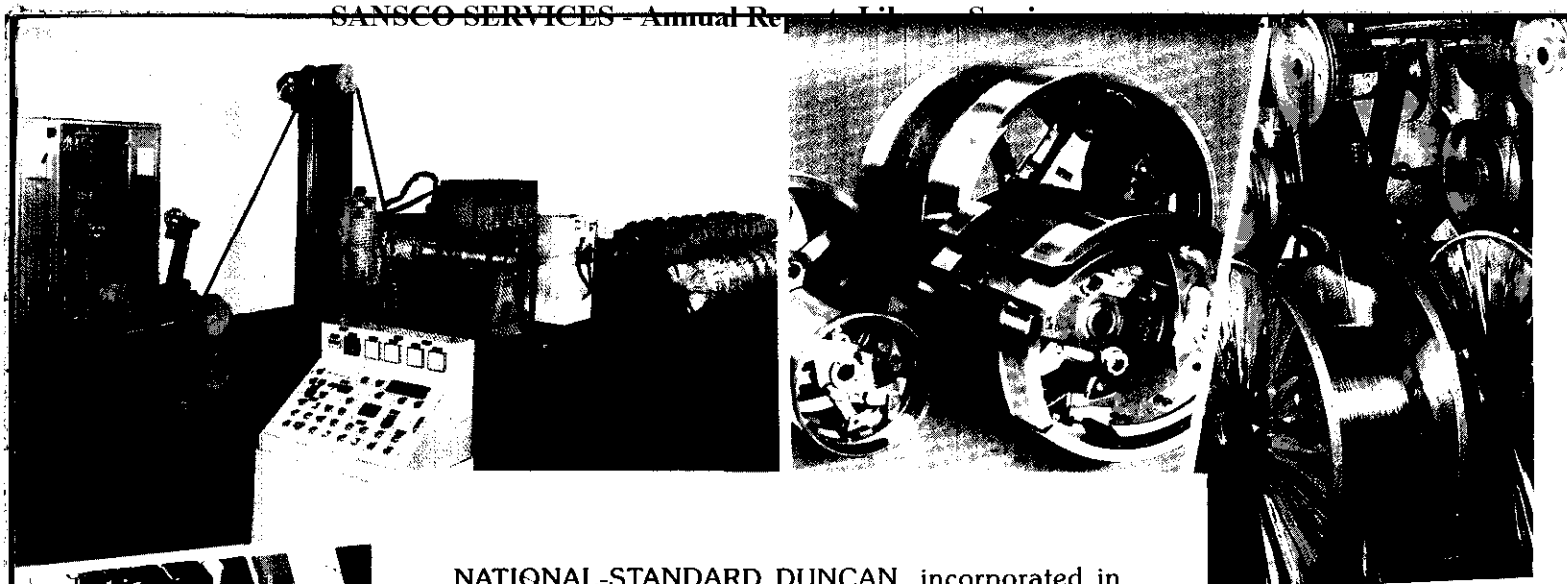




**NATIONAL-STANDARD
DUNCAN LIMITED**

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**ANNUAL REPORT
1998-99**



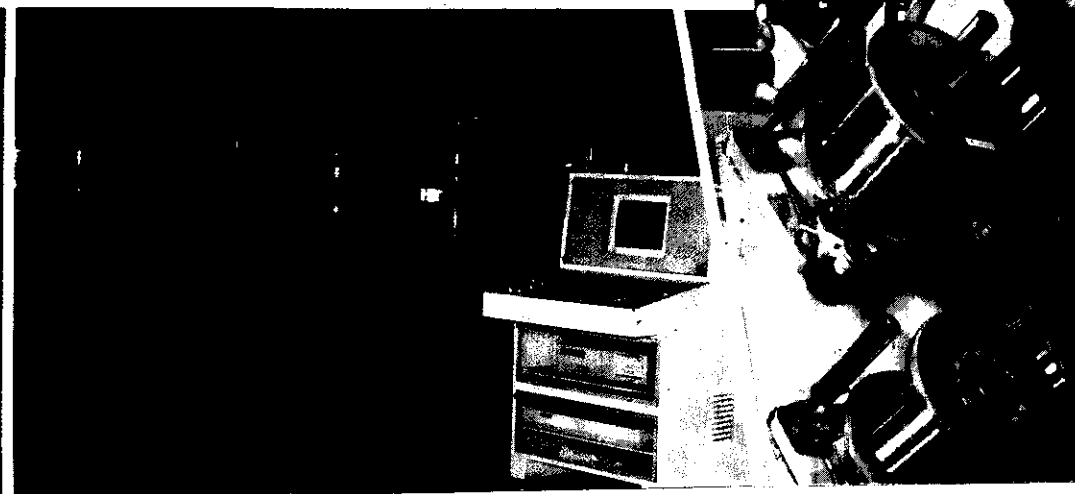
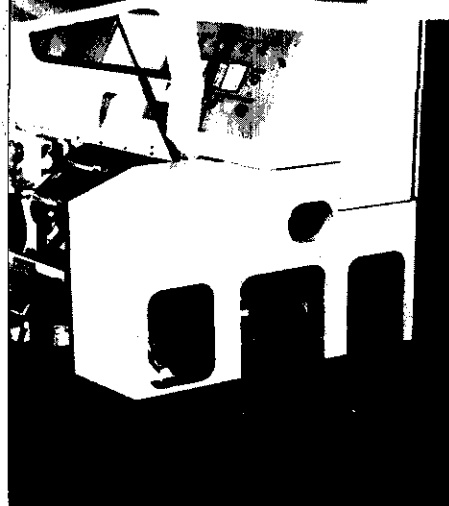
NATIONAL-STANDARD DUNCAN, incorporated in 1962, is to-day, a diversified manufacturer of engineering materials and machinery for, essentially, the Tyre Industry.

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, 1999**

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NATIONAL-STANDARD DUNCAN LIMITED

Directors

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

Auditors

Price Waterhouse

Bankers

Bank of India
Bank of Bahrain & Kuwait B.S.C.
IDBI Bank Ltd.

Registered Office

31, Netaji Subhas Road, Calcutta 700 001.

Branch Offices

Mumbai and New-Delhi.

Plants

Thane, Hosakote, Doddaballapura and Baddi.



NATIONAL-STANDARD DUNCAN LIMITED

Seven Years' Financial Summary

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

		Year ending March 31						
		1999	1998	1997	1996	1995	1994	1993
Operations								
Income	Rs.	382,216	433,027	478,873	515,131	347,895	321,463	307,051
Gross Profit/(Loss)	Rs.	(55,328)	11,983	41,015	37,867	30,781	28,753	19,046
