



## **Schrader Duncan Limited**

**Reports & Accounts** to 31 March 200

## Schrader Duncan Limited

### Ten Year Review

Rs. Million

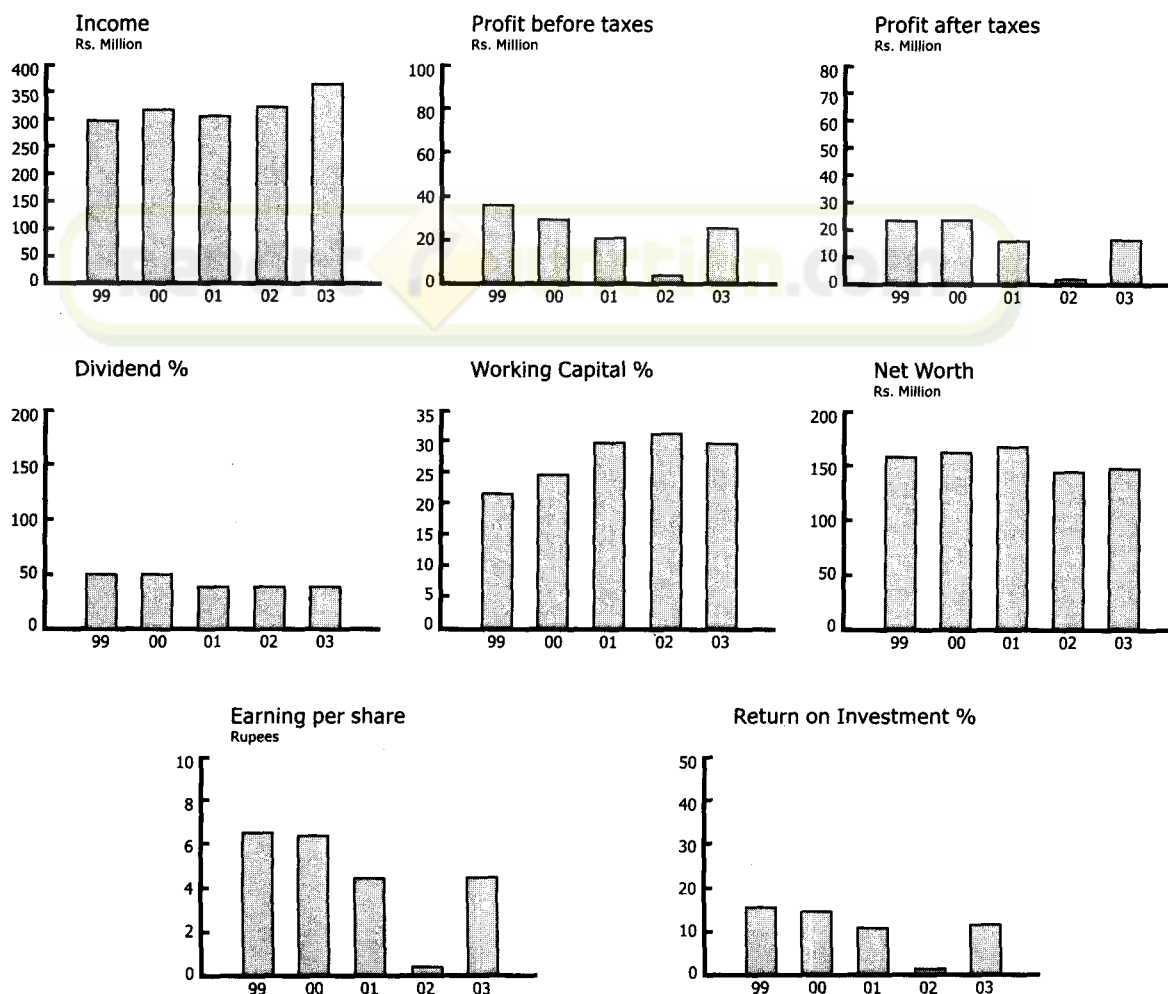
Accounting Year	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Income	205.84	249.13	280.27	366.69	288.49	293.59	319.71	306.48	321.28	364.77
Profit before taxes	34.09	32.41	37.12	95.99	32.35	35.60	29.48	20.18	4.60	24.76
Profit after taxes	20.05	18.86	23.12	73.38	20.30	23.76	23.29	16.25	2.41	16.30
Dividend %	40.00	50.00	50.00	165.00	50.00	50.00	50.00	35.00	35.00	35.00
Working Capital %	20.14	16.08	15.12	15.67	18.85	21.35	24.34	29.53	30.66	29.53
Net Worth	127.12	136.74	141.38	151.93	151.90	155.15	157.92	154.92	147.91	149.61
Earning per share ** Rs.	12.40	10.21	10.01	19.85	5.49	6.43	6.30	4.40	0.65	4.41
Return on Investment %	16.60	14.30	16.62	49.94	13.33	15.48	14.88	10.23	1.56	10.96

\*\* The original number of 350,000 shares as 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.

