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39TH ANNUAL REPORT 1999-2000
Schrader Duncan Limited

Schrader Duncan Limited

Ten Year Review

Rs. Million

Accounting Year	1990	1991-92 [*]	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
Income	223.00	214.48	181.97	205.84	249.13	280.27	366.69	288.49	293.59	319.71
Profit before taxes	29.91	39.71	35.26	34.09	32.41	37.12	**** 95.99	32.35	35.60	29.48
Profit after taxes	20.76	23.61	21.11	20.05	18.86	23.12	**** 73.38	20.30	23.76	23.29
Dividend %	22.00	50.00	81.00	40.00	50.00	50.00	165.00	50.00	50.00	50.00
Working capital %	12.62	16.57	22.35	20.14	16.08	15.12	15.67	18.85	21.35	24.34
Net worth	81.85	100.85	114.47	127.12	136.74	141.38	151.93	151.90	155.15	157.92
Earning per share**Rs.	22.47	25.56	22.84	*** 12.40	10.21	*** 10.01	**** 19.85	5.49	6.43	6.30
Return on Investment%	28.64	25.85	19.60	16.60	14.30	16.62	**** 49.94	13.33	15.48	14.88

* Figures for 1991-92 are for a period of fifteen months.

** 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.

*** Computed on Weighted Average Capital.

**** One time Profit on sale of a Fixed Asset.

Schrader Duncan Limited

Annual Report 1999-2000



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Board of Directors

Mr. J. P. Goenka
Chairman

Mr. A. L. Narasimhan
Managing Director

Mr. James D. Wiggins

Mr. Brian Harris

Mr. V. N. Nadkarni

Mr. A. Goenka

Mr. R. A. Shah
Alternate to Mr. James D. Wiggins

Mr. R. C. Khanna
Alternate to Mr. Brian Harris

Auditors
Price Waterhouse & Co

Bankers
State Bank of India
Bank of India
Citibank

Solicitors
Crawford Bayley & Co

Registered Office
L B S Marg, Mulund
Mumbai 400 080

Branch Offices
31, Netaji Subhash Road
Calcutta 700 001

Hindustan Times House
Kasturba Gandhi Marg
New Delhi 110 001

Plants
Mumbai (Maharashtra)
Nashik (Maharashtra)

Listed at
Mumbai, Delhi & Calcutta

Share Transfer Agent
IIT Corporate Services Ltd
IIT House, Off M Vasanji Road
Opp. Vazir Glass, Near J B Nagar
Andheri (East), Mumbai 400 059

Schrader Duncan Limited*39th Annual Report 1999-2000***Directors' Report**

Your Directors have pleasure in presenting their Thirty-ninth Report to the shareholders together with the Accounts for the year ended March 31, 2000. The operating results as disclosed in the Accounts are summarised below :

	1999-2000		1998-1999	
	Rupees	Rupees	Rupees	Rupees
Profit before charging depreciation and taxes		31,864,283		37,569,175
Less : Depreciation	2,338,774		1,968,639	
Provision for taxes	6,051,100		12,505,000	
(Excess)/Short Provision for taxes	133,855		(665,882)	
		8,573,729		13,807,757
Profit after charging depreciation and taxes		23,290,554		23,761,418
Balance carried from previous year				
		84,289,909		83,446,291
		107,580,463		107,207,709
Less : Interim dividend paid / Proposed	18,480,000		--	
Tax on Interim Dividend	2,032,800		--	
Proposed Final Dividend	--		18,480,000	
Tax on proposed Final Dividend	--		2,032,800	
		20,512,800		20,512,800
Transfer to General Reserve		2,329,000		2,405,000
Balance carried forward		84,738,663		84,289,909

Report  junction.com**Dividend**

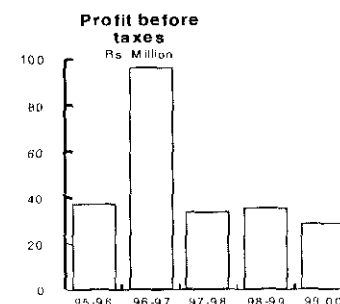
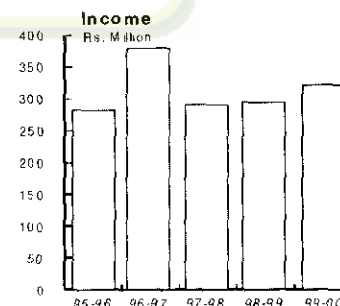
An interim dividend of 50% has been declared during the year. The Board of Directors have decided not to recommend any final dividend.

