



Schrader Duncan Limited
40TH ANNUAL REPORT 2000-2001

Schrader Duncan Limited

Ten Year Review

Rs. Million

Accounting Year	[*] 1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
Income	214.48	181.97	205.84	249.13	280.27	366.69	288.49	293.59	319.71	306.48
Profit before taxes	39.71	35.26	34.09	32.41	37.12	**** 95.99	32.35	35.60	29.48	20.18
Profit after taxes	23.61	21.11	20.05	18.86	23.12	**** 73.38	20.30	23.76	23.29	16.25
Dividend %	50.00	81.00	40.00	50.00	50.00	165.00	50.00	50.00	50.00	35.00
Working Capital %	16.57	22.35	20.14	16.08	15.12	15.67	18.85	21.35	24.34	29.53
Net Worth	100.85	114.47	127.12	136.74	141.38	151.93	151.90	155.15	157.92	159.92
Earning Per Share	^{**} Rs. 25.56	22.84	*** 12.40	10.21	*** 10.01	**** 19.85	5.49	6.43	6.30	4.40
Return on Investment %	25.85	19.60	16.60	14.30	16.62	**** 49.94	13.33	15.48	14.88	10.23

* Figures for 1991-92 are for a period of fifteen months.

** The original number of 350,000 shares was increased to 385,000 in 1967-68 to 4,62,000 in 1970-71 to 924,000 in 1975 to 1,848,000 in 1993-94 and to 3,696,000 in 1995-96 through Bonus Issues.

*** Computed on Weighted Average Capital.

**** One time profit on sale of a Fixed Asset.

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Board of Directors

Mr. J. P. Goenka
Chairman

Mr. A. L. Narasimhan
Managing Director

Mr. A. Goenka

Mr. James D. Wiggins

Mr. R. A. Shah
Alternate to Mr. James D. Wiggins

Mr. Brian Harris

Mr. R. C. Khanna
Alternate to Mr. Brian Harris

Mr. V. N. Nadkarni

Mr. S. Srinivas
Company Secretary

Auditors
Price Waterhouse & Co

Registered Office
L B S Marg, Mulund
Mumbai 400 080

Bankers
State Bank of India
Citibank

Plants
Mumbai (Maharashtra)
Nashik (Maharashtra)

Legal Advisor
Crawford Bayley & Co

Branch Offices
31, Netaji Subhash Road
Kolkata 700 001

Share Transfer Agent
IIT Corporate Services Ltd
IIT House, Off. M. VasANJI Road
Opp. Vazir Glass, Near J B Nagar
Andheri (East), Mumbai 400 059

Hindustan Times House
Kasturba Gandhi Marg
New Delhi 110 001

Listed at
Mumbai, Delhi & Kolkata

Notice

NOTICE is hereby given that the Fortieth Annual General Meeting of the Shareholders of **Schrader Duncan Limited** will be held at Padmabhushan Vasantdada Sabhagruha, Sakhar Bhavan, Plot No. 230, Block No. 3, Nariman Point, Mumbai 400 021 on Monday, July 30, 2001 at 3.00 p.m. for transacting the following business :

Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2001 and Profit and Loss Account for the year ended, on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend, if any.
3. To appoint a Director in place of Mr. J. P. Goenka who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Notes :

1. The Register of Members and Share Transfer Books of the company will remain closed from July 16, 2001 to July 30, 2001 both days inclusive in terms of the provisions of Section 154 of the Companies Act 1956.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. Those members who have so far not encashed their dividend warrant for the below mentioned financial years may claim or approach the Company for the payment as the same will be transferred to the "Investor Education and Protection Fund" of the Central Government pursuant to the introduction of Section 205C by the Companies (Amendment) Act 1999 on the dates mentioned hereunder.

