



STANDARD INDUSTRIES LTD.

www.reportjunction.com

STANDARD INDUSTRIES LTD.**ANNUAL GENERAL MEETING****Date** : 28th September, 2006.**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	4-7
Financial Statistics	8
Distribution of Income	9
Shareholdings	9
Directors' Report	10-16
Corporate Governance	17-23
Management Discussion and Analysis	24-26
Auditors' Report	27-29
Balance Sheet	30
Profit & Loss Account	31
Cash Flow Statement	32-33
Schedules 1 to 17	34-56
Balance Sheet Abstract	57
Statement Under Section 212	58

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.

SUBSIDIARY COMPANIES :

Standard Salt Works Ltd.	59-78
Stan Plaza Ltd.	79-86
Mafatlal Enterprises Ltd.	87-94
Consolidated Accounts	95-116

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

SHRI K. J. PARDIWALLA

Managing Director

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

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. Sharepro Services (India) Pvt. Ltd.,
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai-400 099.

Tel. Nos. : (022) 28215168, 28329828 & 28215991

Fax No. : (022) 2837 5646

E-mail : sharepro@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 & TENTH 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 28th September, 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 6 months Accounting Period ended 31st March, 2006 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 M. L. Apte, 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 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 Shri F. M. Pardiwalla, who was appointed by the Board of Directors as an Additional Director on 22nd February, 2006, 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. Notices in writing from Members proposing his 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 A SPECIAL RESOLUTION

"RESOLVED THAT pursuant to the provisions of Section 163(1) of the Companies Act, 1956, the Register of Members, the Index of

Members, the Register of Index of Debentureholders, copies of all Annual Returns prepared under Section 159 together with copies of all certificates and documents required to be annexed thereto in terms of Section 161, be kept in the Office of M/s. Sharepro Services (India) Pvt. Ltd. Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai-400 099, a SEBI registered Share Transfer Agent appointed in accordance with SEBI (Registrar to an Issue and Share Transfer Agent) Rules, 1993.

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 Thursday, the 14th September, 2006, to Thursday, the 28th September, 2006, (both days inclusive) for the purpose of payment of dividend for the 6 months Accounting Period ended 31st March, 2006. Those Members whose names stand on the Register of Members of the Company as on 28th September, 2006, will be eligible for dividend.
- (d) Members are requested to send their Bank Account details on or before 13th September, 2006, to M/s Sharepro Services (India) Pvt. Ltd., Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai-400 099. 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 13th September, 2006, in the prescribed Form enclosed herewith, for registration with the Company's Registrar & Share Transfer Agents, M/s. Sharepro Services (India) Pvt. Ltd., Satam Estate,

3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai-400 099. Shareholders holding equity shares in dematerialised/electronic form should intimate their respective Depository Participants on or before 13th September, 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 by dividend warrants drawn on designated Branches of HDFC Bank Limited upto Rs. 10,000/- from Thursday, 26th October, 2006, to those shareholders who have not opted for ECS Mandates. For those Shareholders who have submitted their ECS Mandates, the dividend will be credited directly to their respective Bank Accounts.

The Dividend in excess of Rs. 10,000/- will be paid by the Company through cheque(s)/ Demand Draft(s) to those shareholders who have not opted for ECS Mandates.

- (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 years ending 30th September, 2004 and 30th September, 2005, are to be transferred to the IEPF on the dates 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	23.03.2012
October, 2004 to September, 2005	21.02.2006	26.03.2013

Members who have so far not encashed the Dividend Warrants for the financial years ended September, 2004 and September, 2005, 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) Members holding shares in sole name are advised to avail of the nomination facility by filing the prescribed Form No. 2B (in

duplicate) with M/s. Sharepro Services (India) Pvt. Ltd., the Registrar and Share Transfer Agents of the Company at Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai-400 099. Such members holding shares in dematerialised form are requested to contact their Depository Participant, for recording their nomination.

- (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, 2007.

- (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:

- Shri M. L. Apte graduated in Arts from Elphinstone College, Bombay. He has wide and varied knowledge and experience in business over the past many years. Apart from his business acumen he is also actively engaged in sports activities mainly in the field of cricket.

He is the Chairman of Apte Amalgamations Ltd. since 1970 and a Director of Standard Industries Limited, Bajaj Hindustan Ltd., Kulkarni Power Tools Ltd., The Bombay Burmah Trading Corporation Ltd., New Phaltan Sugar Works Ltd., The Raja Bahadur Poona Mills Ltd., Grasim Industries Ltd., Zodiac Clothing Co. Ltd., Tata Assets Management Ltd., Dr. Writer's Food

Products Pvt. Ltd. and Lintas India Pvt. Ltd. He is also a member of the following Committees of the Board, viz., Audit Committee of Grasim Industries Ltd., Zodiac Clothing Co. Ltd. and Standard Industries Limited; Share Transfer Committee of Zodiac Clothing Co. Ltd. and Bombay Burmah Trading Corporation Ltd.; and Remuneration Committee of Bajaj Hindustan Ltd. and Standard Industries Limited.

