



# **STANDARD INDUSTRIES LTD.**

111th ANNUAL REPORT 2006-2007

**STANDARD INDUSTRIES LTD.****ANNUAL GENERAL MEETING****Date** : 25th March, 2008.**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 .....	4-11
Financial Statistics .....	12
Distribution of Income.....	13
Shareholdings .....	13
Directors' Report .....	14-17
Corporate Governance .....	18-24
Management Discussion and Analysis.....	25-26
Auditors' Report .....	27-29
Balance Sheet.....	30
Profit & Loss Account .....	31
Cash Flow Statement.....	32-33
Schedules 1 to 17 .....	34-58
Balance Sheet Abstract .....	59
Statement Under Section 212.....	60
<b>SUBSIDIARY COMPANIES:</b>	
Standard Salt Works Ltd. ....	61-82
Stan Plaza Ltd. ....	83-90
Mafatlal Enterprises Ltd.....	91-98
Consolidated Accounts.....	99-124

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

SHRI K. J. PARDIWALLA

*Managing Director*

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 & 67720300

Fax No. : (022) 2837 5646

E-mail : sharepro@shareproservices.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 V. K. KAPUR  
*General Manager (Works-Standard Alkali)*

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

Notice is hereby given that the **ONE HUNDRED & ELEVENTH 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 25th March, 2008, 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 18 months Accounting Period ended 30th September, 2007 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 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 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, be and they are hereby appointed as Auditors of the Company in place of M/s. C.C. Chokshi & Co., Chartered Accounts, Mumbai, the retiring Auditors, for the Accounting Year commencing on 1st October, 2007, to hold office as such from the conclusion of this Meeting until the conclusion of next Annual General Meeting and that their remuneration be decided mutually between the Board of Directors of the Company and the Auditors."

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, 310, 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, if and when necessary, the Company hereby approves the re-appointment of Shri K. J. Pardiwalla as Managing Director of the Company for a period of 3 years from 2nd August, 2008, 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."

"RESOLVED FURTHER THAT the Board 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 paragraph (B) 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 unless the approval of the Central Government has been/is being sought for the purpose of payment of remuneration as per his terms of appointment including any amendment or variation thereto which is in excess of the limits specified above."

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 Sections 309, 310 and other applicable provisions of the Companies Act, 1956, if any, and subject to such approvals, if any, as may be necessary, the Directors of the Company, who are neither Managing Director(s) nor Whole-time Director(s), together be paid remuneration by way of commission of an amount not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act, for each financial year or a part thereof proportionately for a period of 5 years, with effect from the financial year commencing on 1st October, 2007, to be distributed among such Directors at the discretion of the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee of the Board), subject to such approval(s) as may be necessary. Such remuneration shall be divided either wholly or in part among the Directors or any one or more of them in such proportion and manner as the Board may from time to time determine. The payment of such remuneration shall be subject to the overall maximum managerial remuneration laid down in Section 198 of the Act."

"RESOLVED FURTHER THAT the aforesaid remuneration shall be exclusive of any fees payable to a Director for each Meeting of the Board or of a Committee of the Board attended by him."

**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 11th March, 2008, to Tuesday, the 25th March, 2008, (both days inclusive) for the purpose of payment of dividend for the 18 months Accounting Period ended 30th September, 2007. Those Members whose

names stand on the Register of Members of the Company as on 25th March, 2008, will be eligible for dividend.

- (d) Members are requested to send their Bank Account details on or before 10th March, 2008, 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 10th March, 2008, in the prescribed Form enclosed herewith, for registration with the Company's Registrar & Share Transfer Agents, M/s. Sharepro Services (India) Pvt. Ltd., Mumbai. Shareholders holding equity shares in dematerialised/electronic form should intimate their respective Depository participants on or before 10th March, 2008, 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 Monday, the 21st April, 2008, 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 Investors' Education & Protection Fund (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, 30th September, 2005 and

**STANDARD INDUSTRIES LTD.**

31st March, 2006, 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
October, 2005 to March, 2006	28.09.2006	1.11.2013

Members who have so far not encashed the Dividend Warrants for the financial years ended September, 2004, September, 2005 and March, 2006, 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-400005 or to the Company's Registrar and Share Transfer Agents, M/s. Sharepro Services (India) Pvt. Ltd., Mumbai.

- (g) Members holding shares in physical form 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., Mumbai, the Registrar and Share Transfer Agents of the Company. Members holding shares in dematerialised form are requested to contact their depository participant, for recording their nomination.
- (h) 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.
- (i) 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, 2008.

(j) 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 Jai 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 R. J. Taraporevala has been a Director of thirty large Public and two Private Companies. In addition, Shri R. J. 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.

He continues to be a Director of various Public and Private Limited Companies, viz. Standard Industries Limited, Gabriel India Limited, Stanrose Mafatlat Investments and Finance Limited, D. B. Taraporevala Sons & Co. Private Limited and Taraporevala Publishing Industries Private Ltd.

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 Mafatlat Investments and Finance Limited and Chairman of the Investors' / Shareholders' Grievance Committee of Gabriel India Limited. He holds 2,600 Equity Shares of the Company.

