

39th Annual Report  
2000-2001



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**National-Standard Duncan Limited**



## National-Standard Duncan Limited

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## National-Standard Duncan Limited

### Directors

Mr.Raghuvir Bhandari

Mr.Deepak Jain

Mr.Pramod Khaitan

Mr.Justin David

### Auditors

Venkat Associates

### Bankers

Bank of India

Bank of Bahrain & Kuwait B.S.C.

IDBI Bank Ltd.

### Registered Office

31, Netaji Subhas Road, Kolkata – 700 001

### Corporate Office

World Trade Centre, Centre -1, 19th Floor,  
Cuffe Parade, Mumbai – 400 005

### Plants

Thane, Hosakote, Doddaballapur and Baddi.



## National-Standard Duncan Limited

### Notice

Notice is hereby given that the 39th Annual General Meeting of the Members of National Standard Duncan Limited will be held on Thursday, 27th June, 2002 at 11.00 A.M. at the 'Board Room', Second Floor, Duncan House, 31 Netaji Subhas Road, Kolkata 700 001 to transact the following business :

#### As an ordinary business

1. To receive, consider and adopt the Balance Sheet of the Company at 30th September, 2001, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Deepak Jain, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint auditors and to fix their remuneration.

#### Registered Office:

"Duncan House"  
31, Netaji Subhas Road  
Kolkata 700 001.

By Order of the Board

Place : Kolkata  
Date : 31st May, 2002.

**Raghuvir Bhandari**  
Director

#### 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. Members are requested to produce the enclosed attendance slip duly completed at the entrance of the Board Room.



## National-Standard Duncan Limited

### Directors' Report

The Directors of National Standard Duncan Limited present their Thirty-Ninth Annual Report and Audited Accounts for the financial year ended September 30, 2001 which show the results of the company's working as under:

	Rupees Lakhs
Loss before depreciation	476.32
Add: Depreciation	221.08
Add: Prior period expenses/(income) including depreciation	(16.24)
Loss after depreciation	681.16
Add: Loss brought forward from previous year	2335.37
	<u>3016.53</u>

The above results are after considering compound interest and penal interest charged by the Banks and Financial Institutions for which request for waiver will be incorporated in the revival plan being prepared by the Company.

#### Dividend:

Owing to the loss sustained during the period under review, the directors are unable to recommend payment of dividend.

#### Directors' Responsibility Statement:

As required under the provisions of section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that:

- i) Applicable accounting standards have been followed in preparing the accounts covered by this report;
- ii) Such accounting policies as were reasonable and prudent were selected in preparing the accounts and these were applied consistently. Further judgments and estimates that were reasonable and prudent were also made in the course of preparing the accounts so as to give a true and fair view of the company's state of affairs as at the end of the financial year and of its loss for that period;
- iii) Proper and sufficient care was taken for the maintenance of proper accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities;
- iv) The accounts have been prepared on a going concern basis.

The above confirmation should be read and construed together with the clarificatory note 15 in Schedule 14 of the accounts.



## National-Standard Duncan Limited

### Operations:

The operations of the company were severely affected during the year under review, owing to serious cash flow problems consequent to the recessionary conditions and inadequate working capital which affected production in all the plants during the previous financial year. The wire plant at Baddi was closed and the workforce retrenched in April, 2001 and the wire plant at Doddaballapur was closed in August, 2001. The operations at the Thane wire plant were suspended from April, 2001.

With considerable difficulty, the company continued operations of its tyre mould divisions till September, 2001 when pressure on cash flows forced the company to suspend operations at Thane and Hoskote as well.

### Exports:

In spite of serious cash flow problems, the company was able to fulfill its export obligations under Government of India's Duty Exemption Entitlement Scheme to a large extent and consequently its liabilities on that account reduced substantially. These are expected to be cleared during the year 2001-02.

### Finance:

As mentioned above, the cash flows of the company were under severe strain during the year and the company was under considerable pressure to meet its obligations to employees, creditors, banks and financial institutions.

ICICI Limited had already recalled its loan and applied to Debt Recovery Tribunal for recovery of its dues. Subsequently, the other banks and FIs of your company also joined in the proceedings before DRT. In the meanwhile, the company has been declared 'sick' under the Sick Industrial Companies Act, 1985 (SICA). Discussions have been initiated towards an amicable solution, which can be implemented under the revival plan for the company.

### Reference to the Board for Industrial and Financial Reconstruction (BIFR):

In the Directors' Report of the previous financial year, it was reported that a reference was being made to Hon'ble BIFR in terms of section 15(1) of SICA. A reference was subsequently made to Hon'ble BIFR and in its first hearing held on January 28, 2002, Hon'ble BIFR declared the company as a 'sick' company under section 3(1)(0) of SICA. Further, the Hon'ble BIFR ordered change of management of the company and appointed ICICI Limited as the Monitoring Agency with instructions to find a new promoter. The order also permits the present promoters to bid in the process, with or without co-promoters. Work on this is in progress. One of the major producers of bead wire has also shown interest in taking up NSD's rehabilitation. This is being progressed.

