



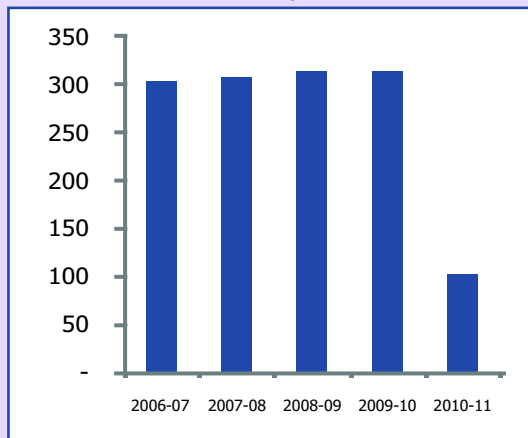
Schrader Duncan Limited

Annual Report 2010-2011

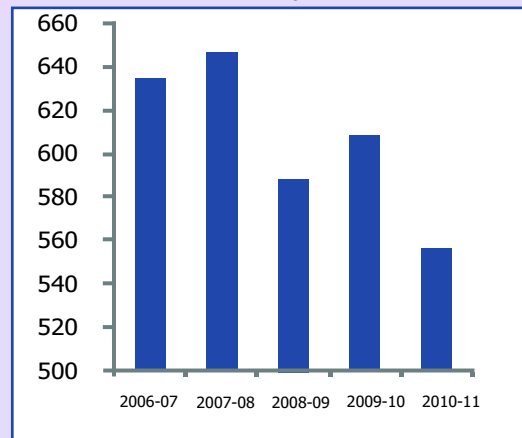
Schrader Duncan Limited

Key Financial Indicators Five Years

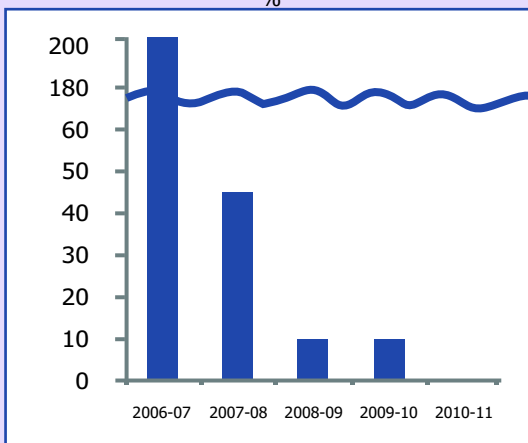
Net Worth
₹ Million



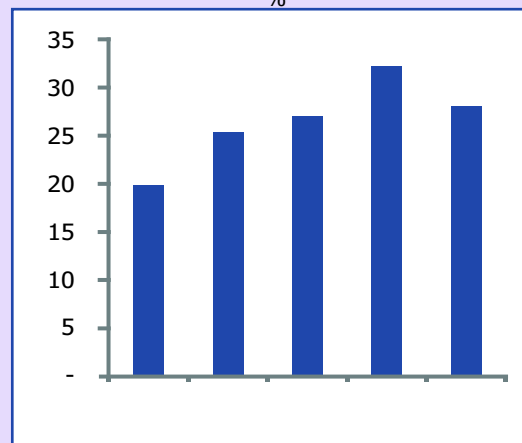
Turnover
₹ Million



Dividend
%



Working Capital
%



Ten Year Review

(Rupees in Million)

Accounting Year	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Turnover	321.28	364.77	411.72	447.36	481.03	618.03	646.24	587.81	608.28	555.94
Profit before taxes	** 4.60	24.76	36.34	37.09	20.55	**** 272.62	35.69	18.37	8.68	-216.01
Profit after taxes	** 2.41	16.30	22.95	25.01	13.07	**** 242.47	23.87	10.89	5.51	-212.08
Dividend %	35.00	35.00	45.00	45.00	45.00	*** 220.00	45.00	10.00	10.00	0
Working Capital %	30.69	29.27	26.47	23.49	21.06	19.82	25.10	26.73	31.77	28.13
Net Worth	147.91	149.61	153.80	159.54	153.64	302.90	307.32	313.89	315.07	102.99
Earning per share* ₹	** 0.65	4.41	6.21	6.77	3.54	65.60	6.46	2.95	1.49	-57.38
Return on Investment %	** 1.56	10.96	15.13	15.96	8.35	106.22	7.82	3.51	1.75	-101.46