Shri M. L. Apte holds 2,300 Equity Shares of the Company.

2. Shri V. C. Vaidya holds a degree of LL.B. from Bombay University and is also a Solicitor from Bombay. He is widely experienced in Legal, Insurance and Investments fields. Shri V. C. Vaidya was Chairman and Managing Director of The New India Assurance Co. Ltd.

He is a Director of various Public Limited Companies viz., Standard Industries Limited, ABC Bearings Limited, Grover Vinyards Ltd., NRC Limited, The Industrial & Prudential Investment Co. Ltd., Tata Investment Corporation Ltd., Victoria Mills Ltd. He is also a Director of one Private Limited Company, i.e. Chika Private Limited. He is the Chairman of the Shareholders'/Investors' Grievance Committee of NRC Limited and Standard Industries Limited; Member of the Audit Committee of

Standard Industries Limited, Tata Investment Corporation Ltd., ABC Bearings Limited and NRC Ltd.; He is a Member of the Remuneration Committee of NRC Limited and Standard Industries Limited. Member of Investment Committee of Standard Industries Limited. He is also a Trustee of GIC Mutual Fund and various Social Organisations/Charitable Trusts/Sports Clubs, viz., Madgaokar Trust, Mahalaxmi Temple Trust and Pransukhlal Mafatlal Bath & Boat Club Trust.

Shri V. C. Vaidya holds 34 Equity Shares of the Company.

3. Details in respect of Shri F. M. Pardiwalla 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 : 28th June, 2006.

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 28th June, 2006.

Item No. 6

Shri F. M. Pardiwalla, who was appointed as an Additional Director on 22nd February, 2006, holds Office upto the ensuing Annual General Meeting of the Company to be held on 28th September, 2006, in accordance with Article 142 of the Articles of Association of the Company and being eligible, he offers himself for appointment as a Director. Notices have been received from members of the company intending to propose him for the Office of the Director at the Annual General Meeting.

Shri F. M. Pardiwalla was born on 25th August, 1939. He is a Commerce Graduate from Sydenham College of Commerce & Economics as well as a Law Graduate from H. R. College, Mumbai. He worked with ICICI Limited for 38 years in a Senior Executive capacity and was heading Corporate Finance including Indian and Foreign currency treasury, foreign exchange, taxation and EDP Departments. He has vast experience in Accounts, Foreign Exchange and Law.

In recognition of his professional qualifications and experience in banking and finance, the governing Council of Indian Institute of Banking and Finance has conferred on Shri Pardiwalla Associateship of the Institute.

During the period 1982 to 2005, he has been on the Board of several Companies as Director and was also Chairman/Member of Audit, Shareholders' Grievance, Executive and Asset Sale Committees of the Boards of various Companies.

He is a Director of Standard Industries Limited. He is a Member of Audit Committee and Shareholders/Investors' Grievance Committee of Standard Industries Limited.

Shri F.M. Pardiwalla holds 639 Equity Shares of the Company.

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

Item No..7

In terms of the provisions of Section 163(1) of the Companies Act, 1956, the Company is required to keep the Register and Index of its Members and Register of Index of Debentureholders, copies of all Annual Returns prepared under Section 159 together with copies of all certificates and documents required to be annexed thereto in terms of Section 161 at its Registered Office. In view of the appointment of M/s. Sharepro Services (India) Pvt. Ltd., a SEBI registered Share Transfer Agent, as the Transfer Agent of the Company in accordance with SEBI (Registrar to an Issue and Share Transfer Agent) Rules 1993, it is proposed to keep the above documents at their Office situated at Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai - 400 099.

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 : 28th June, 2006.