Pre-tax Profit/(Loss)	Rs.	(67,458)	(9,209)	21,553	22,902	16,157	12,516	6,124
Net Profit/(Loss)	Rs.	(67,468)	(9,227)	18,753	14,702	9,757	6,016	4,224
Net Profit to Income	%	—	—	3.9	2.9	2.8	1.9	1.4
Net Profit per Share	Rs.	—	—	7.61	7.92 *	6.47	3.99	2.80
Financial Position								
Net Current Assets	Rs.	158,442	241,763	190,368	119,907	127,729	104,332	78,010
Ratio of Current Assets	—	2.6	2.4	2.4	2.1	2.4	2.6	2.0
Shares	'000 Nos.	2,463	2,463	2,463	2,463	1,508	1,508	1,508
	Rs.	24,630	24,630	24,630	24,630	15,080	15,080	15,080
Shareholders' Equity	Rs.	75,810	143,278	152,506	141,068	83,620	77,934	75,537
Return on Investment	%	—	—	12.3	10.9 *	11.7	7.7	5.6
Book Value per Share	Rs.	30.78	58.17	61.92	76.05 *	55.45	51.68	50.09
Dividends								
Dividends per Share	Rs.	—	—	2.70	2.70 *	2.70	2.40	2.10
Total Dividends	Rs.	—	—	6,650	5,009 *	4,071	3,619	3,167
Other Data								
Depreciation	Rs.	12,130	21,192	19,462	14,965	14,624	16,238	12,922
Provision for Taxation	Rs.	10	18	2,800	8,200	6,400	6,500	1,900
Additions to Plant and Machinery	Rs.	35,286	31,702	113,863	9,212	7,787	6,529	18,255
Exports (F.O.B.)	Rs.	79,676	103,040	102,258	107,430	61,116	45,958	20,529

