



STANDARD INDUSTRIES LTD.

114th ANNUAL REPORT 2010-2011

STANDARD INDUSTRIES LTD.

Registered Office:

Plot No. 4, TTC Industrial Area, Thane Belapur Road, P.O. Ghansoli, Navi Mumbai, Thane - 400 701.

NOTICE

Notice is hereby given that the **ONE HUNDRED & FOURTEENTH ANNUAL GENERAL MEETING** of the Members of STANDARD INDUSTRIES LIMITED will be held at The Park Navi Mumbai, Plot No.1, Sector 10, CBD Belapur, Navi Mumbai – 400 614, on Thursday, the 4th August, 2011, 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 Financial Year ended 31st March, 2011 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 R. J. 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.

SPECIAL BUSINESS

6. To appoint a Director in place of Shri D. H. Parekh who was appointed as an Additional Director by the Board of Directors and whose term of office expires at this Annual General Meeting under Section 260 of the Companies Act, 1956 and Article 142 of the Articles of Association of the Company and in respect of whom the Company has received notice in writing from Shri D. H. Parekh proposing his candidature for the Office of Director and accordingly the following Resolution be moved :

AS AN ORDINARY RESOLUTION

"RESOLVED THAT Shri D. H. Parekh, who has been appointed as an Additional

Director by the Board of Directors with effect from 3rd June, 2011, to hold Office till this Annual General Meeting, be and he is hereby expressly appointed as the Director by the Shareholders in this Annual General Meeting and he shall not be required to retire by rotation so long as he holds office as Whole-time Director, designated as Executive Director of the Company, subject to the provisions of Section 255 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 Sections 198, 269 and 309 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), the Company in General Meeting, hereby approves the appointment of Shri D. H. Parekh as Whole-time Director designated as Executive Director of the Company for a period of 3 years from 2nd August, 2011, on the terms of appointment and remuneration including salary, 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 appointment and remuneration in such manner as may be agreed to between the Board and Shri D. H. Parekh, within the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments thereto."

"RESOLVED FURTHER THAT where in any Financial Year during the currency of

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Shri D. H. Parekh's tenure as the Whole-time Director designated as Executive 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."

"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."

8. 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 314 of the Companies Act, 1956, consent of the Company be and is hereby accorded to Shri D. H. Parekh, Vice-President (Finance), who is appointed as an Additional Director of the Company with effect from 3rd June, 2011 and holds an office or place of profit under the Company for the period from 3rd June, 2011, the date of his appointment as an Additional Director of the Company, till 2nd August, 2011, the date of his appointment as Whole-time Director designated as Executive Director, at a remuneration in accordance with the terms of his appointment as Vice-President (Finance) of the Company."

"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."

9. To appoint a Director in place of Shri K. J. Pardiwalla who was appointed as an Additional Director by the Board of Directors with effect from 2nd August, 2011 and whose term of office expires at this Annual General Meeting under Section 260 of the

Companies Act, 1956 and Article 142 of the Articles of Association of the Company and in respect of whom the Company has received notice in writing from Shri K. J. Pardiwalla proposing his candidature for the Office of Director and accordingly the following Resolution be moved :

AS AN ORDINARY RESOLUTION

"RESOLVED THAT Shri K. J. Pardiwalla, who has been appointed as an Additional Director by the Board of Directors with effect from 2nd August, 2011, to hold Office till this Annual General Meeting, be and he is hereby expressly appointed as the Director by the Shareholders in this Annual General Meeting and he shall be liable to retire by rotation."

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 Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 21st July, 2011, to Thursday, the 4th August, 2011, (both days inclusive) for the purpose of payment of dividend for the Financial Year ended 31st March, 2011. Those Members whose names stand on the Register of Members of the Company as on 21st July, 2011, will be eligible for dividend.
- (c) **National Electronic Clearing Service (NECS)**
As per directive from Securities and Exchange Board of India (SEBI), the Company has been using the Electronic Clearing Service (ECS) of the Reserve Bank of India (RBI), at designated locations, for payment of dividend to shareholders holding shares in dematerialized form. This service was extended by the Company also to shareholders holding shares in physical form, who chose to avail of the same. In

this system, the investor's bank account is directly credited with the dividend amount.

As per RBI's notification, with effect from 1st October, 2009, the remittance of money through ECS has been replaced by National Electronic Clearing Service (NECS). NECS operates on the new and unique bank account number allotted by banks post implementation of the Core Banking Solutions (CBS). Pursuant to implementation of CBS, your bank account number may have undergone a change, which is required to be communicated by you to your Depository Participant (in case of shareholders holding shares in dematerialized form) or to the Company's Registrar & Share Transfer Agent (in case of shareholders holding shares in physical form, in which case, the communication may be made in the Mandate Form separately enclosed in this Annual Report).

