

Schrader Duncan Limited

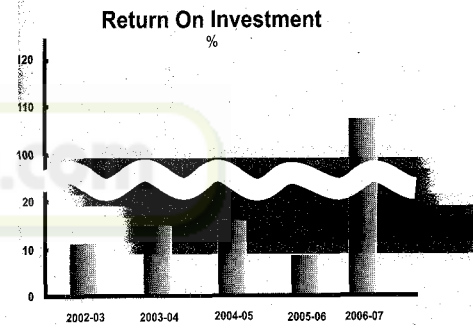
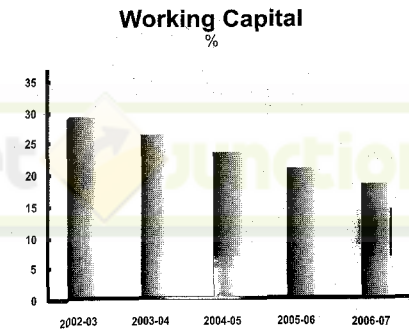
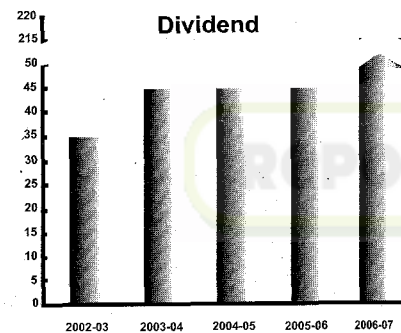
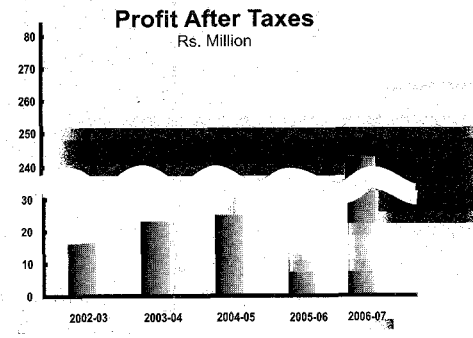
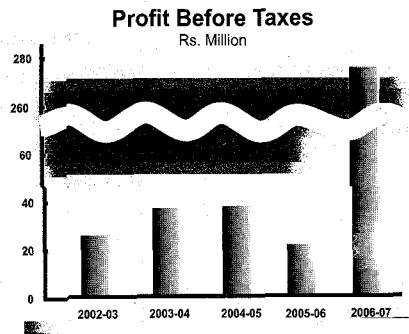
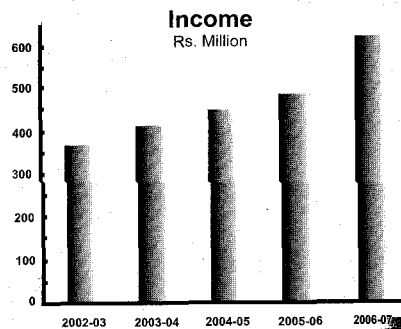
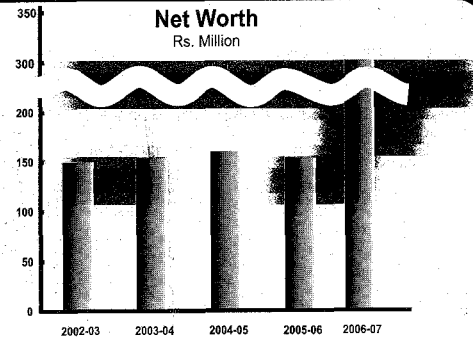
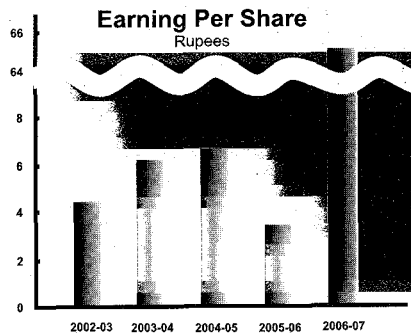
Report  junction.com