* 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

Notice of Annual General Meeting

NOTICE is hereby given that the Thirty-Seventh Annual General Meeting of the Members of National-Standard Duncan Limited will be held at the Bengal Chamber of Commerce & Industry, 6, Netaji Subhas Road, Calcutta 700 001 at 11.30 A.M. on Wednesday, 29th September, 1999 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, 1999, the Profit and Loss Account for the year ended on that date together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A. C. Chakraborti who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. A. S. Gupta who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. R. Srinivasan 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. N. K. Prasad 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 pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 including the limits prescribed in Schedule XIII thereof, the Company hereby approves the terms of re-appointment of and the remuneration payable to Mr. S. P. Mahajan, Managing Director of the Company from 27th November, 1998 to 31st March, 2000, as set out in the Explanatory Statement attached hereto, with liberty to the Board of Directors

to alter and/or vary such terms and conditions including remuneration so as not to exceed the limits specified in the said Schedule XIII of the Companies Act, 1956 or any amendments thereto as may be agreed to by the Board of Directors and Mr. S. P. Mahajan".

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

8. "RESOLVED that pursuant to the provisions of Section 163(1) of the Companies Act, 1956 consent of the Company be and is hereby accorded to the keeping of the Company's Register of Members, Index of Members and copies of all Annual Returns prepared under Section 159 of the said Act together with copies of certificates and documents required to be annexed thereto under Section 161 of the said Act, at the office of CB Management Services Ltd., the Company's Registrars and Share Transfer Agents at P-22, Bondel Road, Calcutta - 700 019 or at such other office of their within the city of Calcutta, as may be decided".
9. "RESOLVED that the Articles of Association of the Company be and are hereby altered in the manner following :-

by inserting the following Article 13A after the existing Article 13.

13A. Nomination : The Company will register and deal with nominations in accordance with the provisions of Sections 109A and 109B of the Act".

The Register of Members and Share Transfer Books shall remain closed from 15th September, 1999 to 29th September, 1999 (both days inclusive).

Registered Office
31, Netaji Subhas Road
Calcutta 700 001.

August 11, 1999.

By Order of the Board

S. P. Mahajan

Managing Director



NATIONAL-STANDARD DUNCAN LIMITED

NOTES :

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the items of Special Business mentioned above is annexed to and forms part of this Notice.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and, on a poll, to vote instead of himself. A Proxy need not be a Member of the Company.
3. The instrument(s) appointing Proxy, duly completed, should be lodged at the Company's Registered Office at 31, Netaji Subhas Road, Calcutta - 700 001 not less than forty-eight hours before commencement of the Meeting.
4. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 read with Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, all unclaimed dividends upto and including the financial year ended 31.03.1995 have been transferred to the General Revenue Account of Central Government. Any Member claiming any such dividend so transferred should 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 quoting the Company Registration No. 021-025605.

Section 205A(5) of the Companies Act 1956 has been amended from the 31st October, 1998 pursuant to which dividends pertaining to the financial year ended 31st March, 1996 and thereafter remaining unclaimed for a period of seven years from the date of transfer in accordance with Section 205A(1) of the Companies Act 1956 will need to be transferred to the Investor Education and Protection Fund of the Central Government. Amounts once transferred to the said Fund can no longer be claimed. Members who have not, till 31st March, 1999 encashed their dividend warrants pertaining to the years ended 31st March, 1996 and 31st March, 1997 have been individually advised to revalidate and encash their warrants.
5. Members are requested to produce the enclosed attendance slip at the entrance to the hall and

bring their copies of the Annual Report to the Meeting.