Shareholders holding shares in physical form who have not yet opted for the ECS Mandate Facility, are urged to avail of the NECS Mandate facility as this not only protects a shareholder against fraudulent interception and encashment of dividend warrants but also eliminates dependence on the postal system, loss/damage of dividend warrants in transit and correspondence relating to revalidation/issue of duplicate dividend warrants.

Kindly ensure that the above instructions are under your signature (which should be as per specimen registered with the Depository Participant/Company's Registrar & Share Transfer Agent) and are communicated before 20th July, 2011, to facilitate receipt of dividend. Please note that if your new Bank Account number is not informed as aforesaid, payment of your dividend to your old bank account number may either be rejected or returned. Kindly refer to the Mandate Form enclosed in this Annual Report for further details.

- (d) 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 from Wednesday, the 10th August, 2011, to those shareholders who have not opted for NECS Mandates. For those shareholders who have submitted their NECS Mandates, the dividend will be credited directly to their respective Bank Accounts.

- (e) 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 Accounting Periods ending 30th September, 2004, onwards 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	01.11.2013
April, 2006 To September, 2007	25.03.2008	29.04.2015
October, 2007 To March, 2009	26.09.2008 (Interim Dividend)	26.10.2015
October, 2007 To March, 2009	25.08.2009 (Final Dividend)	25.09.2016
April, 2009 To March, 2010	09.08.2010	08.09.2017

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Members who have so far not encashed the Dividend Warrants for the financial years ended September, 2004 onwards, are advised to submit their claims to the Company's Registrar and Share Transfer Agents, M/s. Sharepro Services (India) Pvt. Ltd., Mumbai, or the Company's Registered Office at Plot No. 4, TTC Industrial Area, Thane Belapur Road, P.O. Ghansoli, Navi Mumbai, Thane – 400 701.

- (f) 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.
- (g) In case of transfers, deletion of name of deceased shareholder, transmission and transposition of names in respect of shares held in physical form, submission of self-certified photocopy of PAN Card of the transferee(s), surviving holder(s), legal heir(s) and joint holder(s) respectively, along with necessary documents at the time of lodgement of request for these transactions, is now mandatory.
- (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, 2012.

- (i) The Memorandum and Articles of Association of the Company, the draft letter of appointment of Shri D. H. Parekh and the documents and/or letters referred to in the Resolution and in the Explanatory Statement annexed hereto are 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.
- (j) As part of the Green Initiative in Corporate Governance, the Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send official documents through electronic mode.

In the spirit of the above circulars and as part of the Company's Green Initiative, we henceforth propose to send documents like Notice convening the general meetings, Financial Statements, Directors' Report, etc. to the e-mail address provided by you.

To support this green initiative of the Government, in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the appropriate columns in the Green Initiative Form attached hereto and register the same with Sharepro Services (I) Pvt. Ltd. (Unit: Standard Industries Limited), 13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072.

- (k) 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 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 Mafatlal 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 Mafatlal Investments and Finance Limited and Member of the Audit Committee of Stanrose Mafatlal Investments and Finance Limited and Chairman of the Investors'/Shareholders' Grievance Committee of Gabriel India Limited and Member of the Remuneration Committee of Gabriel India Limited. He 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, Stanrose Mafatlal Investments & Finance Ltd., Mafatlal Enterprises Limited, Umiya Real Estate Private Limited, Umiya Balaji Real Estate Private Limited and Mafatlal AG, Herisau. Further, he is the Chairman and Managing Director of Shanudeep Private Limited, Vice Chairman of Sheiladeep Investments Pvt. Ltd. and Vice Chairman of Vinadeep Investments Pvt. Ltd. He is a Member of the Investors'/Shareholders' Grievance Committee of Standard Industries Limited and Stanrose Mafatlal Investments & Finance Ltd. He holds 13,555 Equity Shares of the Company.

3. Shri D. H. Parekh was born on 16th July, 1951. He is a Chartered Accountant and has diversified experience in Financial Accounting, Taxation and Management.

He joined Standard Industries Limited in the year 1976. In 1998 he was promoted to the post of Vice-President (Finance). He is the CFO of the Company since 2005. He is associated with the Company for about 35 years holding various responsible positions.

Shri D. H. Parekh is also a Director on the Board of Stan Plaza Limited, Umiya Real Estate Private Limited and Calypso Premises Private Limited.

Shri D. H. Parekh does not hold any shares in the Company.

4. Shri K. J. Pardiwalla was born on 24th July, 1937. He is a Chartered Accountant and has diverse experience in Financial Accounting, Taxation and Management.

He joined Standard Industries Limited in the year 1965. In 1986 he was promoted as Vice President of Standard Alkali, Chemicals Division of the Company.

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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 Limited (Chairman), Stanrose Mafatlal Investment & 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 does not hold any shares in the Company.

By Order of the Board
TANAZ B. PANTHAKI
Company Secretary

Registered Office:
Plot No. 4, TTC Industrial Area,
Thane Belapur Road,
P.O. Ghansoli,
Navi Mumbai,
Thane - 400 701.
Dated : 3rd June, 2011

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. 6, 7, 8 and 9 contained in the accompanying Notice dated 3rd June, 2011.

