investments Pvt. Ltd., and Vinadeep Investments Pvt. Ltd. and Director of Mafatlal AG, Zug. Moreover, he is a Member of the Investors Grievance Committee of Standard Industries Limited and Stanrose Mafatlal Investments & Finance Ltd. Shri Pradeep R. Mafatlal holds 4,050 Equity Shares of the Company.

3. Details in respect of Smt. Divya P. Mafatlal have been furnished at the appropriate place in the Explanatory Statement annexed to the Notice. These details are not given here so as to avoid repetition.

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, 2005.

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 Nos. 6 & 7 contained in the accompanying Notice dated 16th December, 2005.

Item No. 6

Smt. Divya P. Mafatlal, who was appointed as an Additional Director on 27th July, 2005, holds Office upto the ensuing Annual General Meeting of the Company to be held on 21st February, 2006, in accordance with Article 142 of the Articles of Association of the Company and being eligible, she offers herself for appointment as a Director. Notices have been received from members of the Company intending to propose her for the Office of the Director at the Annual General Meeting.

Born on October 5, 1968, Smt. Divya Mafatlal is the wife of Shri Pradeep Mafatlal from the illustrious House of Mafatals. She has completed her Bachelor's degree in Commerce from the Sydenham College, Mumbai University and is also holding a Diploma Certificate in Child Care and Psychology from the Sophia College.

She is a Director of Shanudeep Pvt. Ltd., Sheiladeep Investments Pvt. Ltd., Vinadeep Investments Pvt. Ltd., Pradeep Investments Pvt. Ltd. and Gagalbhai Investments Pvt. Ltd. She is a Trustee of The Pransukhlal Mafatlal Hindu Swimming Bath and Boat Club Trust and a Member of the Poona Club Ltd. Smt. Divya P. Mafatlal does not hold any shares in the Company.

Shri Pradeep R. Mafatlal, Chairman, is the husband of Smt. Divya P. Mafatlal and is deemed to be interested in the said Resolution. No other Director is interested in the said Resolution.

Item No.7

The Members are aware that as authorised by Memorandum of Association of the Company, the Company has been contributing to charitable, educational and other causes by making donations from time to time. Such donations are made towards socio-economic welfare of the community. Under the provisions of Section 293(1)(e) of the Companies Act, 1956, and the Resolution passed by the Members at the Annual General Meeting of the Company held on 1st September, 1981, the Directors of the Company are empowered to give in any financial year, donations upto a limit of Rs. 30 lakhs or 5 per cent of the average net profits of the three preceding years, whichever is greater.

Considering the extensive area covering its operations and several national causes, the Directors feel that authority of the Members should be obtained for making donations in any financial year upto a limit of Rs. 100 lakhs or 5 per cent of the average net profits of the three preceding years, whichever is greater. Accordingly, a Resolution under Section 293(1)(e) of the Act is being moved and the same is recommended for your adoption.

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

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, 2005.

FINANCIAL STATISTICS

(Rupees in lakhs)