Annual Report 2006-2007

Schrader Duncan Limited

Key Financial Indicators

2002-2007



Ten Year Review

Rs. Million

Accounting Year	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Income	288.49	293.59	319.71	306.48	321.28	364.77	411.72	447.36	481.03	618.03
Profit Before Taxes	32.35	35.60	29.48	20.18	4.60**	24.76	36.34	37.09	20.55	272.62****
Profit After Taxes	20.30	23.76	23.29	16.25	2.41**	16.30	22.95	25.01	13.07	242.47****
Dividend %	50.00	50.00	50.00	35.00	35.00	35.00	45.00	45.00	45.00	220.00***
Working Capital %	22.38	21.86	24.36	29.55	30.69	29.27	26.47	23.49	21.06	19.82
Net Worth	151.90	155.15	157.92	159.92	147.91	149.61	153.80	159.54	153.64	302.90
Earning Per Share* Rs.	5.49	6.43	6.30	4.40	0.65**	4.41	6.21	6.77	3.54	65.60
Return On Investment %	13.36	15.48	14.88	10.23	1.56**	10.96	15.13	15.96	8.35	106.22

* The original number of 350,000 shares was increased to 385,000 in 1967-68 to 462,000 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.

** Includes exceptional provision for diminution in value of UTI's US-64 scheme.

*** Includes interim dividend of 175%.

**** Includes profit on sale of portion of surplus land.

Registered Office

L B S Marg, Mulund
Mumbai 400 080

Plants

Mumbai (Maharashtra)
Nashik (Maharashtra)
Mahape (Maharashtra)

Branch Offices

31, Netaji Subhash Road
Kolkata 700 001

Hindustan Times House
Kasturba Gandhi Marg
New Delhi 110 001

Auditors

Price Waterhouse & Co

Bankers

State Bank of India

Legal Advisors

Crawford Bayley & Co

Share Transfer Agent

Intime Spectrum Registry Limited
C-13 Pannalal Silk Mills Compound
L B S Marg, Bhandup
Mumbai 400 078

Listed at

Mumbai (BSE)

Contents

	Pages
Board of Directors	1
Notice	2
Directors' Report	6
Auditors Report	21
Balance Sheet	24
Profit & Loss Account	25
Schedules forming part of the Balance Sheet and Profit and Loss Account	26
Cash Flow Statement	44
Statement pursuant to Section 212	47
Annual Report of Associated Polymers Limited	49
Consolidated Accounts	73

Board of Directors

Mr. J. P. Goenka	Chairman
Mr. A. L. Narasimhan	Managing Director
Mr. A. Goenka	Director
Mr. Ronald J. Cervelli	Director
Mr. Steven Lutz	Director
Mr. Nitin Kaul	Director
Mr. R. C. Khanna	Director
Mr. R. A. Shah	Alternate to Mr. Nitin Kaul
Mr. K. J. Bharucha	Alternate to Mr. Steven Lutz

NOTICE

NOTICE is hereby given that the Forty Sixth Annual General Meeting of the Shareholders of Schrader Duncan Limited will be held on Wednesday, July 25, 2007 at 3.15 p.m. at Kamalnayan Bajaj Hall, Bajaj Bhavan, Nariman Point, Mumbai 400 021 for transacting the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2007 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 final dividend.
3. To appoint a Director in place of Mr. Arvind Goenka who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Special Business:

5. To consider and, if thought fit to pass, with or without modifications, the following as an Ordinary Resolution:

"Resolved that Mr. R. C. Khanna who was appointed as Additional Director of the Company on October 27, 2006 and who holds office upto the forty sixth annual general meeting of the Company be and is hereby appointed as Director of the Company, liable to retire by rotation."

6. To consider and, if thought fit to pass, with or without modifications, the following as an Ordinary Resolution:

"Resolved that Mr. Nitin Kaul who was appointed as Additional Director of the Company on October 31, 2006 and who holds office upto the forty sixth annual general meeting of the Company be and is hereby appointed as Director of the Company, liable to retire by rotation."

7. To consider and, if thought fit to pass, with or without modifications, the following as a Special Resolution :

"Resolved that in supercession of earlier resolutions passed in this regard and pursuant to provisions of Section 163 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act; 1956 approval of the members of the Company be and is hereby accorded to maintain Registers and Indexes of Members / Debenture Holders and copies of annual return prepared under Section 159 together with the copies of certificates and documents required to be annexed thereto under Section 161 and other registers and documents as are relevant at the office of the Company's Registrar & Transfer Agents, M/s. Intime Spectrum Registry Limited.

