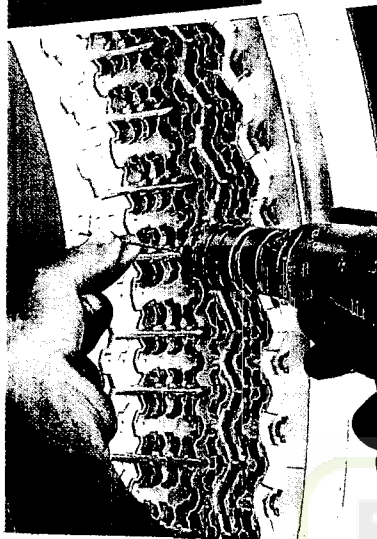
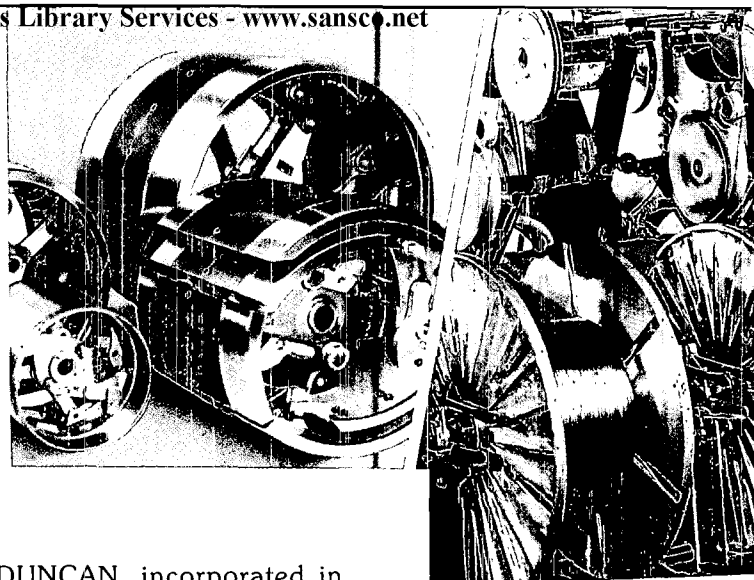
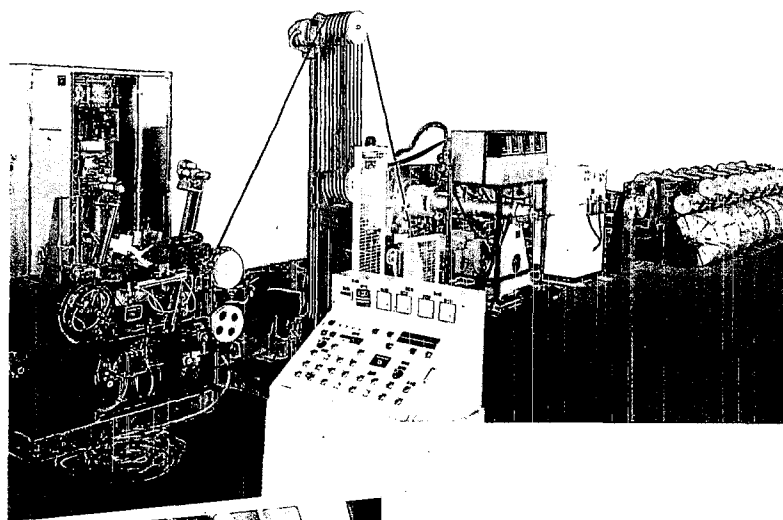




