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## BOARD OF DIRECTORS

<b>Mr. J. P. Goenka</b>	Chairman
<b>Mr. Ravi Swaminathan</b>	Managing Director
<b>Mr. A. Goenka</b>	Director
<b>Mr. Jean Michel Bolmont</b>	Director
<b>Mr. Steven Lutz</b>	Director
<b>Mr. Nitin Kaul</b>	Director
<b>Mr. R. C. Khanna</b>	Director
<b>Mr. M. K. Sharma</b>	Director
<b>Mr. R. A. Shah</b>	Director (Alternate to Mr. Steven Lutz)

## CORPORATE INFORMATION

### Registered Office

L.B.S. Marg, Mulund,  
Mumbai 400 080

### Auditors

Price Waterhouse & Co,  
Mumbai.

### Plants

Mumbai – Maharashtra  
L.B.S. Marg, Mulund 400 080

### Bankers

State Bank of India

Ranjangaon - Maharashtra  
F-33, Ranjangaon MIDC 412 209

### Legal Advisors

Crawford Bayley & Co

Navi Mumbai – Maharashtra  
A-473 TTC, MIDC, Mahape 400 701

### Listed at

Mumbai (BSE)

Nasik – Maharashtra  
B-37, NICE, Satpur 422 007

### Branch Offices

31, Netaji Subhash Road,  
Kolkata - 700 001

Publicis House, 1-2 Aram Bagh,  
Community Centre, Panchkvian Road,  
New Delhi 110 055

### Share Transfer Agent

Link Intime India Pvt Ltd  
C-13 Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup,  
Mumbai 400 078.

# Schrader Duncan Limited

## NOTICE

NOTICE is hereby given that the Forty Ninth Annual General Meeting of the Shareholders of Schrader Duncan Limited will be held on Tuesday, July 20, 2010 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, 2010 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 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 a Director in place of Mr. Nitin Kaul who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### 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, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act; subject to requisite permission from the Central Government, approval be and is hereby granted for a revision in remuneration of Mr. Ravi Swaminathan, Managing Director of the Company with effect from April 1, 2010 for a period of three years as follows :

**Salary -** Rs 6,000,000/- per annum with effect from April 1, 2010; the Board may revise the amount from time to time.

**House Rent Allowance –** Rs 500,000/- per annum

**Medical Assistance –** Rs 200,000/- per annum

#### Other Perquisites

Club fees and company car with driver for official duties and telephone at residence including payment for local calls and long distance official calls.

Contribution to the Provident Fund Scheme and Superannuation Fund Scheme, Gratuity and encashment of unavailed leave at the end of the tenure subject to rules of the Company.

Benefit of tax equalization.

**RESOLVED FURTHER THAT** performance bonus not exceeding Rs 2,400,000/- as recommended by the Board of Directors in exercise of its discretion at the end of each financial year based on achieving financial, tactical and strategic objectives shall be disbursed to the Managing Director directly by the Company's foreign promoters, Schrader Bridgeport International Inc, U.S.A.

**RESOLVED FURTHER THAT** the tax equalization shall be paid to the Managing Director directly by the Company's foreign promoters, Schrader Bridgeport International Inc, U.S.A.

**RESOLVED FURTHER THAT** notwithstanding anything to the contrary herein contained, where, in any financial year, during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay the salary, allowances and perquisites and recommend disbursement of performance bonus to the foreign promoters as set forth in this resolution and as approved by the shareholders, Central Government and any other authority as may be applicable.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised from time to time to amend, alter or otherwise vary the terms and conditions of the appointment of Mr. Ravi Swaminathan, Managing Director including remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as in its absolute discretion, it may consider necessary, expedient or desirable, in order to give effect to the foregoing resolution or otherwise considered by it to be in the best interests of the Company."

**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 Saturday, July 10, 2010 to Friday, July 16, 2010 (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 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. Dividends not encashed upto the year 2001-2002 have been transferred to the Investor Education and Protection Fund.

2002-2003	August 17, 2010	2006-2007 (Interim)	March 12, 2014
2003-2004	August 26, 2011	2006-2007 (Final)	August 30, 2014
2004-2005	August 26, 2012	2007-2008	August 30, 2015
2005-2006	August 26, 2013	2008-2009	September 5, 2016

4. An Explanatory Statement in respect of item no. 6 pursuant to Section 173(2) of the Companies Act, 1956 is annexed to this notice.