### Industrial Relations and Personnel:

Your Company's workmen and other employees have been discussing with the Management



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to find a viable revival plan. The relations with the employees remain cordial. The Board wishes to express its appreciation for the cooperation and support extended by the workmen and other employees at all levels despite the adverse conditions faced by the company.

There are no employees falling under the provisions of section 217(2A) of the Companies Act, 1956.

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

The information required under section 217(1) (e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed and forms part of this report.

### **Auditors' Report:**

The qualifications in the auditors' report have been adequately explained in notes 9, 10, 11 & 12 of Schedule 14 of Notes to Accounts.

### **Directors:**

Shri Deepak Jain retires as Director at the forthcoming Annual General Meeting of the company and being eligible, offers himself for re-appointment.

### **Auditors:**

During the course of the year, M/s Price Waterhouse, Chartered Accountants, who were the company's auditors, expressed their inability to continue as the company's statutory auditors. M/s Venkat Associates, Chartered Accountants, were appointed as auditors of the company in the Extra Ordinary General Meeting held on January 15, 2002.

M/s Venkat Associates retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

Registered Office:  
31, Netaji Subhas Road,  
Kolkata - 700 001

On Behalf of the  
Board of Directors

Date: May 25, 2002

**Raghuvir Bhandari**  
Director

**Justin David**  
Director



## National-Standard Duncan Limited

### Annexure to the Directors' Report

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

In accordance with the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988

#### A. Conservation of Energy

##### a) Energy Conservation Measures taken:

Energy conservation is an ongoing process with the company with continual upgrading of manufacturing facilities and technologies.

##### b) Additional Investments and Proposals, if any, being implemented for reduction of consumption of energy:

Due to financial constraints, no additional investments have been made or proposed.

##### c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Any impact on the cost of production will be determined by the cost of energy over which the company has no control.

#### B. Technology Absorption

##### d) Research & Development (R&D)

##### 1. Specific areas in which R&D carried out by the company and

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

The Company does not have a formal R&D department but R&D activities are undertaken depending upon needs.

##### 3. Future Plan of Action

Presently, the company has no plan of action, the focus being on reviving the Company.

##### 4. Expenditure on R&D

The Company, as mentioned earlier, does not have a separate R&D department and as such expenditure on R&D is not quantifiable.





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### Technology Absorption, Adaptation and Innovation:

Since the plants were closed during most part of the financial year, there is nothing to report in this area.

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:  
Not Applicable as the plants were closed.
2. Benefits derived as the result of the above efforts: Not Applicable.
3. Imported Technology
 

a) Technology Imported	Segmental Moulds
b) Year of Import	1993-94
c) Has technology been fully absorbed	Yes
d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action	Not applicable

### C. Foreign Exchange Earnings and Outgo (Rs.Lakhs)

- i) Total Foreign Exchange Outflow : 7.57
- ii) Total Foreign Exchange Inflow : 293.36

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## National-Standard Duncan Limited

### Auditor's Report

To,  
The Members of  
National - Standard Duncan Limited

1. I have audited the attached Balance Sheet of M/s.National-Standard Duncan Limited, Calcutta, as on September 30, 2001 signed by me under reference to this report and the related Profit & Loss Account for the year ended on that date and report that:
2. I conducted my audit in accordance with auditing standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. In my opinion and to the best of my information and according to the explanations given to me, the said accounts, read in particular with Schedule 16-Notes 9,10,11 & 12 and subject to remarks in paragraph 3.1 to 3.4 below and the related notes to the accounts referred to therein with consequential effects on the Company's loss for the year and the relevant items on the Balance Sheet give a true and fair view.
  - In the case of the Balance Sheet, of the state of Company's affairs as at September 30, 2001.
  - In the case of the Profit and Loss Account, of the Loss of the Company for the year ended September 30, 2001.
- 3.1 Note 9 on Schedule 16 regarding the appropriateness of the "going concern" basis used for the preparation of these accounts, as the net worth of the Company has been eroded. The extent of consequential adjustments as at September 30, 2001 which would arise on the Company ceasing to be a going concern, is currently not ascertainable.
- 3.2 Note 10 on Schedule 16 regarding capitalisation of interest of Rs.2,33,30,825/- on loans borrowed for the purchase of fixed assets due to suspension of plants for certain months during the year ended March 31, 1999. Depreciation charge for the current year includes Rs.11,08,214/- on capitalised interest of Rs.2,33,30,825/-.
- 3.3 Note 11 on Schedule 16 regarding Secured Loans of Rs.3,87,39,842/- which are subject to confirmation and reconciliation. Adjustment including interest to be made as a result of such reconciliation is not readily ascertainable.
- 3.4 Note 12 on Schedule 16 regarding certain business related accounts classified