**NATIONAL-STANDARD
DUNCAN LIMITED**

**ANNUAL REPORT
1996-97**



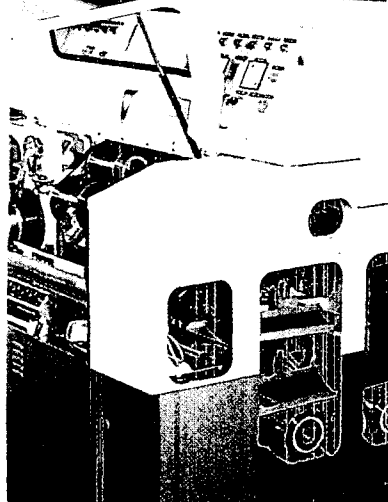
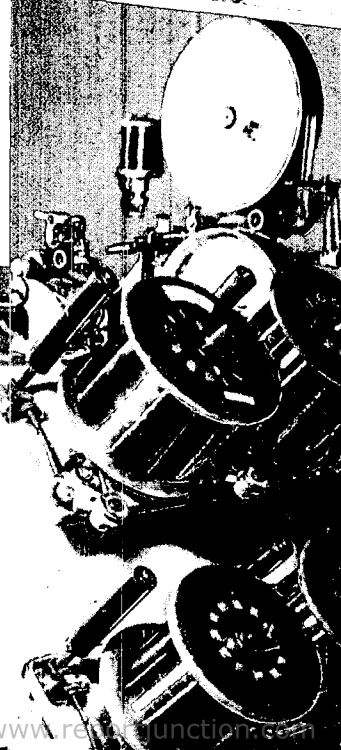
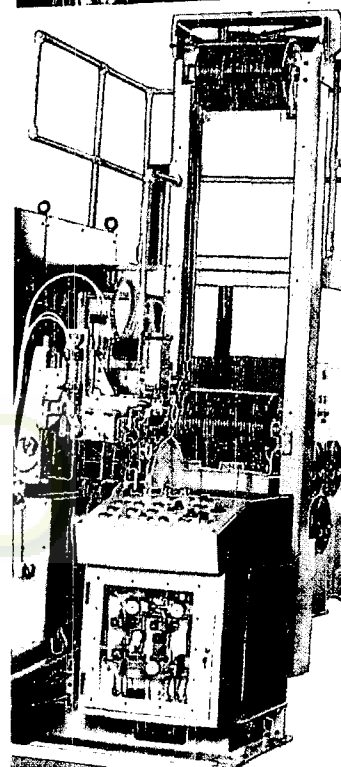
NATIONAL-STANDARD DUNCAN, incorporated in 1962, is to-day, a diversified manufacturer of engineering materials and machinery for, essentially, the Tyre Industry.

The Wire Division of the Company with plants at Thane (about 50 km north of Mumbai), Doddaballapura (about 35 km north of Bangalore) and Baddi (about 45 km east of Chandigarh) produces Tyre Beadwire, High-pressure Hose Reinforcement Wire, and, Speciality Wires.

The Machinery Division, from its plants at Thane and Hosakote (about 30 km east of Bangalore), supplies Tyre Bead Making Machinery Systems, Tyre Retread Systems, Tyre Building Drums, Custom-built Tyre Machinery, and, Moulds for Tyres, Tubes, Bladders, Air-bags and Flaps. This Division also produces Wire-drawing machinery including fully automatic machinery for the drawing of fine diameter ferrous wires.

National-Standard Duncan has, over the years, built itself a reputation as a dependable supplier of quality products to the Tyre Industry, both at home and overseas.

National-Standard Duncan continuously strives to attain and maintain a position of leadership in the Industrial markets it has elected to operate in. The pre-requisite to this — Customer Satisfaction with the Company's products and services — is sought by offering quality products backed by most efficient and effective Customer Service.





NATIONAL-STANDARD DUNCAN LIMITED

Directors' Report and Statement of Accounts for the year ended March 31, 1997

MD		BKC	
CS		DPY	
RO		DIV	
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NATIONAL-STANDARD DUNCAN LIMITED

Directors

Mr. G. P. Goenka, *Chairman*
 Mr. M. A. Bakre
 Mr. K. S. Broca
 Mr. A. C. Chakrabortti
 Mr. Pravinchandra V. Gandhi
 Mr. A. S. Gupta
 Mr. Pramod Khaitan
 Mr. Shrenik K. Lalbhai
 Dr. R. Srinivasan
 Mr. S. P. Mahajan, *Managing Director*

Secretary

Sajal Ghosh

Auditors

Price Waterhouse

Bankers

Bank of India
 Bank of Bahrain & Kuwait B.S.C.
 State Bank of Bikaner and Jaipur

Registered Office

31, Netaji Subhas Road, Calcutta 700 001.