\*\*\*\*\* Includes exceptional provision for diminution in value of UTI's US-64 scheme.



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## Board of Directors

**Mr. J. P. Goenka**  
Chairman

**Mr. A. L. Narasimhan**  
Managing Director

**Mr. A. Goenka**

**Mr. Lou Braga**

**Mr. R. A. Shah**  
Alternate to Mr. Lou Braga

**Mr. Brian Harris**

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

**Mr. V. N. Nadkarni**

**Mr. S. Srinivas**  
Company Secretary

**Auditors**  
Price Waterhouse & Co

**Registered Office**  
L B S Marg, Mulund  
Mumbai 400 080

**Bankers**  
State Bank of India

**Plants**  
Mumbai (Maharashtra)  
Nashik (Maharashtra)

**Legal Advisors**  
Crawford Bayley & Co

**Branch Offices**  
31, Netaji Subhash Road  
Kolkata 700 001

**Share Transfer Agent**  
IIT Corporate Services Ltd  
Protoprima Chambers, 3rd Floor,  
Suren Road, Andheri (E), Chakala,  
Mumbai - 400 093.

Hindustan Times House  
Kasturba Gandhi Marg  
New Delhi 110 001

**Listed at**  
Mumbai, Delhi & Kolkata

**Notice**

NOTICE is hereby given that the Forty Second Annual General Meeting of the Shareholders of SCHRADER DUNCAN LIMITED will be held at Ashoka Hall, Arcadia, NCPA Marg, Nariman Point, Mumbai 400 021 on Friday, July 18, 2003 at 3.00 p.m for transacting the following business:

**Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2003 and Profit and Loss Account for the year ended, on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend, if any.
3. To appoint a Director in place of Mr. A. Goenka who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration.

**Special Business:**

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

RESOLVED THAT in partial modification of Resolution No. 6 passed at the Forty First Annual General Meeting of the Company held on July 29, 2002 in respect of re-appointment and remuneration of Mr. A. L. Narasimhan, Managing Director and in accordance with the provisions of sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the revised terms of remuneration including perquisites and allowances of Mr A. L. Narasimhan, with effect from April 4, 2003 as the board may consider appropriate from time to time within the overall limits under the aforesaid provisions and as set out in the draft agreement and the salient terms whereof are set out in the Explanatory Statement hereto.

RESOLVED FURTHER THAT due to inadequacy of profits in 2002-03 the remuneration paid, as also for April 4, 2003 to April 3, 2005 payable to Mr. A. L. Narasimhan, Managing Director be and is hereby approved and ratified as minimum remuneration.

RESOLVED FURTHER THAT pursuant to the provisions of section 309(3) read with section 198(4) and other applicable provisions of the Companies Act, 1956, remuneration as may be admissible within the overall limits prescribed under the aforesaid Provisions, be paid and provided to Mr. A. L. Narasimhan as minimum remuneration, notwithstanding absence or inadequacy of profits of the company in any financial year during the term of office of Mr. A. L. Narasimhan as Managing Director of the company.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised from time to time to amend, alter or otherwise vary the terms and conditions of the appointment of Mr. A. L. Narasimhan, including remuneration, provided such remuneration shall not exceed the maximum limits for payment of managerial remuneration as may be admissible within the overall limits of Schedule XIII to the Companies Act, 1956, as existing or as amended, modified or re-enacted from time to time by the Government of India, as the Board may deem fit.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to do all such acts, deeds, matters and things, as in its absolute discretion, it may consider necessary, expedient or desirable, in order to give effect to the foregoing resolution or otherwise considered by it to be in the best interests of the company as set out in the draft agreement submitted to this meeting and for identification signed by a Director thereof, which Agreement is specially sanctioned with liberty to the Board of Directors to alter and vary terms and conditions of the said remuneration and/or Agreement in such manner as may be agreed to between the Directors and Mr. A. L. Narasimhan.

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

"Resolved that subject to the provision of the Securities Contracts (Regulation) Act, 1956, Listing agreements with the Stock Exchanges and Guidelines/Rules of the Securities & Exchange Board of India and all applicable laws, rules, regulations and guidelines as may be

applicable and subject to such approvals as may be required, consent of the Company be and is hereby accorded to the Board of Directors to de-list Equity shares of the company from the Stock Exchanges at Delhi and Kolkatta at one time or from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do such acts, deeds and things that may be necessary, expedient and desirable for the purpose of giving effect to this resolution.