Details of the Directors being appointed and reappointed are furnished in point no. 9 of the Corporate Governance Report.

5. Members are requested to intimate their queries, if any, relating to the accounts or any other matter at least seven days in advance so that the explanation can be made available and furnished readily at the meeting.
6. The Company's Registrar and Share Transfer Agents, Link Intime India Pvt Ltd undertake the transfer of shares, both in physical and electronic form. Their address is as follows:

Link Intime India Pvt Ltd, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078

Members may send their transfer requests and other share related queries either to the Company at the Registered Office or to Link Intime India Pvt Ltd at the above address.

7. The dividend as recommended by the Board, if declared at the meeting, will be paid after July 20, 2010 to those members whose names appear on the Company's Register of Members as on July 9, 2010. 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.

The company also pays dividend through NECS. Members are requested to kindly furnish NECS details to facilitate payment of dividend electronically thereby avoiding inconvenience caused due to non receipt of dividend warrants or non encashment of dividend warrants within the stipulated time.

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 Agents of the Company, Link Intime India Pvt Ltd, in respect of their physical share folios.

Registered Office:

L.B.S. Marg, Mulund  
Mumbai - 400 080

May 26, 2010

By Order of the Board

Rama Subramanian  
Company Secretary

# Schrader Duncan Limited

## EXPLANATORY STATEMENT

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

### Item No 6

The Board of Directors in its meeting held on May 26, 2010 revised the remuneration payable to Mr. Ravi Swaminathan, Managing Director of the Company with effect from April 1, 2010.

The requisite information stipulated under Schedule XIII is furnished hereunder:

I	GENERAL INFORMATION								
(1)	Nature of industry	Automotive Components							
(2)	Date or expected date of commencement of commercial production	Not applicable as existing Company since 1961							
(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	Turnover - Rs 601.85 million Profit before Tax - Rs 8.68 million Profit after Tax - Rs 5.51 million							
(5)	Export performance and net foreign exchange collaborations	During the year ended March 2010 the Company earned foreign exchange of Rs 12.50 million through exports							
II	INFORMATION ABOUT THE APPOINTEE								
(1)	Background details	Mr. Ravi Swaminathan, a Singapore National, has a Bachelor of Engineering from Bharathiar University in India and an MBA from the University of Louisville in the US. Mr. Ravi Swaminathan held positions with Elgitread in India and with Emdi in Luxembourg and then moved to Gates Corporation, Singapore.							
(2)	Past remuneration	<table><tr><td>2009</td><td>Rs 7,351,250</td></tr><tr><td>2008</td><td>Rs 7,309,048</td></tr><tr><td>2007</td><td>Rs 5,000,075</td></tr></table>		2009	Rs 7,351,250	2008	Rs 7,309,048	2007	Rs 5,000,075
2009	Rs 7,351,250								
2008	Rs 7,309,048								
2007	Rs 5,000,075								
(3)	Recognition or awards	Participant in the Management Round Table and the prestigious leadership showcase event in Gates Corporation.							
(4)	Job profile and his suitability	Mr. Ravi Swaminathan joined Gates Corporation Singapore, one of the group companies of Schrader Duncan's foreign promoters, in 1996 with an assignment to develop the Gates business in India and played a key role in establishing Gates Unitta India in 2002 and subsequently managed the business until 2005. Since that time he has focused on business development in the Asian region for Gates Unitta Asia.							

(5)	Remuneration proposed	Salary (Rs)            6,000,000 Perquisites (Rs)      700,000 Total (Rs) <u>6,700,000</u>  The Board may revise the Salary from time to time.  Provident Fund, Superannuation Fund and Gratuity benefits as per rules of the Company.  Performance Bonus upto a maximum limit of Rs 2,400,000 and tax equalisation to be paid directly by the foreign promoters.
(6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The proposed revision in remuneration of Mr. Ravi Swaminathan is designed to hedge the devaluation of Indian Rupee taking note of the fact that he is an expatriate. The Board believes that the proposed revision in remuneration is commensurate with his role and responsibility as Managing Director of the Company.
(7)	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	None
III	OTHER INFORMATION	
(1)	Reasons of loss or inadequate profits	Despite an increase in the turnover the increased depreciation and interest on term loan availed for putting up the new Plant at Ranjangaon has resulted in lower profits.
(2)	Steps taken or proposed to be taken for improvement	Effective control process at the new plant for improving productivity by reducing scrap and defects
(3)	Expected increase in productivity and profits in measurable terms	Productivity to increase by minimum of 20% and the profits are expected to increase by at least 5%.
IV	DISCLOSURES	All details are covered in the Corporate Governance Report which forms part of the annual report for the year 2010.