FINANCIAL STATISTICS

(Rupees in lakhs)

	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	1-10-2005 to 31-3-2006 (6 mths.)
COMPANY OWNED:										
1. Fixed Assets (Net)	19555	17406	13685	22953	20855	17043	15656	12766	12760	12800
2. Investments	71	72	72	72	71	53	72	72	72	425
3. Net Current Assets	8019	7031	8876	3612	657	4879	(135)	(533)	(260)	(238)
4. Deferred Tax Assets/(Liability)	—	—	—	—	—	(1198)	—	—	—	—
5. Miscellaneous Expenditure	787	633	652	396	283	6387	—	—	—	—
6. Profit and Loss A/c ...	—	—	—	—	3931	—	—	—	—	—
Total Assets (Net)	28432	25142	23285	27033	25797	27164	15593	12305	12572	12987
COMPANY OWED:										
1. Loan funds	13110	10149	8267	12574	12674	13263	7726	4046	1351	1149
2. Company's Net Worth: Equity Share Capital	3933	3933	3933	3933	6433	6433	3216	3216	3216	3216
Reserves and Surplus	11389	11060	11085	10526	6690	7468	4651	5043	8005	8622
Total Capital Employed	28432	25142	23285	27033	25797	27164	15593	12305	12572	12987
Debt/Equity Ratio#	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	0.08:1.00†
Income	47886	46411	60356	32817	24201	41206	16366	24071	23763	8325
Raw Materials	10318	9039	11641	6726	4047	3646	1728	2216	1584	670
Salaries and Wages	5330	5923	8873	5142	6113	3062	1683	2069	1966	696
Operation and Other Expenses etc.	21874	21588	27896	14746	11996	19523	8801	12198	11879	4446
Interest	2550	2319	2387	2096	2011	3397	1319	829	394	64
Excise duty	6841	5679	6810	3239	2794	3472	1994	2531	3184	963
Profit before Depreciation and Taxes	973	1863	2749	868	(2761)	8106	841	4228	4756	1486
Depreciation	1488	1555	2255	1390	1853	2031	1318	3180	1047	527
Profit before extra ordinary item and taxes ...	(514)	308	494	(522)	(4614)	6075	(477)	1048	3709	959
Extra Ordinary Item	—	—	—	—	(3040)	—	—	—	—	—
Taxes	(3)§	(3)§	(156)	(2)§	(2)§	(3)§	(26)	(107)	(321)	(110)
Deferred Tax	—	—	—	—	—	(1198)	1198	—	—	—
Profit after Taxes	(517)	305	338	(524)	(7656)	4874	695	941	3388	849
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	4705
Amount for Appropriation	261*	866*	776*	251*	—	703*	1398*	2339*	5249*	5554*
Dividends	—	393	—	—	—	—	—	402	402	201
Tax on Dividends	—	39	—	—	—	—	—	52	57	28
Balance retained in business	261	434	776	251	—	703	1398	1885	4790	5325
Earnings per Equity Share	Rupees	0.77‡	0.86‡	—	—	7.67‡	1.08**	1.46**	5.27**	1.32**
Dividend paid per Equity Share	Rupees	1‡	—	—	—	—	—	0.625**	0.625**	0.3125**

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.

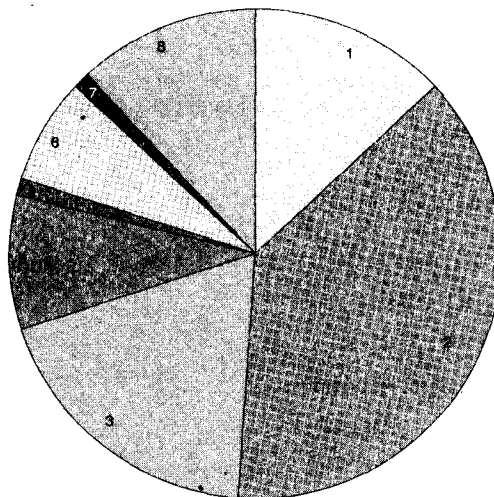
† Without Revaluation Reserve.

‡ On Equity Shares of Rs. 10.

§ Wealth-tax.

** On Equity Shares of Rs. 5.

DISTRIBUTION OF INCOME
1-10-2005 to 31-3-2006 (Six months)
(Rupees in lakhs)



	Amount	%
1. Raw Materials and purchase of Finished Goods	950.22	13
2. Utilities	2764.26	38
3. Other Expenses	1400.97	19
4. Employee Cost	696.41	9
5. Interest	64.37	1
6. Depreciation	527.23	7
7. Provision for Tax	109.79	1
8. Profit after Tax	848.91	12
	<u>7362.16</u>	<u>100</u>

DETAILS OF SHAREHOLDINGS AS ON 31-3-2006

<i>No. of Equity Shares held</i>	<i>No. of Shareholders</i>	<i>No. of Shares held</i>
1 to 50	17,222	4,92,330
51 to 100	8,356	7,08,069
101 to 200	7,598	12,29,946
201 to 500	7,894	28,57,584
501 to 1000	3,346	28,04,757
1001 to 5000	2,549	58,40,317
5001 to 10000	298	22,66,991
10001 & above	240	4,81,28,947
Total	47,503	6,43,28,941

Total No. of Employees 604