

NATIONAL STANDARD (INDIA) LIMITED

(Formerly National-Standard Duncan Limited)



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Forty Fifth
Annual Report
For the Year Ended 31.12.2007

NATIONAL STANDARD (INDIA) LIMITED

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NATIONAL STANDARD (INDIA) LIMITED

DIRECTORS

- Shri N.P.S. Shinh
- Shri A.L. Ananthanarayanan
- Ms. Manita Shinh
- Shri S.P.S Shinh
- Dr. (Mrs) Usha Sunderarajan
- Shri Bharath Chandra
- Shri Anurag Singhvi
- Shri Dinkar Rai
- Shri L.M. Mehta - Special Director (Appointed by BIFR)

AUDITORS

C.P. Ranka & Co.

COMPANY SECRETARY

M. Nagakishore

BANKERS

- Bank of India
- Bank of Bahrain & Kuwait B.S.C
- HDFC Bank Ltd.

REGISTERED OFFICE

2nd Floor, 3, Esplanade East, Kolkata – 700 069

ADDRESS FOR ALL CORRESPONDENCE – CORPORATE OFFICE

Surya Towers, 3rd Floor, 'C' Block, 104, S.P. Road, Secunderabad – 500 003

PLANTS

Thane and Hoskote

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NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Fifth Annual General Meeting of Members of National Standard (India) Limited will be held on April 28 2008, at 10.30 AM at 2nd Floor No.3, Esplanade East, Kolkata - 700 069 to transact the following business:-

ORDINARY BUSINESS

1. To consider, approve and adopt the Balance Sheet as at 31st December, 2007 and the Profit & Loss Account for the period ended as on that date and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Dr. Usha Sunderarajan, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Sh S P S Shinh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS

5. **To consider and if thought fit, to pass with or without modifications(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT Shri Bharath Chandra who was appointed as an Additional Director of the Company by the Board of Directors and holds office as per Section 260 of the Companies Act, 1956 and be and is hereby appointed as a Director liable to retire by rotation."

6. **To consider and if thought fit, to pass with or without modifications(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT Shri Anurag Singhvi who was appointed as an Additional Director of the Company by the Board of Directors and holds office as per Section 260 of the Companies Act, 1956 and be and is hereby appointed as a Director liable to retire by rotation."

7. **To consider and if thought fit, to pass with or without modifications(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT Shri Dinakar Bodhishwar Rai who was appointed as an Additional Director of the Company by the Board of Directors and holds office as per Section 260 of the Companies Act, 1956 and be and is hereby appointed as a Director liable to retire by rotation."

8. **To consider and if thought fit, to pass with or without modifications(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT subject to such consents and permissions, if any, as may be necessary, the consent of the Company be and is hereby accorded to transfer



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through a de-merger, the assets and liabilities of the Tyre Mould Business and of the Bead Wire business to one or more Resulting Company(ies), including the apportionment of common assets and liabilities of the Company upon such de-merger, or to transfer / sell through a slump sale / lease, the assets and liabilities of the Tyre Mould Business and of the Bead Wire business to another Company(ies), on such terms and conditions as may be finalized by the Board of Directors.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take necessary steps as may be required for the implementation of the above.”

9. To consider and if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution:

“RESOLVED THAT subject to such consents and permissions, if any, as may be necessary, the consent of the Company be and is hereby accorded to transfer through sale, assignment, lease (including sub-lease), all the rights of the Company in the office at the World Trade Centre, Cuffe Parade, Mumbai, on such terms and conditions as may be finalized by the Board of Directors.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take necessary steps as may be required for the implementation of the above.”

10. To consider and if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution:

“RESOLVED THAT subject to such consents and permissions, if any, as may be necessary, the consent of the Company be and is hereby accorded to transfer through sale, assignment, lease, the Company’s flat at Bandra, Mumbai, on such terms and conditions as may be finalized by the Board of Directors.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take necessary steps as may be required for the implementation of the above.”

11. To consider and if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution:

“RESOLVED THAT in pursuance of the Rehabilitation Scheme sanctioned by Hon’ble BIFR vide its order dated 01.06.2006, the amount of Rs. 4,00,00,000 against funds already inducted by the promoters be converted into 40,00,000 equity shares at par, taking the total issued share capital to Rs. 7,50,00,000. The new shares will rank at par with the earlier equity shares (post-reduction).”

12. To consider and if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution:

“RESOLVED THAT necessary action relating to re-location of the Thane plant to a new plot allotted by APIIC at Pashamylaram Industrial Estate, Hyderabad / Hoskote plant and/or any other location as may be approved by the Board of Directors or a committee constituted by the Board of directors.”

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“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take necessary steps as may be required for the implementation of the above.”