* 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

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BOARD OF DIRECTORS

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

CORPORATE INFORMATION

Registered Office

F-33, Ranjangaon MIDC
Karegaon, Tal Shirur
Pune 412 209

Plants

Ranjangaon - Maharashtra
F-33, Ranjangaon MIDC 412 209

Navi Mumbai – Maharashtra
A-473 TTC, MIDC, Mahape 400 710

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, Punchkuain Road
New Delhi 110 055

Auditors

Price Waterhouse & Co

Bankers

State Bank of India

Legal Advisors

Crawford Bayley & Co

Listed at

Mumbai (BSE)

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 Fiftieth Annual General Meeting of the Shareholders of Schrader Duncan Limited will be held on Thursday, July 28, 2011 at 2.30 p.m. at the registered office at F-33, Ranjangaon MIDC, Karegaon, Tal Shirur, Pune 412 209 for transacting the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 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 appoint a Director in place of Mr J P Goenka, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr Steven Lutz, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration.

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 16, 2011 to Friday, July 22, 2011 (both days inclusive) in terms of Clause 16 of the Listing Agreement with the Stock Exchange.
3. Unclaimed dividend upto the financial year 2002-2003 has been transferred to the Investor Education and Protection Fund in compliance of Sections 205A and 205C of the Companies Act, 1956. The dividend for the below mentioned financial years are due for transfer to the "Investor Education and Protection Fund" of the Central Government on the dates mentioned hereunder. Therefore, Members who have so far not encashed their dividend warrants for these years may approach the Company for payment.

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
2006-2007 (Interim)	March 12, 2014		2009-2010	August 26, 2017

4. Details of the Directors being 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 new registered office is in Ranjangaon, Pune. However, shareholders are requested to **address all correspondence to the Company Secretary at the administrative office at A-473, TTC, MIDC, Mahape, Navi Mumbai 400 710.**
7. 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 Administrative Office or to Link Intime India Pvt Ltd at the above address.
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:

**F-33, Ranjangaon MIDC, Karegaon,
Tal Shirur, Pune 412 209**

May 18, 2011

By Order of the Board

**Rama Subramanian
Company Secretary**

Directors' Report

Your Directors present their Fiftieth report to the shareholders together with the accounts for the year ended March 31, 2011. The operating results as disclosed in the accounts are summarised below :

	₹ in million	
	2010-2011	2009-2010
(Loss) / Profit before charging depreciation and taxes	(191.01)	24.58
Depreciation	25.00	15.90
(Loss) / Profit before tax	(216.01)	8.68
Provision for Tax	3.93	3.17
(Loss) / Profit after tax	(212.08)	5.51
Balance carried from previous year	205.78	205.14
		210.65
Proposed Dividend	-	3.70
Less : Tax on Dividend	-	0.63
Less : Transfer to General Reserve	-	0.55
Balance carried forward	(6.30)	205.77

Dividend

Your Directors do not consider it prudent to recommend any dividend this year owing to the losses incurred.

Operations

The Pneumatics Division of the Company showed a growth of 9.8% in sales from ₹ 290.21 million in the previous year to ₹ 318.63 million in the year ended March 31, 2011. The capacity of the satellite unit of the Pneumatics Division at Nasik has been increased to meet market demand.

The Automotive Division however witnessed a decline in sales from ₹ 266.41 million in the previous year to ₹ 180.27 million in the current year. The previous year's sales were the aggregate of both the Plants at Mulund and Ranjangaon, whereas during the year under review Mulund Plant could contribute to sales only in the first quarter after which it was shut down.

Expenses relating to the closure of the Mulund Plant of around ₹ 160 million has had an adverse impact on the profits and reserves of the Company. Besides, the Company is yet to realize the full potential of the Ranjangaon Plant. Being a new Plant, stabilization of the production process has taken longer than expected. Once approvals would be in place from all customers, the Company would be in a position to increase its turnover.

Raw Materials

There was an increase in the prices of raw materials owing to the prevalent inflationary conditions. The Company could not pass this fully to the customers as a price increase could not be taken in keeping with the general market trend.

Closure of Mulund Plant

The Company closed down its Plant for automotive products at Mulund, Mumbai as it was incurring losses for the past many years. The 177 number of unionized category of workmen and staff employed in the Plant were given voluntary retirement compensation (VRS) aggregating to ₹ 140 million in the month of July 2010.