Production and Sales

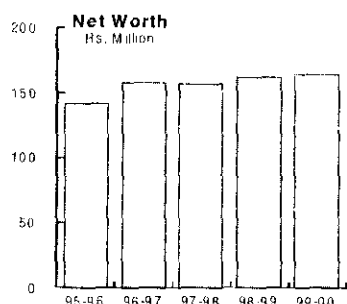
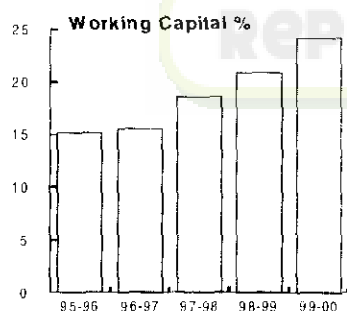
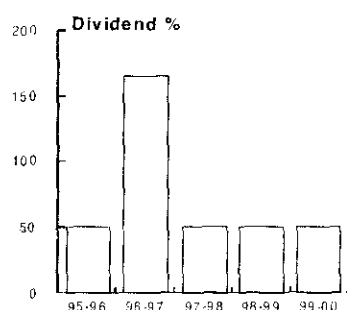
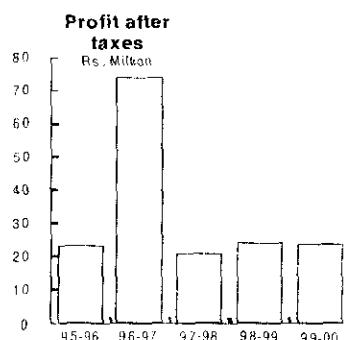
The company took full benefit of the revival in industrial growth with a growth of 19% in sales over sales in the previous year. The increase in production to meet the increased sales was achieved through higher capacity utilization.

The sales of Company's Automotive Products Division during the year ended March 31, 2000 were Rs. 197.68 million compared to Rs. 159.13 million for the previous year.

The sale of Company's Pneumatic Products Division during the year ended March 31, 2000 were Rs. 122.02 million compared to Rs. 109.89 million for the previous year.



Schrader Duncan Limited



Quality Certification

The Company has obtained ISO 9002 certification independently for its Automotive and Pneumatics divisions from Det Norske Veritas (DNV)

Raw Materials

The availability of raw materials did not pose any significant problems during the year.

Finance

The overall financial position of the Company remains satisfactory though the cash flow is under considerable strain owing to an increase in age of receivables and increase in imports.

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 in accordance with Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 is annexed.

Y2K Compliance

Timely actions helped the information system in the company enter year 2000 without any glitches.

Industrial Relations

Industrial Relations were smooth during the year with all sections of employees.

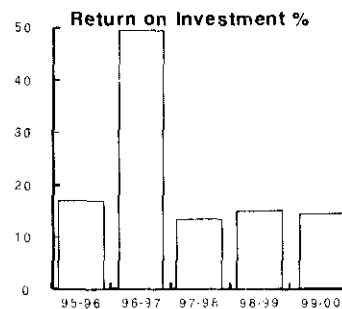
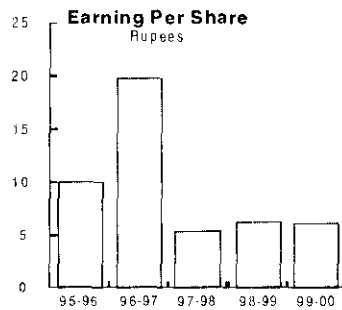
Details pursuant to the requirements of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975 are given in an annexure.

Expansion and Diversification

The Schrader Automotive Division has developed special products for application outside the tyre industry such as Closing Valve Assemblies for pressure monitoring, Thermoplastic Hoses for OTR and Valves for gas filling in shock absorbers. The Company's Pneumatics Division launched several new products such as ISO cylinders, high flow valves and accessories.

Associated Polymers Limited

Apart from mixing rubber for its parent Company Schrader Duncan Limited, Associated Polymers Limited has its capacity dedicated to a customer for primary mixing of rubber. During the year ended March 31, 2000, the company processed 1246 M.T. of rubber compound against 473 M. T. in the previous year.



Directors

In terms of Article 109 of the Company's Articles of Association, Mr. V. N. Nadkarni was appointed Additional Director of Company with effect from May 31, 2000. Mr. V. N. Nadkarni holds office upto the date of the Annual General Meeting. As required under section 257 of the Companies Act, 1956, the Company has received notice from a Shareholder proposing his appointment as a Director.