13. To consider and if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution:

“RESOLVED THAT necessary action relating to finalization of VRS payments with Thane workers and arrangement for funds for the above with Banks/FIs/ NBFCs/other sources as well as finalise the terms of OTS of the deferred portion of the VRS dues as may be approved by the Board of Directors or a committee constituted by the Board of directors.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take necessary steps as may be required for the implementation of the above.”

14. To consider and if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution:

“RESOLVED THAT the Memorandum of Association of the Company be modified to include as Clause 3.(1)(c), the following:

“3.(1) (c) To carry on in India or in any part of the world the business of construction, promotion, development and/or colonizer of any type of residential, commercial, multi-storeyed buildings, flats, houses, apartments, agricultural lands, cinemas, hotels, hospitals, nursing homes, malls, bridges, Information Technology (I.T.) Parks, Knowledge Parks, Industrial Park, Amusement Parks, Specialty Parks, roads, streets, squares, gardens, play grounds and other conveniences or works of any description on any land, including the land owned by the Company or leased to the Company, buying and selling the same in full or in parts and giving it away or parting away the possession of the same in full or in parts on sale, lease, hire or license basis, or in any other manner to individuals, Partnership concerns, Companies or to general public, on such terms and conditions as may be considered necessary.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take necessary steps as may be required for the implementation of the above.”

15. To consider and if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution:

“RESOLVED THAT Clause 5 of the Memorandum of Association of the Company be modified to read as under:

“5. The Share Capital of the Company is Rs 200,000,000 (Rupees Two Hundred Millions Only), divided into 20,000,000 (Twenty Millions) Equity Shares of Rs 10 each, with the rights, privileges and conditions attaching thereto as are provided by the regulation of the Company for the time being, with power to increase and reduce the Capital of the Company and to divide the shares in the Capital for the time being into several classes and to attach thereto respectively such preferential,

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deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify, or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take necessary steps as may be required for the implementation of the above."

16. To consider and if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution:

"RESOLVED THAT the Board of Directors, be and are hereby authorized, to jointly or severally sign and subscribe to the Memorandum of Association and Articles of Association of National Standard Tyre Moulds (India) Limited (NSTML), a company proposed to be incorporated in the state of Andhra Pradesh, and subscribe to 49,990 equity shares of Rs. 10/- (Rupees Ten only) each or such additional shares as may be approved by the Board of Directors, in the capital of the Company for and on behalf of and in the name of the Company as one of the subscribers thereof, to be filed with the Registrar of Companies, Andhra Pradesh, pursuant to the provisions of the Companies Act, 1956, and to act as such on behalf of the Company as one of the subscribers to the said Memorandum and Articles of Association and to make necessary corrections therein and all incidental documents, as and where required by the Registrar of Companies, Andhra Pradesh, and to do all such acts, deeds, matters and things in relation to the incorporation of the company as may be necessary on behalf of the Company."

17. To consider and if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution:

"RESOLVED THAT an investment of Rs. 5 lacs may be made for subscribing to the equity share capital of the Company (NSTML) as equity at par"

"RESOLVED FURTHER THAT the funds needed for NSTML will be arranged over and above the promoter funds required to be inducted as per SS."

18. To consider and if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution:

"RESOLVED THAT in pursuance of the Rehabilitation Scheme sanctioned by Hon'ble BIFR vide its order dated 01.06.2006, the amount of Rs. 7,00,00,000 against funds already inducted by the promoters be converted into equity shares at par, taking the total issued share capital to Rs. 14,50,00,000, The new shares will rank at par with the existing equity shares."

RESOLVED FURTHER THAT further shares within the increased Authorised share capital of Rs 20,00,00,000 be issued against additional funds to be inducted by the promoters in pursuance of the Rehabilitation Scheme sanctioned by Hon'ble BIFR. The new shares will rank at par with the existing equity shares"

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NOTES:-

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE PROXIES SHOULD BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Brief Resume of the Directors retiring by rotation and proposed for reappointment is given in the Corporate Governance Report annexed to the Annual Report as per the requirements of the Listing Agreement with the Stock Exchange.
3. Register of Members & Share Transfer Books of the Company will remain closed on 24th, 25th and 26th April, 2008.
4. Members who wish to seek any further information / clarifications, at the meeting, on the annual accounts or operations of the Company are requested to send their queries at least one week in advance of the date of the Meeting, to the Registered Office of the Company.
5. Members are requested to intimate any change in their address to the Company immediately.
6. Members who attend the meeting are requested to complete the enclosed attendance slips and deliver the same at the entrance of the Meeting.
7. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed and forms part of this Notice.
8. The members who have not sent their shares held as on May 31st, 2006, for exchange with new share certificates consequent to the share capital reduction in accordance with the Rehabilitation scheme sanctioned by BIFR on June 1, 2006 are requested to send their share certificates to the registered office of the company, by registered post for issuance of fresh shares as per the sanctioned scheme.
9. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Registrar and Share Transfer Agents M/s C.B. Management Services (P) Limited, P-22, Bondel Road, Kolkata - 700 019, enclosing original Share Certificate to enable them to consolidate the holdings into one folio.
10. As per the provisions of Companies Act, 1956, the Members of a Company are allowed to nominate any person to whom the share(s) shall be transmitted in the event of Member's death. Members are advised to contact the Company to avail this facility.
11. Members are requested to bring their copies of Annual Reports at the time of attending the meeting.