The Company is in the process of making an application to the Central Government for approval of revision in remuneration of Mr. Ravi Swaminathan and 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. Ravi Swaminathan himself.

The above may be treated as sufficient disclosure under Section 302 of the Companies Act, 1956.

Registered Office:

By Order of the Board

L.B.S. Marg, Mulund  
Mumbai - 400 080

Rama Subramanian  
Company Secretary

May 26, 2010

# Schrader Duncan Limited

## Directors' Report

Your Directors have pleasure in presenting their Forty Ninth report to the shareholders together with the accounts for the year ended March 31, 2010. The operating results as disclosed in the accounts are summarised below :

Rs in million

	2009-2010	2008-2009
Profit before charging depreciation and taxes	24.58	23.57
Depreciation	15.90	5.20
Profit before tax	8.68	18.37
Provision for Tax	3.17	7.48
<b>Profit after tax</b>	<b>5.51</b>	10.89
Balance carried from previous year	205.14	199.67
Profit available for appropriation	210.65	210.57
Proposed Dividend	3.70	3.70
Less : Tax on Dividend	0.63	0.63
Less : Transfer to General Reserve	0.55	1.10
<b>Balance carried forward</b>	<b>205.77</b>	205.14

## Dividend

The Directors are now pleased to recommend for consideration of the shareholders dividend of Re 1.00 per share of face value of Rs 10/- per share for the year 2009-2010 on the existing share capital of Rs 36.96 million amounting to Rs 3.69 million and tax on proposed dividend of Rs 0.63 million for which provision has been made in the accounts.

## Operations

The Pneumatics Division of the Company showed a growth of 8% in sales from Rs 269.31 million in the previous year to Rs 290.21 million in the year ended March 31, 2010.

The Automotive Division also witnessed an increase in sales from Rs 244.62 million in the previous year to Rs 266.41 million in the current year; a growth of 8.90%.

Even though both the divisions showed reasonable growth in sales there has been a reduction in profits by 52.70% as compared to the previous year. The reduction is on account of the increase in overheads on setting up the new Plant at Ranjangaon, increase in depreciation due to investments made in Plant & Machinery and increase in interest expenses.

## Raw Materials

There was an increase in the prices of raw materials which necessitated the Company to increase the prices of products.

## Finance

During the year the Company has utilized funds out of the term loan sanctioned from its bankers to meet the increased funds requirement of the new facility. The cost of working capital continues to be under effective control.

## Growth Plans

The Company's new manufacturing facility in Ranjangaon has commenced commercial production and will focus on introducing new product lines and also tap the exports market.

The Pneumatics Division is capacity enabled to cater to the market needs.

## Public Deposits

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

## Subsidiary

Associated Polymers Limited, the Company's subsidiary processed 564 M. T. of rubber compound during the year ended March 31, 2010 as against 325 M. T. in the previous year. The increase in quantity is attributed to third party processing during the year.

## Directors

Mr. Arvind Goenka and Mr. Nitin Kaul retire by rotation and are eligible for re-appointment. Your Directors propose their re-appointment as set out in the notice.

## Auditors Report

The Auditors have reported in the Annexure to Auditors Report that the inventory records in the Pneumatics Business Unit were not up dated and the general information system control needs to be strengthened. Your Board wishes to inform that these issues have been taken up for resolution.

## 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.

Details regarding all elements of remuneration package of all Directors, fixed component and performance linked incentives, service contract, notice period, severance fees and details of stock options are covered in point no 3(B)(iv), (v), (vi) and (vii) of the Corporate Governance 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 earnings 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. Fresh wage settlement was negotiated and settled amicably with the workmen of both the Divisions during the year.

Details pursuant to the requirements of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is set out in Annexure II to this Report.