Branch Offices

Mumbai, Calcutta and New-Delhi.

Plants

Thane, Hosakote, Doddaballapura and Baddi.



NATIONAL-STANDARD DUNCAN LIMITED

Notice of Annual General Meeting

NOTICE is hereby given that the Thirty-Fifth Annual General Meeting of the Members of National-Standard Duncan Limited will be held at the "Williamson Magor Hall" of the Bengal Chamber of Commerce & Industry, 6, Netaji Subhas Road, Calcutta 700 001 at 11.00 A.M. on Thursday, 25th September, 1997 to transact the following business :

As Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1997, the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. P. V. Gandhi who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. M. A. Bakre who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint auditors and to fix their remuneration.

As Special Business

To consider and, if thought fit, to pass with or without modification the following as ordinary Resolutions :

6. "RESOLVED that Mr. A. S. Gupta be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation"
7. "RESOLVED that Mr. Pramod Khaitan be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation"
8. "RESOLVED that Mr. K. S. Broca be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation"
9. "RESOLVED that pursuant to the provision of Sections 198, 309, 310, 311 and other applicable provisions, if any, and the limits prescribed under Schedule XIII of the Companies Act, 1956, consent of the Company be and is hereby accorded to the increase in the remuneration payable to Mr. S. P. Mahajan, Managing Director of the Company as detailed in the Explanatory Statement attached hereto with effect from 1st April, 1997 over the balance period of his Service Agreement, that is to say, till the 26th November, 1998".

10. "RESOLVED that in supersession of all Resolutions passed in this connection and pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow monies for and on behalf of the Company from time to time for the purposes of the Company's business, provided that the total amount of borrowings remaining undischarged for the time being shall not, at any point in time, exceed Rs. 1000 million (Rupees one thousand million) notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) will or could exceed the aggregate paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose".

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

11. "RESOLVED that pursuant to the provisions of Sections 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, if any, that may be required a sum not exceeding one per cent per annum of the net profits of the Company computed in the manner prescribed under Section 309 (5) of the Act be paid to and distributed as commission amongst the Directors of the Company or some or any of them [other than Director(s) in the whole-time employment of the Company including Managing Director(s)] in such amount(s) or proportion (s) and in such manner as may be directed by the Board of Directors of the Company and such payments shall be made in respect of the profits of the Company for each of the five financial years commencing 1st April, 1997".

The Register of Members and Share Transfer Books shall remain closed from 16th September, 1997 to 25th September, 1997, both days inclusive.

Registered Office :
31, Netaji Subhas Road,
Calcutta 700 001.

By Order of the Board

Sajal Ghosh

June 30, 1997 .

Secretary



NATIONAL-STANDARD DUNCAN LIMITED

NOTES :

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll in his stead. A proxy need not be a member of the Company. Proxy Forms, duly completed, should be deposited at the Company's Registered Office at least 48 hours before the commencement of the Meeting.
2. Dividends, if declared, will be paid to those Members whose names shall appear on the Company's Register of Members as on 25th September, 1997 or their mandatees. No deduction of Income Tax at source will be made from dividends payable in accordance with the provisions of the Finance Act, 1997. Members, therefore, need no more submit Form 15G.
3. Members are encouraged to forward to the Company at its Registered Office particulars of their Bank Account Numbers in order that these could be printed on the face of the dividend warrants.
4. Pursuant to the provisions of Section 205A of the Companies Act, 1956 read with Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 as amended all unclaimed dividends upto and including the financial year ended 31.3.1993 have been transferred to the General Revenue Account of the Central Government. Any member claiming any such dividend so transferred may apply to the Registrar of Companies, West Bengal, Multistoreyed Office Building II, 234/4, Acharya Jagadish Chandra Bose Road, Calcutta 700 020 in the prescribed form in duplicate. Members desiring any assistance in the matter can get in touch with the Share Department of the Company at "Duncan House", Third Floor, 31, Netaji Subhas Road, Calcutta 700 001.