NOTES:

1. **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.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 7th July 2007 to 20th July 2007 (both days inclusive) in terms of the provisions of Section 154 of the Companies Act 1956.
3. Those members who have so far not encashed their dividend warrants for the below mentioned financial years may claim or approach the Company for payment as the same will be transferred to the "Investor Education and Protection Fund" of the Central Government pursuant to Sections 205A and 205C of the Companies Act 1956 on the dates mentioned hereunder.

1999-2000	:	July 3, 2007	2003-2004	:	August 26, 2011
2000-2001	:	August 29, 2008	2004-2005	:	August 26, 2012
2001-2002	:	August 28, 2009	2005-2006	:	August 26, 2013
2002-2003	:	August 17, 2010	2006-2007-(Interim)	:	March 12, 2014

4. An Explanatory Statement in respect of item no. 5, 6 & 7 pursuant to Section 173 (2) of the Companies Act, 1956 is annexed to this notice.
5. Members are requested to intimate their queries, if any, relating to the accounts or any other matters at least seven days in advance so that the information can be made readily available and furnished at the meeting.
6. The Company's Registrar and Share Transfer Agent, Intime Spectrum Registry Limited undertake the transfer of shares, both in physical and demat form. Their address is as follows: Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai 400 078. The shareholders may send their transfer requests and other share related queries either to the Company at the Registered Office or to Intime Spectrum Registry Limited at the above address.
7. The dividend as recommended by the Board, if declared at the meeting, will be paid after July 25, 2007 to those members whose names appear on the Company's Register of Members as on July 7, 2007. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
8. Members are requested to notify immediately any change in their address/bank mandate to their Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company, Intime Spectrum Registry Limited, in respect of their physical share folios.
9. Pursuant to Clause 49(1V)(G) of the Listing Agreement brief profile of the Directors being re-appointed / appointed is given below :

Mr. Arvind Goenka

Mr. Arvind Goenka, a Commerce Graduate from St. Xaviers College, Kolkata, is an Industrialist hailing from the renowned family of Late Sir Badridas Goenka associated with the Industrial group popularly known as House of DUNCANS.

Mr. Goenka commands rich experience of over 20 years in managing and/or looking after industries of diverse business interests such as jute and cotton textiles, rubber chemicals and sophisticated industrial engineering products.

Mr. Goenka has successfully planned and implemented restructuring programmes in some of the companies under his fold. He has also been instrumental in setting up an Export Oriented Unit manufacturing rubber chemicals.

Mr. Goenka is the promoter Director of Oriental Carbon & Chemicals Limited.

Mr. Goenka does not hold any shares in the Company.

Mr. Goenka is a member of the Audit and Remuneration Committee of the Company. His Directorships and Memberships in other Board / Committees are as follows :

Director of Oriental Carbon & Chemicals Limited and Asahi Songwon Colors Limited

Member of Shareholder Grievance Committee of Oriental Carbon & Chemicals Limited

Mr. R. C. Khanna

Mr. R. C. Khanna, a Chartered Accountant is a leading professional with wide experience in Corporate Legal matters. He was a Senior Partner with the Chartered Accountant Firm, A F Ferguson & Co.

Mr. Khanna does not hold any shares in the Company.

Mr. Khanna is a member of the Audit and Remuneration Committee of the Company. His Directorships and Memberships in other Board / Committees are as follows :

Director of Monsanto Limited, Kotak Mahindra Asset Management Company Limited and Cooperhead India Private Limited

Member of Audit Committee of Monsanto Limited and Kotak Mahindra Asset Management Company Limited

Member of Shareholder Grievance Committee of Monsanto Limited

Mr. Nitin Kaul

Mr. Nitin Kaul is the Director of Strategic Projects and Business Development for Tomkins.

Mr. Kaul has a B. Sc. in Business Management from Kings College, London, an M. Sc. in Investment and Portfolio Management from City Business School and an MBA from Warwick Business School.