1995-1996	September 25, 2003	
1996-1997	November 8, 2003	(Extra ordinary Dividend)
1996-1997	October 8, 2004	
1997-1998	January 19, 2005	(Interim Dividend)
1997-1998	October 30, 2005	
1998-1999	September 9, 2006	
1999-2000	June 1, 2007	(Interim Dividend)

Registered Office :

L B S Marg, Mulund, Mumbai 400 080

By Order of the Board

May 29, 2001

A. L. Narasimhan
Managing Director

Directors' Report

Your Directors have pleasure in presenting their Fortieth Annual Report to the shareholders together with the Accounts for the year ended March 31, 2001. The operating results as disclosed in the Accounts are summarised below :

	2000-2001		1999-2000	
	Rupees	Rupees	Rupees	Rupees
Profit before charging depreciation and taxes		22,692,927		31,864,283
Less : Depreciation	2,510,273		2,388,774	
Provision for taxes	4,060,000		6,051,100	
Short/(Excess) Provision for taxes	(131,083)		133,855	
		6,439,190		8,573,729
Profit after charging depreciation and taxes		16,253,737		23,290,554
Balance carried from previous year		84,738,663		84,289,909
		100,992,400		107,580,463
Less : Interim dividend paid	--		18,480,000	
Tax on Interim Dividend	--		2,032,800	
Proposed Dividend	12,936,000		--	
Tax on Proposed Dividend	1,319,472		--	
		14,255,472		20,512,800
Transfer to General Reserve		1,626,000		2,329,000
Balance carried forward		85,110,928		84,738,663

Dividend

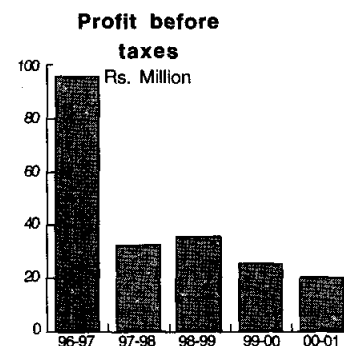
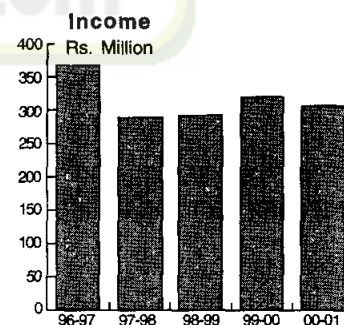
The Directors are pleased to recommend for consideration of the shareholders a dividend of 35% for the year on the existing share capital of Rs. 36,960,000 amounting to Rs. 12,936,000 and tax on proposed dividend of Rs. 1,319,472 for which a provision has been made in the accounts.

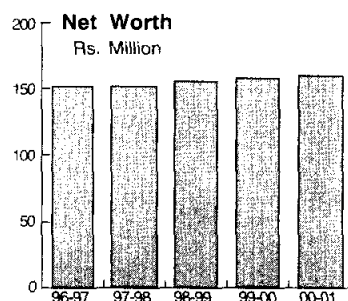
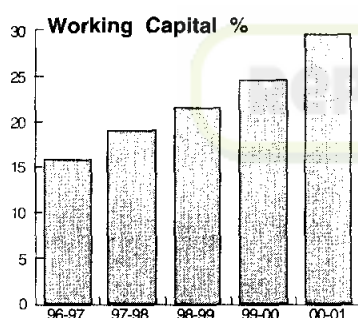
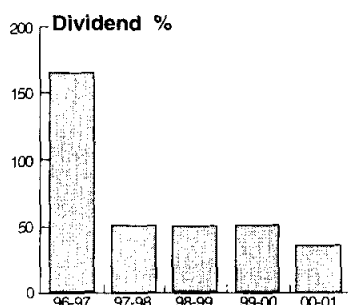
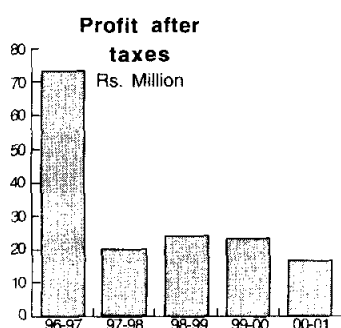
Production and Sales

The company had to contend with growing competition in its tyre valves as well as pneumatic products business together with a slowdown in the tyre as well as general engineering industry. The year closed with a drop in sales of 4% over the previous year.

The sales of Company's Automotive Products Division during the year ended March 31, 2001 were Rs.173.18 million compared to Rs. 197.68 million for the previous year.

The sales of Company's Pneumatic Products Division during the year ended March 31, 2001 were Rs.132.82 million compared to Rs. 122.02 million for the previous year.





Raw Materials

The availability of raw materials did not pose any significant problems during the year.

Finance

The overall financial position of the Company remains satisfactory though the cash flow is under considerable strain owing to an increase in age of receivables and a change in approach to brass procurement which calls for increased working funds to hold inventory.

Conservation of Energy, Technology Absorption, Exports and Foreign Exchange Earnings and Outgo.