## Directors Responsibility Statement

In Compliance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors wish to place on record based on the information made available to them

- ii) 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 and
- iv) that they have prepared the annual accounts on a going concern basis.

## Auditors

M/s Price Waterhouse & Co, Chartered Accountants, retire at the conclusion of the Annual General Meeting and are eligible for re-appointment. The Company has received a confirmation from them to the effect that their re-appointment, if made, will be within the limits prescribed u/s 224(1B) of the Companies Act, 1956.

On behalf of the Board of Directors

J. P. Goenka  
Chairman

Mumbai.  
May 26, 2010

# Schrader Duncan Limited

## ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR 2009-2010

### A Conservation of Energy

Reduction in energy consumption by approximately 20% due to replacement of old compressors and the office air conditioning system. VFDs are being installed in new machines that would reduce energy consumption by 10%.

### B Technology Absorption

- Research and Development (R & D)

#### 1 Specific areas in which R & D was carried out by the Company

- PLCs are installed in most of the machines for better process control and consistency in quality.
- Introduction of pressure die casting against gravity die casting for end covers.
- Concept of Aluminium barrels for Large bore cylinders.

#### 2 Benefits derived as a result of above R & D

- Improved Quality and better material utilization resulting in cost reduction.
- Improved product aesthetics, increased productivity and also the profit margin.
- Reduced raw material cost and product weight, improved processing time resulting in faster deliveries.

#### 3 Future Plan of Action

- Expand product range including Tubeless valves and other aftermarket products.
- Extend Pressure die castings to other cylinders.
- Convert Brass/MS barrels cylinders to Aluminium Barrels.

#### 4 Expenditure of R & D

a Capital	Rs Nil
b Recurring	Rs 1.63 million
c Total	Rs 1.63 million
d Total R & D expenditure as a percentage of total turnover	0.29%

### C Foreign Exchange Earnings and outgo

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

During the year, the Company has spent foreign exchange of Rs 61.55 million and earned foreign exchange of Rs 12.50 million through exports and services rendered as per details given in Note nos. 11, 12, 13 and 14 of Schedule 13.

**J. P. Goenka**  
Chairman

**CORPORATE GOVERNANCE REPORT****1. Company's Philosophy on Corporate Governance**

The Company believes in the attainment of highest levels of transparency, accountability and equity in all aspects of its operations.

The Board of Directors continues to be committed to promote the highest standards of corporate governance within the Company.

**2. Board of Directors**

The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry. The Board consists of eight Directors comprising; one Managing Director, four Non Executive Independent Directors (NE – ID) including the Chairman and three Nominee Directors of Schrader Bridgeport International Inc, U.S.A. Promoters. The Board also consists of an alternate Director to one of the Nominee Directors.

None of the Independent Directors has any material pecuniary relationship or transactions with the Company, its Promoters or with its management, which would affect the independence or judgement of the Directors. The Company has also not entered into any materially significant transactions with its Promoters, Directors or their relatives or with the Management etc. that may have potential conflict with the interest of the Company at large.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than five committees across all companies in which he is a Director.

Board of Directors of the Company has laid down Code of Business Conduct and Ethics for all Directors and members of the senior management.

During the financial year 2009-2010 four meetings of the Board of directors were held on May 27, 2009, July 30, 2009, October 22, 2009 and January 28, 2010.

The details of composition and categories of the Directors and number of memberships in other Boards / Board Committees and attendance at the Board Meetings and Annual General Meeting of the Company during 2009-2010 are as under :

Name of the Director and category	Number of Board meetings attended during 2009-2010	Whether attended last AGM	Number of Directorships in other Companies	Number of Membership in other Board Committees	Number of Chairmanship in other Board Committees
Mr. J. P. Goenka Chairman (NE – ID)	2	Yes	2	1	1
Mr. Ravi Swaminathan Managing Director	4	Yes	1	-	-
Mr. A. Goenka Director (NE – ID)	4	Yes	4	1	-
Mr. R. C. Khanna (NE – ID)	4	No	2	3	2
Mr. R. A. Shah (Alternate to Mr. Steven Lutz)	2	No	15	10	5
Mr. Steven Lutz (NED ) (Nominee of SBII – Promoters)	-	No	-	-	-