Members who have not, till 31st March, 1997, encashed their warrants pertaining to the 31st March 1994 dividend, have been advised individually at their registered addresses to arrange for revalidation and encashment of their warrants forthwith.

5. Members are requested to notify immediately change in their addresses, if any, to the Company's Registered Office.
6. Members are requested to bring their copies of the Annual Report to the Meeting.

7. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the Meeting.

Explanatory Statement

Pursuant to Section 173 (2) of the Companies Act, 1956

Item Nos.6, 7 and 8

Mr. A. S. Gupta, Mr. Pramod Khaitan and Mr. K. S. Broca were appointed as Additional Directors on 13th February, 1997. In accordance with Article 93 (1) of the Company's Articles of Association, they hold office only until the ensuing Annual General Meeting.

Notices in terms of Section 257 (1) of the Companies Act, 1956 together with the requisite deposits have been received from some members, proposing Messrs. A.S. Gupta, Pramod Khaitan and K.S. Broca for appointment as Directors of the Company at the aforesaid Meeting.

The Board of Directors of the Company consider that it would be in the interest of the Company to continue to avail of the expertise of Messrs. Gupta, Khaitan and Broca and accordingly commends the Resolution for approval.

Messrs. Gupta, Khaitan and Broca are severally concerned or interested in the Resolutions set out under item Nos. 6, 7 and 8 of the Notice, respectively. No other Director has any concern or interest in the same.

Item No. 9

Upon approval by members at the Thirty-first Annual General Meeting of the Company held on the 26th August, 1993 Mr. S.P. Mahajan was re-appointed Managing Director of the Company for a period of five years from 27th November, 1993 on such terms and conditions including that pertaining to remuneration as contained in the draft service agreement placed before the Meeting.

It is now proposed to increase Mr. Mahajan's basic salary from Rs. 40,000 to Rs. 50,000 per month effective 1st April, 1997 over the balance period of his appointment, that is to say till 26th November, 1998.



NATIONAL-STANDARD DUNCAN LIMITED

In addition to basic salary, Mr. Mahajan would be entitled to Commission on profits and Perquisites as detailed hereunder :-

Commission : As approved by the Board and based upon net profits in a year but subject to a limit of fifty per cent of annual salary.

Perquisites : Perquisites in the form of residential accommodation including gas, electricity and furnishings, medical expenses, club fees, leave travel assistance and personal accident Insurance will be admissible to Mr. Mahajan but will be restricted to an amount equivalent to the annual salary. For computing the foregoing ceiling, all perquisites will be evaluated as per Income Tax Rules. In the absence of any such Rules, the evaluations would be at actual cost. Provided that the following will not be included for the computation of the ceiling on perquisites as aforesaid :

- a) Provision of car with driver ;
- b) Residential telephone ;
- c) Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent that these either singly or in the aggregate are not taxable under the provisions of the Income Tax Act, 1961 ;
- d) Gratuity and encashment of leave at the end of tenure.

In the absence or inadequacy of profits, Mr. Mahajan would be entitled to the remuneration set out above excepting commission as may be determined and allocated by the Board in accordance with Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof.

A Supplementary Agreement incorporating the revised remuneration will be entered into with Mr. Mahajan.

The Resolution set out under item No. 9 of the accompanying notice is intended to obtain the consent of Members to such revised remuneration and the Board recommends the acceptance thereof.

Mr. Mahajan may be deemed interested or concerned in the Resolution pertaining to his increased remuneration and, save as aforesaid, no other Director has any concern or interest in the Resolution.

This may also be treated as compliance under Section 302 of the Companies Act, 1956.