Items Nos. 6 & 7

The Directors at their Board Meeting held on 3rd June, 2011, appointed Shri D. H. Parekh as an Additional Director of the Company. At the said Board Meeting, the Board of Directors have resolved to appoint Shri D. H. Parekh as Whole-time Director designated as Executive Director of the Company with effect from 2nd August, 2011, subject to the provisions of the Companies Act, 1956.

As per Section 260 of the Companies Act, 1956 and Article 142 of the Articles of Association of the Company, Shri D. H. Parekh would hold office as Director upto this Annual General Meeting. As the Board of Directors have also appointed him as Whole-time Director designated as Executive Director with effect from 2nd August, 2011, not liable to retire by rotation, it is desirable that his appointment as Director be made by the Company in General Meeting in compliance with Section 255 of the Companies Act, 1956. Notice from Shri D. H. Parekh, as required under Section 257 of the Companies Act, 1956, has been received proposing his candidature for appointment as Director.

Shri D. H. Parekh is a Senior Executive of the Company for the past several years. He is working as Vice-President (Finance) of the Company and has got wide experience in the fields of Finance, Planning and Management at very senior level. He is also the CFO of the Company. It is, therefore, considered advisable to appoint Shri D. H. Parekh, as Whole-time Director designated as Executive Director, of the Company for a period of 3 years with effect from 2nd August, 2011. The remuneration payable to Shri D. H. Parekh has been approved by the Remuneration Committee of the Company

at their Meeting held on 3rd June, 2011. The terms of appointment and remuneration payable to Shri D. H. Parekh are placed before the Meeting. Shri D. H. Parekh will be in-charge of the management and affairs of the Company, subject to the superintendence and control of the Board of Directors of the Company.

The terms of remuneration comprising salary, commission and perquisites to Shri D. H. Parekh will be as under :

- (1) Salary of ₹ 1,75,000/- 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 ₹ 3,00,000/- 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 Whole-time Director.

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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 Whole-time 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 D. H. Parekh 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 D. H. Parekh's tenure as the Whole-time Director 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 Realty Business and Textiles Trading.

(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 :

2010-2011 ₹ in lakhs	
Turnover : Gross Net	728.59
Profit Before Tax	(287.81)
Profit After Tax	(277.04)
Earning Per Share	(0.43)
Networth	15209.07
Rate of dividend (Proposed)	15%

(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 D. H. Parekh is a Chartered Accountant and has diversified experience in Financial Accounting, Taxation and Management.

He joined Standard Industries Limited in the year 1976. In 1998 he was promoted to the post of Vice-President (Finance).

Shri D. H. Parekh is also a Director on the Board of Stan Plaza Limited, Umiya Real Estate Private Limited and Calypso Premises Private Limited.

Shri D. H. Parekh does not hold any shares in the Company.

(2) Past remuneration :

In the past, the total remuneration to Shri D. H. Parekh including salary and perquisites was ₹ 86,230/- per month.

(3) Recognition or awards :

Refer Para (1) above

(4) Job profile and his suitability :

As a Whole-time Director of the Company, Shri D. H. Parekh will be responsible for the affairs of the Company under the supervision and control of the Board of Directors of the Company. By qualification Shri D. H. Parekh is a Chartered Accountant and has diverse experience in Financial Accounting, Taxation and Management. He is associated with the Company for about 35 years 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 appoint him as the Whole-time Director of the Company designated as Executive Director.

(5) Remuneration proposed :

It is proposed to give a salary of ₹ 1,75,000/- 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 the Company and commission, with a liberty to the Remuneration Committee to increase, vary, alter the same from time to time.

(6) Comparative remuneration profile with respect to industry, size of the Company,

profile of the position and person (in case of expatriates the relevant details would be with regard to the country of his origin);

The aforesaid proposed remuneration is commensurate with the size of the Company, profile of the position and person and compares favourably with the remuneration package in the industry.

(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any;

The pecuniary relationship of Shri. D. H. Parekh with the Company is to the extent of remuneration drawn by him.

III. Other information :

Reasons of loss or inadequate profits; Steps taken or proposed to be taken for improvement; Expected increase in productivity and profits in measurable terms;

The Company has suspended in-house production of its Textiles and Garments Divisions, in totality, in 2001 and closed its Chemical Factory from 9th November, 2006.

The Company is now, inter alia, engaged in the real estate activities. The year under review still remains extremely challenging for real estate business. The real estate market for commercial property still remains sluggish. Under such critical circumstances, the Company could not utilize the balance portion of 62.25 acres of the erstwhile Chemical Factory land for development of Information Technology Park, Commercial Offices, Hospitality Projects, Malls, Banking & Financial Services, etc. in a commercially viable manner. The Company is continuously in touch with various Real Estate Developers/ Investors/Fund Managers, for development of its aforesaid prime property of 62.25 acres of land.