**NOTES:**

1. The Register of Members and Share Transfer Books of the Company will remain closed from July 2, 2003 to July 16, 2003 both days inclusive in terms of the provisions of Section 154 of the Companies Act, 1956.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. Those members who have so far not encashed their dividend warrant for the below mentioned financial years may claim or approach the Company for payment as the same will be transferred to the "Investor Education and Protection Fund" of the Central Government pursuant to the introduction of Section 205C by the Companies (Amendment) Act, 1999 on the dates mentioned hereunder.

1995-1996	September 25, 2003
1996-1997	November 8, 2003
1996-1997	October 8, 2004
1997-1998	January 19, 2005
1997-1998	October 30, 2005.
1998-1999	September 9, 2006.
1999-2000	June 1, 2007
2000-2001	September 1, 2008
2001-2002	September 1, 2009

4. An Explanatory Statement in respect of items no. 3,5 & 6 pursuant to Section 173 (2) of the Companies Act, 1956 is annexed to this notice. Further a statement containing the information pursuant to para 1(b) of section II of part II of schedule XIII to the said Act, in respect of the said item is also annexed hereto and forms part of the Notice.

**Registered Office:**  
L B S Marg, Mulund, Mumbai 400 080

By Order of the Board

May 22, 2003

**A . L . Narasimhan**  
Managing Director

**Annexure to Notice**

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

**Item No 3.**

A graduate in Commerce from the University of Kolkata, Mr Arvind Goenka, aged about 41 years, is an industrialist hailing from the family headed by (Late) Sir Badridas Goenka and is directly associated with the renowned multi-industry group namely Duncans. In his association with Anglo India Jute Mills Limited, Oriental Carbon & Chemicals Limited, Schrader Duncan Limited and Pennzoil (India) Limited, Mr Goenka's has been an experience of over 18 years.

Currently he is involved in the operations of Oriental Carbon & Chemicals Limited as a Director. He is also on the Board of Directors of Schrader Duncan Limited, Asahi Songwon Colours Limited and eQuation India.Com Private Limited.

Mr. Goenka is a member of the following Committees :

1. Oriental Carbon & Chemicals Limited  
Shareholders' / Investors' Grievance & Share Transfer Committee.
2. Schrader Duncan Limited  
Audit Committee.

Mr Goenka has successfully steered the diversification programme of Oriental Carbon & Chemicals Limited and set up facilities to manufacture Insoluble Sulphur-an import substitute material, which has a very strong growth potential.

**Item No 5.**

At the Forty First Annual General Meeting of the Company held on July 29, 2002, the shareholders had approved the re-appointment of Mr A. L. Narasimhan, Managing Director of the Company on the terms and conditions and remuneration as contained in the Explanatory Statement forming part of the Notice of the said Annual General Meeting.

The Department of Company Affairs, New Delhi has by its Notification No. GSR.36(E) dated January 16, 2002 amended Schedule XIII to the Companies Act, 1956, by revising and liberalising the limits for payment of managerial remuneration by companies having no profits or inadequate profits. As per the said notification such companies are now permitted to pay remuneration, on a graded scale based on the effective capital, upto maximum of Rs 48 lacs per annum or Rs 4 lacs per month as against the earlier limits of Rs 24 lacs per annum or Rs 2 lacs per month, subject to certain conditions including approval of such remuneration by a Remuneration Committee and the approval of the shareholders by way of a special resolution.

Accordingly, pursuant to the aforesaid Notification, the Remuneration Committee of Directors as well as the Board of Directors have at their meetings held on May 22, 2003, approved the remuneration for the financial year 2002-03 and also the revised terms and conditions of payment of remuneration to Mr A. L. Narasimhan.

An abstract of the terms and conditions of the remuneration and perquisites payable to Mr. A. L. Narasimhan with effect from April 4, 2003 is given hereinbelow:

**1. SALARY**

2003-04	Rs 67,500 per month
2004-05	Rs 75,000 per month

**2. PERFORMANCE BONUS**

Not exceeding an amount equal to the Annual Salary, as may be determined by the Board of Directors of the Company in exercise of its discretion at the end of each financial year, subject to the overall ceiling stipulated in sections 198 and 309 of the Companies Act, 1956.

The Board may while exercising its discretion take the following norms into consideration:

Upto Rs 810,000 (2003-04) and Rs 900,000 (2004-05) based on achieving financial, tactical and strategic objectives as per Schrader-Bridgeport International Inc., U.S.A performance measurement parameters as below:

	2003-04	2004-05
Financial OCF	405,000	450,000
Tactical Action	202,500	225,000
Strategic achievements	202,500	225,000

**3. PERQUISITES**

Mr. A L Narasimhan shall be entitled to the following perquisites in addition to Salary and Performance Bonus, provided however that the total value of perquisites listed in category 'A' and 'B' (except as stated otherwise) shall be restricted to an amount equal to his annual salary or Rs 810,000 (2003-04) and Rs 900,000 (2004-05) per annum, respectively whichever is less.