Sale of Mulund Land

Shareholders may recall that a portion of land at the Mulund Plant site that was in excess of the Company's needs was sold in the year 2006. After closure of the Plant, the remaining portion of land also has been sold for a total consideration of ₹ 430 million. The Company is still in the process of completing all the formalities relative to closure of Plant and obtaining a clear title to a portion of land due to which the land sale could not be concluded during the year under review. The Company expects to complete all the formalities in the current year and realize the land sale proceeds in full.

Schrader Duncan Limited

Change of Registered Office

Pursuant to the special resolution passed by the Shareholders by way of Postal Ballot in October 2010 approval has been received from the Regional Director, Western Region, Ministry of Corporate Affairs for changing the Company's registered office from L B S Marg, Mulund West, Mumbai 400 080 to F-33, Ranjangaon MIDC, Karegaon, Tal Shirur, Pune 412 209.

Finance

The Company received an advance against sale consideration of the Mulund land during the year which was used to settle the VRS compensation. The Company has managed its fund flow effectively to ensure smooth operations in the Company. The cost of working capital continues to be under effective control.

Growth Plans

The Company's manufacturing facility in Ranjangaon houses the automotive division and will focus on introducing new product lines and also tap the exports market.

The Pneumatics Division is taking steps to enable it meet the growing 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 126 M T of rubber compound during the year ended March 31, 2011 as against 546 M T in the previous year. The supply of rubber compounds used to be made to both the Plants at Mulund and Ranjangaon. Pursuant to the closure of the Mulund Plant, the supply was made only to the Ranjangaon Plant resulting in lower volumes.

Directors

Mr J P Goenka and Mr Steven Lutz retire by rotation and are eligible for re-appointment. These Directors' terms shall expire at the ensuing Annual General Meeting. Your Directors propose their appointment as set out in the notice.

Auditors Report

The Auditors have reported in the Annexure to the Auditors Report that the general information systems control needs to be strengthened and there are accumulated cash losses for the current year. Your Directors wish to inform that the management is in the process of implementing adequate systems control and the cash losses are due to the expenses incurred on closure of Mulund Plant which will be made good once the Mulund land sale proceeds would be realized in full.

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.

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.

Industrial Relations

Industrial Relations were cordial during the year. Pursuant to the closure of Mulund Plant, the workmen employed there were given voluntary retirement compensation.

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 that :-

- i) in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departure;
- ii) 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) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- iv) 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 being eligible will be re-appointed.

Acknowledgement

Your Directors place on record their appreciation for the contribution made by the employees. They also take this opportunity to thank the customers, dealers, suppliers, bankers, business associates and the valued shareholders for the continuous support and encouragement.

On behalf of the Board of Directors

**Mumbai,
May 18, 2011**

J P Goenka
Chairman

Schrader Duncan Limited

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR 2010-2011

A Conservation of Energy

Reduction in energy consumption by approximately 27,734 KW per annum due to replacement of 250W HPSV lighting with LED lighting. Plant maintains good unity power factor.

B Technology Absorption

Research and Development (R & D)

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

- Re-engineering of components - conversion from Gravity Die casting (GDC) to Pressure die casting (PDC).
- Material substitution in some components.

2 Benefits derived as a result of above R & D

- Improved quality with reduction in material and tooling.
- Improved quality with no chance of mix-up.
- 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

- Plans to expand product range & accessories to target replacement market and exports.
- Continue material substitution in some selective components.

4 Expenditure on R & D

a	Capital	Nil
b	Recurring	₹ 1.88 million
c	Total	₹ 1.88 million
d	Total R & D expenditure as a percentage of total turnover	0.38%

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 ₹ 47.39 million and earned foreign exchange of ₹ 10.61 million through exports and services rendered as per details given in Note nos. 11, 12, 13 and 14 of Schedule 15.

J P Goenka
Chairman

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR 2010-2011

Particulars of employees pursuant to the requirements of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975

Employed throughout the year

Name	Age	Designation	Remuneration received/receivable (Rs)	Qualification	Experience (years)	Date of Commencement of employment	Last employment held before joining the Company		
							Company	Designation	Period
Ravi Swaminathan	46	Managing Director	83,20,000	B E (Mech) MBA (Louisville, USA)	21	February 1, 2008	Gates Unitta Asia, Singapore	Business Development Director, Asia	11 years

Notes :

1. Remuneration includes salary, company's contribution to Provident and Superannuation Fund and excludes gratuity benefits.
2. The nature of employment is contractual.
3. Other terms and conditions of employment are as per agreement and rules of the Company.
4. The designation represents the nature of duties.
5. Mr Ravi Swaminathan is not a relative of any Director of the Company.

J P Goenka

Chairman