6. Members are requested to notify any change in their addresses to the Company's Registered Office.
7. Members are encouraged to complete the attached Nomination Form and return the same to the Company at the Registered Office at Duncan House, 3rd floor, 31, Netaji Subhas Road, Calcutta - 700 001.
8. Members desiring any information as regards the Accounts are requested to write to the Company at least ten days before the meeting 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 No. 6

Mr. N. K. Prasad was appointed on 29th April, 1999 by the Board of Directors ("the Board") as an Additional Director. In compliance with Article 93(1) of the Company's Articles of Association, he holds office only until the ensuing Annual General Meeting.

Notice in terms of Section 257(1) of the Companies Act, 1956 has been received from a member alongwith the requisite deposit signifying his intention to propose the candidature of Mr. N. K. Prasad for appointment as Director of the Company at the aforesaid meeting.

The Board considers that having regard to the knowledge and experience of Mr. Prasad his continuance as Director would be beneficial to the Company and accordingly recommends that the resolution as proposed be passed.

Mr. Prasad may be deemed concerned or interested in the Resolution set out under item No. 6 of the Notice. No other Director has any concern or interest in the same.

Item No. 7

Mr. S. P. Mahajan's appointment as Managing Director was initially for a period of five years commencing 27th November, 1988. His term which was further extended by another five years from 27th November, 1993 pursuant to a Resolution passed by members at the Annual General Meeting held on 26th August, 1993.



NATIONAL-STANDARD DUNCAN LIMITED

His appointment as Managing Director expired by efflux of time on 26th November, 1998. It is now proposed to re-appoint Mr. Mahajan as Managing Director of the Company from 27th November, 1998 to 31st March, 2000 on the following remuneration :

- I. Salary : Rs. 50,000 per month.
- II. 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.
- III. 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 his annual salary. For computing the foregoing ceiling, all perquisites will be evaluated as per the Income Tax Rules, 1962. In the absence of any such Rules, the valuations would be at actual cost. Provided that the following will not be included for computation of the ceiling on perquisites aforesaid :
 - a) Provision for 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 Income Tax Act, 1961 ;
 - d) Gratuity not exceeding half a month's salary for each completed year's service ;
 - e) 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 Board recommends adoption of the Resolution in the interest of the Company.

Mr. Mahajan may be deemed to be interested or concerned in the resolution pertaining to his re-

appointment and save as aforesaid, no other Director has any concern or interest therein.

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

Item No. 8

In order to make its investor related services more focussed the Company has appointed C.B. Management Services Ltd., (CBMSL) as its Registrars and Share Transfer Agents. CBMSL is registered with Securities and Exchange Board of India, as a Category I "Registrar to Issues and Share Transfer Agent".

Section 163(1) of the Companies Act, 1956 provides inter alia, that the registers, return certificates etc. as specified in the resolution mentioned under item 7 in the accompanying notice, instead of being kept at the Registered Office of the Company, may be kept at any other place within the city, town or village in which the Registered Office is situated, provided that a special resolution is passed by the Company to this effect.

The Board of Directors, therefore, recommends adoption of the said resolution in the interest of the Company.

None of the Directors, have any concern or interest in the resolution.

Item No. 9

The Companies (Amendment) Act, 1999 ("the Act") has inserted Sections 109A and 109B to the Act providing nomination facility to a Member. Accordingly Clause 13A is proposed to be inserted in the Articles of Association of the Company to provide this facility.

The Board recommends adoption of the resolution.

No Director has any concern or interest in the resolution.

Registered Office
31, Netaji Subhas Road
Calcutta 700 001.

August 11, 1999.

By Order of the Board

S. P. Mahajan

Managing Director



NATIONAL-STANDARD DUNCAN LIMITED

Directors' Report

The Directors of National-Standard Duncan Limited present their thirty-seventh Annual Report and Audited Accounts for the fiscal year ended March 31, 1999, which show result of the Company's working as follows :

	Rupees thousands
Gross Profit/(Loss)	(55,328)
Add: Depreciation	<u>12,120</u>
Loss prior Taxation	(67,448)
Add : Provision for Taxation	<u>10</u>
Net Loss	(67,458)
Add : Balance brought from previous year	<u>(2,528)</u>
Balance carried to Balance Sheet	<u>(69,996)</u>

Dividend :

The Directors recommend that no dividend be paid owing the loss sustained during the year under review.