To appoint a Director in place of Mr. A. Goenka who retires by rotation and is eligible for re-appointment.

Auditors

M/s. Price Waterhouse & Co., Chartered Accountants, retire at the Annual General Meeting and are eligible for re-appointment. A certificate under Section 224(1) of the Companies Act has been received from them.

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On behalf of the Board of Directors

A. L. Narasimhan
Managing Director

R. C. Khanna
Director

Mumbai, May 31, 2000

Schrader Duncan Limited

Annexure to the Directors' Report

A. Conservation of Energy

Successful trials carried out for energy saving on window airconditioners with the use of energy saving device.

The device will be installed on all window airconditioners in the plant.

Study is on to install a energy saving device in the LDO line that heats up the Thermopack unit for the Vulcanising presses.

B. Technology Absorption

Research and Development (R & D)

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

Schrader Automotive Products :

Development of new products viz. Thermoplastic high pressure hoses for OTR.

Introduction of counter bore on valves to facilitate core fixing.

Teflon assembly machine re-engineered to perform sleeve cutting for 2-piece core.

Schrader Pneumatic Products :

Brass tubes substituted by hard anodised aluminium tubes for 38, 57 and 63.5 mm dia cylinders.

Import substitution of air cylinders for aluminium smelters with completely indigenously sourced components.

Customised products developed for printing and plastic machinery manufacturers.

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

Schrader Automotive Products :

Opening up of a new market in which we are first. As an import substitute, the product commands better price and margins.

Customer satisfaction.

Productivity is higher than obtained from the conventional shaker machine.

Schrader Pneumatic Products:

While offering advantages of light weight and improved seal life, substitution of brass tube with internally treated aluminium yields distinct cost reduction.

There is significant potential for the air cylinder for aluminium smelter.

Special application products often substitute expensive imports for the customer simultaneously yielding to the company, leverage and extra margins.

3. Future Plan of Action :-**Schrader Automotive Products :**

Development of rubber compound for reversion resistance.

Indegenisation of components for 2-piece core.

Development of hoses for different applications.

Schrader Pneumatic Products :

Development of miniature range of cylinders upto 12 mm dia using aluminium tubes.

Development of M5 and 1/8" size compact valves to go with miniature cylinders.

Development of customised products will continue.

4. Expenditure on R & D :-

a) Capital	Rs. Nil
b) Recurring	Rs. 0.858 million
c) Total	Rs. 0.858 million
d) Total R & D expenditure as a percentage of total turnover	0.27%

Technology Absorption, Adoption and Innovation.

We continue to receive from our collaborators know-how in various operations, yielding improvements in costs and quality of our products and in productivity in our manufacturing operations.

C. Foreign Exchange Earnings and outgo

The Company has been making continuous efforts to increase its exports.

During the year, the Company has earned foreign exchange through exports of Rs. 12.78 millions and spent foreign exchange of Rs. 34.77 millions as per details given in note nos. 13 and 10, 11 and 12 of Schedule 12.

Schrader Duncan Limited

Auditors' Report

To

The Members of

SCHRADER DUNCAN LIMITED

1. We report that we have audited the Balance Sheet of SCHRADER DUNCAN LIMITED as at March 31, 2000 and the relative Profit and Loss Account for the year ended on that date, both of which we have signed under reference to this report.
2. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account together with the notes thereon and annexed thereto, give, in the prescribed manner the information required by the Companies Act, 1956 of India ("the Act"), and also give respectively, a true and fair view of the state of the company's affairs as at March 31, 2000 and its profit for the year ended on that date.
3. In our opinion and to the best of our information, the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and referred to in Section 211(3C) of the Act.
4. We draw your attention to Note 5 on Schedule 12 regarding the Year 2000 problem. It may be noted in this connection that an audit is not intended, designed nor performed to provide and accordingly does not provide any assurance that the Company's internal systems or those of its external dependencies are/or will be Year 2000 compliant and we are, therefore, unable to comment on the Management's opinion in this regard.
5. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit. In our opinion, proper books of account have been kept as required by law so far as appears from our examination of the books and the above mentioned accounts are in agreement therewith.
6. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 dated 7th September 1988 and issued by the Central Government of India and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that :
 - (i) a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
 - b) The fixed assets of the Company have been physically verified by the Management according to a phased programme designed to cover all items over a period of two years, which we consider reasonable. Pursuant to the programme, a physical verification was carried out during the year and this revealed no material discrepancies.