Item No. 10

Pursuant to Section 293 (1) (d) of the Companies Act, 1956, consent of the Company in General Meeting is required by the Board of Directors of the Company ("the Board") to borrow monies for the purposes of the Company where the monies to be borrowed together with the monies already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose.

With the increase in the Company's business and working over the years the existing limit of Rs.500 million could be inadequate for the Company's future needs particularly in the light of the Company's growth plans both in the tyre beadwire and steel tyre chord business segments. It is in this context that the Board considers that its permissible limit of borrowing should be raised to Rs. 1000 million.

The Resolution set out in Item No.9 of the Notice convening the Meeting is intended for this purpose.

The Board commends adoption of the Resolution in the interest of the Company.

No Director of the Company is concerned or interested in the Resolution.

Item No. 11

The provisions of the Companies Act, 1956 permit, and several major companies now remunerate their non-executive Directors, that is to say, Directors who are neither in the Company's wholetime employment nor managing directors, by way of a commission related to the profits of the Company in recognition of their increased responsibilities and contribution to the affairs of the Company.

Consistent with this practice, within the limits of law and subject to such approvals as may be necessary it is proposed that as provided under Section 309 of the Companies Act, 1956, a commission not exceeding one per cent of the net profits of the



NATIONAL-STANDARD DUNCAN LIMITED

Company commencing from the financial year beginning 1st April, 1997 for a period of five financial years be paid to the non-executive Directors. Such commission will be distributed amongst non-executive Directors entirely at the discretion of the Board of Directors ("Board") either fully or in part and in such proportion and manner as the Board may from time to time determine.

The Board commends adoption of the Resolution in the interest of the Company.

All non-executive Directors of the Company are concerned and interested in the Resolution to the extent of the remuneration that may be received by them.

Registered Office :
31, Netaji Subhas Road,
Calcutta 700 001.

By Order of the Board

Sajal Ghosh

June 30, 1997 .

Secretary

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NATIONAL-STANDARD DUNCAN LIMITED

Seven Years' Financial Summary

(All Rupees figures are in thousands, except per Share data)

		Year ending March 31						
		1997	1996	1995	1994	1993	1992	1991
Operations								
Income	Rs.	478,873	515,131	347,895	321,463	307,051	285,414	217,750
Gross Profit	Rs.	41,015	37,867	30,781	28,753	19,046	25,986	24,077
Pre-tax Profit	Rs.	21,553	22,902	16,157	12,516	6,124	15,007	14,900
Net Profit	Rs.	18,753	14,702	9,757	6,016	4,224	12,107	14,800
Net Profit to Income	%	3.9	2.9	2.8	1.9	1.4	4.2	6.8
Net Profit per Share	Rs.	7.61	7.92*	6.47	3.99	2.80	8.03	9.81
Financial Position								
Net Current Assets	Rs.	190,368	119,907	127,729	104,332	78,010	92,809	79,665
Ratio of Current Assets	—	2.4	2.1	2.4	2.6	2.0	2.0	2.3
Shares	'000 Nos.	2,463	2,463	1,508	1,508	1,508	1,508	1,508
	Rs.	24,630	24,630	15,080	15,080	15,080	15,080	15,080
Shareholders' Equity	Rs.	152,506	141,068	83,620	77,934	75,537	74,480	65,539
Return on Investment	%	12.3	10.9*	11.7	7.7	5.6	16.3	22.6
Book Value per Share	Rs.	61.92	76.05*	55.45	51.68	50.09	49.39	43.46
Dividends								
Dividends per Share	Rs.	2.70	2.70*	2.70	2.40	2.10	2.10	2.10
Total Dividends	Rs.	6,650	5,009*	4,071	3,619	3,167	3,167	3,167
Other Data								
Depreciation	Rs.	19,462	14,965	14,624	16,238	12,922	10,979	9,177
Provision for Taxation	Rs.	2,800	8,200	6,400	6,500	1,900	2,900	100
Additions to Plant and Machinery	Rs.	113,863	9,212	7,787	6,529	18,255	4,152	33,428
Exports (F.O.B.)	Rs.	102,258	107,430	61,116	45,958	20,529	70,316	17,818

* Based on existing equity capital plus equity shares allotted as Rights on pro-rata basis from the date of allotment. During the years ending March 31, 1991 and March 31, 1996, 507,950 Equity Shares of Rs. 10/- each and 955,092 Equity Shares of Rs. 10/- each, respectively, were allotted under Rights Issues.