	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	2003/ 2004	2004/ 2005
COMPANY OWNED:										
1. Fixed Assets (Net)	19292	19555	17406	13685	22953	20855	17043	15656	12766	12760
2. Investments	72	71	72	72	72	71	53	72	72	72
3. Net Current Assets	9236	8019	7031	8876	3612	657	4879	(135)	(533)	(260)
4. Deferred Tax Assets/(Liability)	—	—	—	—	—	—	(1198)	—	—	—
5. Miscellaneous Expenditure	817	787	633	652	396	283	6387	—	—	—
6. Profit and Loss A/c ..	—	—	—	—	—	3931	—	—	—	—
Total Assets (Net)	29417	28432	25142	23285	27033	25797	27164	15593	12305	12572
COMPANY OWED:										
1. Loan funds	13175	13110	10149	8267	12574	12674	13263	7726	4046	1351
2. Company's Net Worth: Equity Share Capital	3933	3933	3933	3933	3933	6433	6433	3216	3216	3216
Reserves and Surplus	12309	11389	11060	11085	10526	6690	7468	4651	5043	8005
Total Capital Employed	29417	28432	25142	23285	27033	25797	27164	15593	12305	12572
Debt/Equity Ratio#	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†	0.35:1.00†	0.12:1.00†
Income	46756	47886	46411	60356	32817	24201	41206	16366	24071	23763
Raw Materials	11160	10318	9039	11641	6726	4047	3646	1728	2216	1584
Salaries and Wages	5220	5330	5923	8873	5142	6113	3062	1683	2069	1966
Operation and Other Expenses etc.	20157	21874	21588	27896	14746	11996	19523	8801	12198	11879
Interest	2346	2550	2319	2387	2096	2011	3397	1319	829	394
Excise duty	6026	6841	5679	6810	3239	2794	3472	1994	2531	3184
Profit before Depreciation and Taxes	1847	973	1863	2749	868	(2761)	8106	841	4228	4756
Depreciation	1436	1488	1555	2255	1390	1853	2031	1318	3180	1047
Profit before extra ordinary item and taxes ...	411	(514)	308	494	(522)	(4614)	6075	(477)	1048	3709
Extra Ordinary Item	—	—	—	—	—	(3040)	—	—	—	—
Taxes	(3)§	(3)§	(3)§	(156)	(2)§	(2)§	(3)§	(26)	(107)	(321)
Deferred Tax	—	—	—	—	—	—	(1198)	1198	—	—
Profit after Taxes	408	(517)	305	338	(524)	(7656)	4874	695	941	3388
Provision and Refund of Income-tax (Net)	—	—	—	4	—	(61)	60	—	—	—
Transferred from General Reserve	—	—	—	—	—	—	2235	—	—	—
Balance brought forward from Previous Year	—	—	—	—	—	—	(6466)	703	1398	1861
Amount for Appropriation	1532*	261*	866*	776*	251*	—	703*	1398*	2339*	5249*
Dividends	578	—	393	—	—	—	—	—	402	402
Tax on Dividends	—	—	39	—	—	—	—	—	52	57
Balance retained in business	954	261	434	776	251	—	703	1398	1885	4790
Earnings per Equity Share	1.06‡	—	0.77‡	0.86‡	—	—	7.67‡	1.08**	1.46**	5.27**
Dividend paid per Equity Share	1.5‡	—	1‡	—	—	—	—	—	0.625**	0.625**

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.

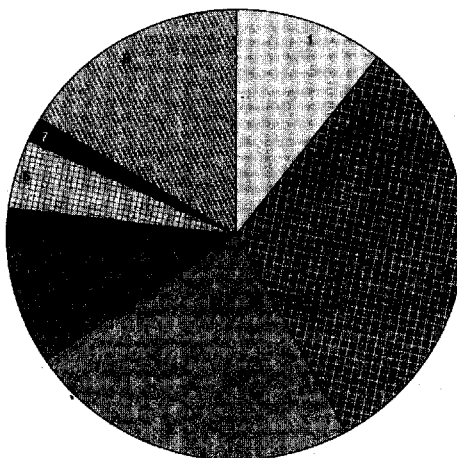
§ Wealth-tax.

** On Equity Shares of Rs. 5.

DISTRIBUTION OF INCOME

2004-2005

(Rupees in lakhs)



	Amount	%
1. Raw Materials and purchase of Finished Goods	2170.43	11
2. Utilities	6442.08	31
3. Other Expenses	4850.73	24
4. Employee Cost	1966.46	9
5. Interest	393.79	2
6. Depreciation	1046.64	5
7. Provision for Tax	320.84	2
8. Profit after Tax	3387.76	16
	<u>20578.73</u>	<u>100</u>

DETAILS OF SHAREHOLDINGS AS ON 30-9-2005

No. of Equity Shares held	No. of Shareholders	No. of Shares held
1 to 50	17,727	5,10,729
51 to 100	8,544	7,22,394
101 to 200	7,713	12,41,354
201 to 500	7,766	27,91,674
501 to 1000	3,096	25,73,896
1001 to 5000	2,402	55,75,524
5001 to 10000	277	21,33,317
10001 & above	248	4,87,80,053
Total	47,773	6,43,28,941

Total No. of Employees

614