Mr. Kaul has worked in investment banking and consulting prior to joining Tomkins in 2002. Mr. Kaul has a rich experience in helping companies develop growth strategies as well as restructuring businesses both in Asia and North America. He has helped various multinationals roll out restructuring programs and market entry strategies.

Mr. Kaul has worked within Tomkins for the last five years and has held various positions within the finance, operations and corporate organisation. He is currently focused on developing new businesses and markets for Tomkins as well as corporate development activity.

Mr. Kaul does not hold any shares in the Company.

Mr. Kaul is not a member of any committee of the Board nor does he hold any other Directorships.

Registered Office:

L B S Marg, Mulund (West), Mumbai - 400 080

A. L. Narasimhan
Managing Director

May 24, 2007

Report  Junction.com

EXPLANATORY STATEMENT

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No 5

Mr. R. C. Khanna was appointed as an Additional Director on October 27, 2006. As such, pursuant to Section 260 of the Companies Act, 1956, Mr. R. C. Khanna holds office of Director upto the date of this Annual General Meeting. It is proposed to appoint Mr. R. C. Khanna as a Director liable to retire by rotation. A notice in writing, pursuant to Section 257 of the Companies Act, 1956, has been received from a member entitled to propose Mr. R. C. Khanna as a candidate for the office of Director at the Annual General Meeting, along with the requisite deposit as required under that section.

The Board recommends the resolution for approval by the Members.

None of the Directors of the Company is concerned or interested in the resolution other than Mr. R. C. Khanna himself.

Item No 6

Mr. Nitin Kaul was appointed as an Additional Director on October 31, 2006. As such, pursuant to Section 260 of the Companies Act, 1956, Mr. Nitin Kaul holds office of Director upto the date of this Annual General Meeting. It is proposed to appoint Mr. Nitin Kaul as a Director liable to retire by rotation. A notice in writing, pursuant to Section 257 of the Companies Act, 1956, has been received from a member entitled to propose Mr. Nitin Kaul as a candidate for the office of Director at the Annual General Meeting, along with the requisite deposit as required under that section.

The Board recommends the resolution for approval by the Members.

None of the Directors of the Company is concerned or interested in the resolution other than Mr. Nitin Kaul himself.

Item No 7

The Company has appointed M/s. Intime Spectrum Registry Limited as its Registrar & Transfer Agents in place of M/s. MCS Limited consequent to sale of Registrar & Transfer Agents business by the latter to M/s. Intime. Accordingly the Registers and Indexes of Members / Debenture Holders and copies of annual return prepared under Section 159 together with the copies of certificates and documents required to be annexed thereto under Section 161 and other registers and documents as are relevant are maintained at the office of M/s. Intime Spectrum Registry Limited.

Pursuant to the provisions of Section 163 of the Companies Act, 1956, approval of the members of the Company is required to keep the said registers, documents and records at the office of M/s. Intime Spectrum Registry Limited at C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai 400 078.

The Board recommends the resolution for approval by the Members.

None of the Directors of the Company is concerned or interested in the resolution.

By Order of the Board

Registered Office:
L B S Marg, Mulund (West), Mumbai - 400 080

A. L. Narasimhan
Managing Director

May 24, 2007

Directors' Report

Your Directors have pleasure in presenting their Forty Sixth report to the shareholders together with the accounts for the year ended March 31, 2007. The operating results as disclosed in the accounts are summarised below :

	2006-2007 Rupees	2005-2006 Rupees
Profit before charging depreciation and taxes	277,348,056	23,093,941
Less : Depreciation	4,723,536	2,547,482
Profit before tax	272,624,520	20,546,459
Less : Provision for Tax	30,154,451	7,475,168
Profit after tax	242,470,069	13,071,291
Add : Balance carried from previous year	72,646,076	79,847,423
	315,116,145	92,918,714
Less : Interim dividend	64,680,000	
Less : Proposed Dividend	16,632,000	16,632,000
Less : Tax on Dividend	11,897,978	2,332,638
Less : Transfer to General Reserve	24,248,000	1,308,000
Balance carried forward	197,658,167	72,646,076

Dividend

The Company paid a special one time interim dividend of 175 % for the financial year 2006-2007 on 19.01.2007. The Directors are now pleased to recommend for consideration of the shareholders a dividend of 45% for the same year on the existing share capital of Rs. 36,960,000 amounting to Rs. 16,632,000 and tax on proposed dividend of Rs. 2,826,608 for which provision has been made in the accounts.