A statement giving details of conservation of energy, technology absorption, exports and foreign exchange earning and outgo in accordance with Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988, is annexed.

Industrial Relations

Industrial Relations were smooth during the year with all sections of employees.

Details pursuant to the requirements of section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975 are given in an annexure.

Associated Polymers Limited

Apart from mixing rubber for its parent company Schrader Duncan Ltd., Associated Polymers Limited has its capacity dedicated to a customer for primary mixing of Butyl rubber. During the year ended March 31, 2001 the company processed 1374 M.T. of rubber compound against 1246 M.T. in the previous year.

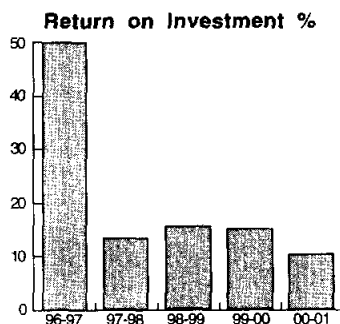
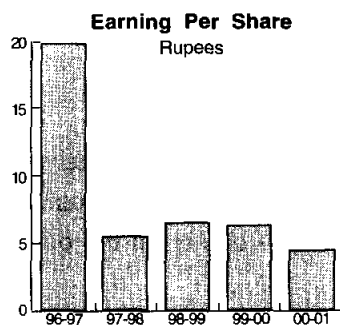
Directors

To appoint a Director in place of Mr. J. P. Goenka who retires by rotation and is eligible for re-appointment.

Responsibility Statement

The Directors Confirm :

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- ii) that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;



- iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that they have prepared the annual accounts on a going concern basis.

Auditors

M/s. Price Waterhouse & Co., Chartered Accountants, retire at the Annual General Meeting and are eligible for reappointment. A certificate under section 224(1) of the Companies Act has been received from them.

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On behalf of the Board of Directors

A. L. Narasimhan
Managing Director

R. C. Khanna
Director

Mumbai, May 29, 2001

Annexure to the Directors' Report

A Conservation of Energy

After successful trials, a special chemical process has been introduced in the heating chamber of the thermic fluid system. The Thermic fluid system is employed to heat the vulcanizing presses. The process enables the system to operate at a lower stock temperature by reducing the deposition of carbon / clinker on the outer surface of the heating coil.

Study is on to install a suitable energy saving device in the LDO line that heats up the Thermopack unit for the vulcanising presses.

B Technology Absorption

Research and Development (R & D)

1. Specific areas in which R & D was carried out by the company :-

Schrader Automotive Products :

Development of new products viz.

High Pressure Motor Cycle Valves.

Import substitute for special bicycle valves.

Schrader Pneumatic Products :

Introduction of 'Exel' range of 5/2 and 3/2 valves with high flow characteristics, Solenoid, pilot and manual actuations available.

Introduction of miniature range of ISO cylinders with aluminium barrel and end covers from 12mm to 25mm as per ISO 6432 specifications.

Development of single acting cylinders with manual override facility, specially for heavy duty on-off valves.

2. Benefits derived as a result of above R & D :-

Schrader Automotive Products :

Catering to special requirements that fetch higher prices and margins

Schrader Pneumatic Products :

Compact design of Exel Valves has yielded savings in materials viz. aluminium, brass and coils.

Changeover from all brass construction to aluminium reduces product weight and yields cost savings.

Affords a new business opportunity.

3. Future Plan of Action :

Schrader Automotive Products:

Conversion of the Oil fired Thermic heating system to Gas fired.

Schrader Pneumatic Products :

Development of miniature range of valves in M5-1/8 series.

Development of 3/8' 2 way valve.

Development of custom built cylinders for door closing application.

4. Expenditure of R & D

a.	Capital	Rs. nil
b.	Recurring	Rs. 0.973 million
c.	Total	Rs.0.973 million
d.	Total R & D expenditure as a percentage of total turnover	0.32%

Technology absorption, Adoption and innovation

We continue to receive from our collaborators know-how in various operations, yielding improvements in costs and quality of our products and in productivity in our manufacturing operations.

C. Foreign Exchange Earnings and outgo

The company has been making continuous efforts to increase its exports.

During the year, the Company has earned foreign exchange through exports of Rs. 8.01 millions and spent foreign exchange of Rs. 20.25 millions as per details given in Note nos. 13 and 10, 11 and 12 of Schedule 14.