2. Born on March 18, 1965, Shri Pradeep R. Mafatlat comes from the illustrious House

**STANROSE MAFATLAL**

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, Stanrose Mafatlal Investments & Finance Ltd., Mafatlal Enterprises Ltd. and Mafatlal AG, Zug, and Chairman and Managing Director of Shanudeep Private Limited, Director of Sheiladeep Investments Pvt. Ltd. and Vinadeep Investments Pvt. Ltd. Moreover, he is a Member of the Investors Grievance Committee of Standard Industries Limited and Stanrose Mafatlal Investments & Finance Ltd. He holds 13,555 Equity Shares of the Company.

3. Details in respect of Shri K. J. 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 December, 2007*

Report  Junction.com



**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 Item Nos. 6 & 7 contained in the accompanying Notice dated 28th December, 2007.

**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, 2003, on the terms and conditions approved by the Shareholders at the Annual General Meeting held on 5th March, 2004.

The Directors at their meeting held on 28th December, 2007, re-appointed Shri K. J. Pardiwalla as Managing Director for a further period of 3 years from 2nd August, 2008. The remuneration payable to Shri K. J. Pardiwalla has been approved by the Remuneration Committee of the Company at their Meeting held on 28th December, 2007. 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 (hereinafter referred to as 'the Board').

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

- (1) Salary of Rs. 2,00,000/- 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. 4,00,000/- per month.
- (2) Commission as may be decided by the Remuneration Committee subject to the overall ceilings laid-down in Sections 198 and 309 of the Companies Act, 1956. Such commission will be determined by the Board and be payable after the Annual Accounts for the said financial year have been approved by the Board and adopted by the Members.

**(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:**

- (a) Company's contribution to Provident Fund & Superannuation Fund as per the Rules of the Company;
- (b) Gratuity as per the Rules of the Company including continuity of service for the time served in any other capacity other than Managing Director within the Company.
- (c) Leave & encashment of leave as per the Rules of the Company.

The retirement benefits in (a), (b) and (c) above shall not be included in the computation of ceiling on remuneration of Shri K. J. Pardiwalla to the extent provided in Clause 2 of Section II of Part II of Schedule XIII to the Companies Act, 1956.

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 (B) 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.

A statement pursuant to Clause (iv) of paragraph (B) of Clause 1 of Section II of Part II of Schedule XIII of the Companies Act, 1956 is as follows:

### **I. General Information:**

- (1) **Nature of industry:**  
The Company deals in Textiles Trading and Realty Development Business.
- (2) **Date or expected date of commencement of commercial production:**  
Not Applicable
- (3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**  
Not Applicable
- (4) **Financial performance based on given indicators:**

	2006/07 (18 months) Rs. In lakhs
Turnover: Gross	1409.64
Net	1386.58
Profit Before Tax	259.75
Profit After Tax	192.80
Earning Per Share	0.30
Networth	9160.81
Rate of dividend (Proposed)	15.00%

- (5) **Export performance and net foreign exchange collaborations:**  
The Company does not have any exports or foreign exchange collaborations.
- (6) **Foreign investments or collaborators, if any:**  
There are no foreign investments or collaborations in the Company.

### **II. Information about the appointee:**

- (1) **Background details :**  
Shri K. J. Pardiwalla is a Chartered Accountant and has diverse experience in Financial Accounting, Taxation and Management. He joined the Company in 1965. In 1986, he was promoted as Vice President of Standard Alkali, Chemicals Division of the Company. In August, 1993, he was appointed as the Whole-time Director designated as President (Chemicals). In March, 1996,

he was elevated to the coveted position of Managing Director of the Company, for Textiles, Garments and Chemicals Divisions. Shri K. J. Pardiwalla is a Director on the Board of many Companies, viz. Standard Industries Limited, Standard Salt Works Ltd., Stanrose Mafatlal Investments & Finance Limited, Vinadeep Investments Pvt. Ltd. and Stan Plaza Limited (Chairman). He is also a Member of the Shareholders/Investors Grievance Committee of Standard Industries Limited.

Shri K. J. Pardiwalla is also the Executive Committee Member of the Alkali Manufacturer's Association and Executive Committee Member of the Millowners' Association.

Shri K. J. Pardiwalla does not hold any shares in the Company.

#### **(2) Past remuneration:**

In the past, the total remuneration to Shri K. J. Pardiwalla including salary, commission, perquisites and retirement benefits was upto the limit of Rs. 2,00,000/- per month.

#### **(3) Recognition or awards:**

Refer Para 1) above.

#### **(4) Job profile and his suitability:**

As a Managing Director of the Company, Shri K. J. Pardiwalla will be responsible for managing the overall affairs of the Company under the supervision and control of the Board of Directors of the Company. By qualification Shri K. J. Pardiwalla is a Chartered Accountant and has diverse experience in Financial Accounting, Taxation and Management. He is associated with the Company for more than four decades holding various responsible positions in the Company. Having regard to his qualification and wide experience, it will be in the interest of the Company to reappoint him as the Managing Director of the Company.

#### **(5) Remuneration proposed:**

It is proposed to give a salary of Rs. 2,00,000/- per month inclusive of Dearness and all other Allowances plus car for Company's business, telephone at residence, contribution to Provident Fund, Superannuation Fund, Gratuity, Leave, Leave encashment as per the rules of