Operations

The Pneumatics Division of the Company continues to post robust growth in sales with increase of 18% from Rs. 229.90 million in the previous year to Rs. 271.50 million in the year ended March 31, 2007. The profitability of the division suffered a setback on account of increase in material costs particularly brass tubes and other brass parts. The company has taken major initiatives to compensate the increase in material cost and improve profitability during the current year.

The Automotive Division registered a sales growth of 44% from Rs 234.80 million in the previous year to Rs. 339.11 million, the increase coming mainly from the price increase obtained for tyre tube valves during the year. In spite of obtaining this price increase on its products in June of 2006, subsequent increase in brass cost seriously cut into the profitability of the Automotive Division.

The combined sales of the two divisions were Rs. 610.61 million compared to Rs. 464.70 million during the previous year thus registering a growth of 31%.

Raw Materials

Both divisions of the Company, more particularly the Automotive Division continued to face in the current year, further increases in the cost of key raw materials, viz, copper and zinc. There has been some softening in the prices of copper and zinc in the later part of May this year but it is still a matter of speculation as to how the price will behave during the rest of the year. The company is coming to live with the unpredictable behaviour of copper and zinc price over the past couple of years.

As for the Pneumatics Division the Company is working on various value engineering initiatives to reduce the consumption of materials.

Finance

The Company's management of finance ensured smooth operations in the Company. The cost of working capital continues to be under effective control.

Sale of portion of surplus land

The Company completed during the year, the sale of portion of surplus land at its factory location at Mulund, Mumbai. Out of the sale proceeds realized, a one time special interim dividend of 175% was paid to the shareholders in February 2007. While determining the quantum of interim dividend as above, the Directors took into account resources required for major initiatives such as shifting of the Company's Pneumatics Division to a new location at Navi Mumbai and setting up a new manufacturing facility for its Automotive Division at a low cost location outside Mumbai.

Growth Plans

As a measure of decongesting the working space for the Automotive Division the manufacturing operations of the Pneumatics Division have been shifted from Mulund to a new location at Mahape in Navi Mumbai. The Company has also acquired an industrial plot in MIDC, Ranjangaon near Pune for the purpose of setting up a new manufacturing facility for its automotive division.

Public Deposits

The company has till date not accepted any fixed deposits from the public or shareholders.

Subsidiary

Associated Polymers Limited, the Company's subsidiary processed 295 M T of rubber compound during the year ended March 31, 2007 as against 387 M T in the previous year. The drop in processing volume was on account of customers putting up their own facilities for mixing of rubber.

Directors

Mr. Arvind Goenka retires by rotation and is eligible for re-appointment. Your Directors propose his re-appointment as set out in the notice.

Mr. R. C. Khanna, hitherto an Alternate Director of the company was appointed as Additional Director on October 27, 2006. Mr. Nitin Kaul was appointed as Additional Director on October 31, 2006. These Directors' terms shall expire at the ensuing Annual General Meeting. Your Directors propose their appointment as set out in the notice.

Mr. V. N. Nadkarni passed away in August 2006. Mr. Brian Bauer resigned from the Directorship of the Company in October 2006. Your Board of Directors wishes to place on record its appreciation for the support extended by these two Directors during their tenure in office.

Corporate Governance

As per clause 49 of the Listing Agreement with the Bombay Stock Exchange, a section on Corporate Governance and Management Discussion and Analysis is annexed to this report. A certificate from M/s. N. L. Bhatia & Associates confirming compliance of Corporate Governance is also annexed.

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 pursuant to Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in Annexure I to this Report.

Industrial Relations

Industrial Relations were cordial during the year. As a gesture of goodwill the Company made an ex-gratia payment aggregating to Rs. 345 lacs to all its employees out of the proceeds received on sale of portion of surplus land.