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Explanatory Statement under Section 173(2) of the Companies Act, 1956

Item No. 5

The Board of Directors at their meeting held on 15.06.2007 appointed Shri Bharath Chandra as an Additional Director of the Company, whose tenure will expire at the ensuing Annual General Meeting. The Company proposes to appoint Shri Bharath Chandra being eligible, offers himself for appointment as a Director.

None of the Directors are interested or concerned directly / indirectly in the resolution under reference. Your Directors recommend for his appointment as a Director.

Item No. 6

The Board of Directors has in the meeting of March 27 2008, appointed Shri Anurag Singhvi as an Additional Director of the Company, whose tenure will expire at the ensuing Annual General Meeting. The Company proposes to appoint Shri Anurag Singhvi being eligible, offers himself for appointment as a Director.

None of the Directors are interested or concerned directly / indirectly in the resolution under reference. Your Directors recommend for his appointment as a Director.

Item No. 7

The Board of Directors has in the meeting of March 27 2008, appointed Shri Dinakar Bodhiswar Rai as an Additional Director of the Company, whose tenure will expire at the ensuing Annual General Meeting. The Company proposes to appoint Shri Dinakar Bodhiswar Rai being eligible, offers himself for appointment as a Director.

None of the Directors are interested or concerned directly / indirectly in the resolution under reference. Your Directors recommend for his appointment as a Director.

Item No. 8

In pursuance of the order of the BIFR sanctioned by Hon'ble BIFR provides for the Demerger of the company. The Board of Directors in their meeting held on 15th June, 2007 gave their approval for de-merger of the Tyre Mould unit of the Company into National Standard Tyre Moulds (India) Limited (NSTML) with the share capital of Rs. 5 Lacs which will be invested by the company. Funds needed for the NSTML will be arranged over and above the promoters funds required to be inducted as per SS.

None of the Directors other than Shri N.P.S Shinh, Shri S.P.S Shinh and Ms. Manita Shinh (being related to Shri N.P.S Shinh) and Dr. A.L. Ananthanarayanan are deemed to be interested in this item. The Directors recommends the resolution for acceptance by the members.

Item No. 9 & 10

In pursuance of the order of the BIFR sanctioned by Hon'ble BIFR, the company is to sell the WTC office as well as the company flat at Bandra to raise the funds required by

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the company's rehabilitation. The sale will be as per the BIFR guidelines, through the Assets Sale Committee.

None of the Directors are interested or concerned directly / indirectly in the resolution under reference. Your Directors recommend for his appointment as a Director.

Item No. 11

In pursuance of the order of the BIFR sanctioned by Hon'ble BIFR provides for the conversion of promoters funds to equity and accordingly Rs. 4,00,00,000 of funds inducted by incoming promoters is converted into equity taking the total issued share capital to Rs. 7,50,00,000. Accordingly 40,00,000 shares of Rs. 10 each have been allotted to the incoming promoter group taking the issued and subscribed equity capital to 75 lakh shares of Rs. 10 each, post restructuring. None of the Directors other than Shri N.P.S Shinh, Shri S.P.S Shinh and Ms. Manita Shinh (being related to Shri N.P.S Shinh) and Dr. A.L. Ananthanarayanan are deemed to be interested in this item. Your Directors recommends for ratification of the resolution under reference, in view of the binding order of the Hon'ble BIFR.

Item No. 12, 13

The viability of the Thane units has been affected on account of the saturation of the local market, high labour costs as well as the octroi incidence, and the rehabilitation scheme of the company provides for relocation of the Thane plant and utilization of the land for development of I T park/ other uses.. Approval of Hon'ble BIFR has been obtained for development of an I T park at Thane and for the relocation of Thane plant.

In view of the above, the Board of Directors has decided that re-location of the bead wire plant near Hyderabad would be most appropriate in view of the very congenial industrial environment, encouragement from the State Govt for new units being set up and the excellent infrastructure being established at Andhra Pradesh. A site at Pashamylaram industrial estate has been allotted to the company. The tyre mould unit will be relocated at the existing Tyre Mould plant at Hoskote.

The Company has entered into a settlement for VRS for Thane workmen who are not interested in working at the new site.

None of the Directors are interested in the above resolution. The Directors recommends the resolution for acceptance by the members.

Item No. 14, 15

The modifications proposed in the Memorandum and Articles of Association are to enable the development of Thane land, by suitable change in the objects clause as required for the above.

None of the Directors are interested in the above resolution. The Directors recommends the resolution for acceptance by the members.