NATIONAL-STANDARD DUNCAN LIMITED

Directors' Report

The Directors of National - Standard Duncan Limited present their Thirty Fifth Annual Report and Audited Accounts for the fiscal year ended March 31, 1997, which show result of the Company's working as follows:

	Rupees thousands
Gross Profit	41,015
Less : Depreciation	<u>19,462</u>
Profit prior Taxation	21,553
Less : Provision for Taxation	<u>2,800</u>
Net Profit	18,753
Add : Balance brought from previous year	4,640
Investment Allowance (utilized) reserve	<u>1,372</u>
	<u>6,012</u>
Surplus for Appropriation	24,765
Appropriations :	
— Proposed Dividend	6,650
— Tax on Dividend	665
— General Reserve	10,750
— Profit and Loss Account	<u>6,700</u>
	<u>24,765</u>

Dividend :

The Directors recommend for consideration of the Shareholders, at the Annual General Meeting, payment of dividend at Rs. 2.70 per Equity Share. A provision of Rs. 6,650,213 for dividend payment and of Rs. 665,021 for the applicable tax on dividend pay-out has been accordingly made in the Accounts.

Operations :

National-Standard Duncan is, to-day, a diversified manufacturer of engineering materials and machinery for the Tyre Industry with multi-plant multi-locational operations.

The Company's operations are directed towards attaining and maintaining position of leadership in the Industrial markets it has elected to operate in.

Towards achievement of this strategic objective the Company :

— continues to broaden its technical base so as to anchor future growth in advanced technology;

— manufacture products that provide performance and cost benefits to the Company's Customers; and,
— strives to improve its profitability levels by ensuring efficient utilization of production inputs and out-put of uniformly assured quality at optimum cost.

The Company's Wire Division with plants at Thane (Maharashtra), Doddaballapura (Karnataka) and Baddi (Himachal Pradesh) produces Tyre Bead-wire and high pressure Hose reinforcement wires. The Machinery Division with Manufacturing facilities at Thane and Hoskote (Karnataka) produces Tyre Bead Making Machinery Systems, Tyre Building Drums, Moulds for Tyres, Tubes, and Bladders, and Wire Drawing Machines.

The Wire Division with its new plant at Baddi which came on stream towards the end of the year registered the highest ever production. However, the additional production of 1,600 MT Tyre Beadwire could not be shipped out owing delay in receipt of export orders.

The Machinery Division production and sales were lower due lack of orders as Tyre Companies cut back on Capital investment.

The Company's exports of Tyre Bead-wire, Tyre Moulds, and Tyre Bead-line spares totalled Rs. 102.26 million against Rs. 107.43 million for the previous year. The export performance of the Company is recognized by the Engineering Export Promotion Council of India which awards Certificate of Export Excellence annually to the Company.

Expansion & Diversification :

The Wire Division's plans for constructing a new manufacturing facility have been temporarily kept on hold due difficulty envisaged in raising the required capital in the current sluggish stock market.

The Machinery Division which has hitherto been exporting Tyre Moulds and spares for Tyre Bead Lines will be shipping machinery systems and special purpose equipment to tyre companies overseas. Additionally, the inter-divisional synergy between the two operating divisions has enabled development of state-of-the-art machinery and equipment for Tyre Beadwire production thus enabling the Company to remain at the fore-front of Tyre Beadwire producers in the world.

Finance :

The Company's bankers were fully supportive of the Company's financial requirements and sanctioned