Operations :

The year ending March 31, 1999, has been unsatisfactory. The virtual disappearance of the normally high demand for the Company's products from the traditional markets of Iran and Asean and the closure of a major tyre company during 1997/98 continued unchanged in the whole of calendar 1998 to adversely effect the operations during the year under review. The Company had large unsold inventory of tyre beadwire as on March 31, 1998 and had to curtail production of the item. The stoppage at the new plant at Baddi was utilised to re-engineer the manufacturing process to incorporate some of the developments researched by the Company for product improvement.

The Company's efforts at seeking new markets have been successful and for the calendar 1999, the Company has substantial business for tyre bead-wire from Europe, Middle East and Africa.

The Company's Machinery Division has also sufficient orders for Tyre Moulds from Customers, both at home and overseas.

The Company is considering various options to restore adequacy in working capital, which with the improved market conditions now prevailing, will enable considerable improvement in the working of the Company for the year 1999-2000.

Expansion & Diversification :

The Company's Expansion and Diversification plans have been put on hold owing the current financial situation of the Company.

Finance :

The Company's operations are being adversely effected due to inadequacy of working capital. The Company is seeking a re-schedulement for repayment of its long-term debts with the Financial Institutions and other options to augment its working capital.

Personnel :

The information required under Section 217 (2A) of the Companies Act, 1956, (as amended) read with Companies (particular of employees) Rules, 1975 is appended.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo :

The information required under the Companies (Disclosure of Particulars in the Report of Directors) Rule, 1998, is annexed and forms part of this report.

Year 2000 Compliance for Computer Systems :

The existing Management Information and Control Systems - hardware, software and networking products - have been replaced with Year 2000 compliant products. The process control micro-processor based systems and



NATIONAL-STANDARD DUNCAN LIMITED

Directors' Report

Programmable Logic Controllers in production machinery do not depend on date function for their operation and therefore, are not affected by the Year 2000 problem.

Subsidiary :

The Registrar of Companies Maharashtra, Mumbai has been requested to strike off NSD Investments Limited from his register under Section 560 of the Companies Act, 1956.

Auditors' Report :

Notes 10, 11 and 8 on Schedule 14 have been explained in the Notes. Note 12 on Schedule 14 relate to technical know-how fees specified in Collaboration Agreement entered into by the Company. It has been the Company's practice in the past, upon actual payment of any technical fee, to reflect such payment in "Miscellaneous Expenditure" in the Balance Sheet and to charge 1/6th of such fee to Profit and Loss Account every year for six years. The technical know-how fee referred to in the Note has so far not been paid and hence, consistent with past practice, has not been provided. Note 13 on Schedule 14 regarding non-provision of overdue book debts relate to debts, which, as of now, appear realisable.

Directors :

Mr. Sanjay Badri resigned from the Board on January 25, 1999. The Board placed on record its appreciation of the services rendered by Mr. Badri during his tenure as Director of the Company. Mr. N. K. Prasad was appointed as Additional Director with effect from April

29, 1999. He holds office till the date of ensuing Annual General Meeting. The Company has received notice from a member signifying his intention to propose the appointment of Mr. N. K. Prasad as Director of the Company at the Annual General Meeting.

Mr. G. P. Goenka ceased to be a wholetime Director with effect from August 01, 1999. He however, continues on the Board as non-executive director.

Mr. A.S. Gupta, Dr. R. Srinivasan and Mr. A. C. Chakrabortti retire by rotation and being eligible offer themselves for re-appointment.

Auditors :

Messrs. Price Waterhouse retire at the Annual General Meeting and are eligible for re-appointment.

On behalf of the Board of Directors

S. P. Mahajan
Managing Director

M. A. Bakre
Director

Mumbai, August 11, 1999.