**CATEGORY A****i. Housing**

- a. Free unfurnished residential accommodation owned or hired or leased by the Company, provided however, that expenditure incurred by the Company on hiring unfurnished accommodation will be subject to a ceiling of 50% of his salary over and above 10% payable by the Managing Director.

OR

- b. In case accommodation is owned by the Company 10% of the salary of Managing Director shall be deducted by the Company.

OR

- c. In case no accommodation is provided by the Company, the Managing Director shall receive House Rent Allowance at the rate of 70% of his salary.

**ii. Medical Allowance**

The Managing Director shall be entitled to medical allowance for himself and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three consecutive years commencing April 4, 2002 to April 3, 2005.

**iii. Leave Travel Allowance**

The Managing Director shall be entitled to leave travel allowance to proceed on leave along with his family to any place in India, once in a year, in accordance with the Rules of the Company subject to a ceiling of Rs 168,750 (2003-04) & Rs. 187,500 (2004-05) per year.

**iv. Club Fees**

The Managing Director shall be entitled to payment/reimbursement of fees (excluding admission and life membership) of one club. This will not be included in the computation of ceiling on perquisites stated above.

**v. Insurance**

Premium not to exceed Rs 6,750 (2003-04) & Rs 7,500 (2004-05) per annum.

**Explanation**

- i. For the purpose of Category 'A' perquisites, "family" means the spouse and dependent children and dependent parents of the Managing Director.
- ii. Limits mentioned in each of the above perquisites is indicative and will not restrict the total drawal of perquisites by the Managing Director upto the annual ceiling amount mentioned above.

**CATEGORY B**

- i. The Managing Director shall be entitled to the benefit of contributions to the Provident Fund Scheme, and/ or Superannuation Fund Scheme and/or Annuity Fund Scheme of the Company. Contributions thereto shall not be included in the computation of the ceilings on perquisites stated above to the extent that such contributions are not taxable under the Income Tax Act, 1961.
- ii. The Managing Director shall be entitled to the benefit of Gratuity scheme of the Company in force at the time of end of his tenure. Provided however, that the gratuity payable to him shall not exceed his half a month's salary for each completed year. It will also not be included in the computation of the ceilings on perquisite stated above.
- iii. The Managing Director shall also be entitled to the benefit of encashment of leave as per the Rules of the Company in force at the time of the end of his tenure as permitted by the revised Schedule XIII to the Companies Act, 1956. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites stated above.



**CATEGORY C**

The Company shall provide the Managing Director a Car for use on Company's business and telephone at residence provided however that personal long distance calls on telephone and use of Car for private purpose shall be billed by the Company to the Managing Director. A driver may be hired by the Managing Director for which the Company shall compensate the Managing Director at Rs 4,500 per month. During any period that the company's driver is available, reimbursement will not be made for such period.

**4. MINIMUM REMUNERATION**

Notwithstanding anything to the contrary herein contained, where, in any financial year, during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay a remuneration as per Section II of Part II of Schedule XIII to the Companies Act, 1956 as amended from time to time.

The remuneration for the Financial Year 2002-03 as the minimum remuneration has also been approved by members at the AGM held on July 29, 2002. However, due to inadequacy of profits the same is put up for ratification.

The remuneration for the Financial Years 2003-04 and 2004-05 has been revised upward and therefore, the resolution for payment of revised remuneration as minimum remuneration is proposed for your approval.

All other terms and conditions of appointment of the Managing Director as contained in the Agreement earlier into between the company and Mr. A L Narasimhan, Managing Director and as detailed in the explanatory statement to the notice convening the Annual General Meeting held on July 29, 2002 remain unchanged.

**5. MEMORANDUM OF INTEREST**

Mr. A. L. Narasimhan, Managing Director, may be deemed to be concerned or interested in the above since it relates to the terms of his remuneration.

In compliance with the provision of section 269 and 309 of the Companies Act, 1956 a special resolution in terms as set out in item 5 of the Notice is now being placed before the members for their approval.

Your Directors recommend the resolution for acceptance.

The draft agreement entered by the company with Mr. A. L. Narasimhan is available for inspection of the members at the Registered Office of the company between the hours of 10 a.m and 12 noon on any working day of the company (except Saturday).

This may be treated as an abstract of the terms of variation pursuant to section 302 of the Companies Act, 1956

**I. General Information as required under Section II 1(B), Part II of Schedule XIII to the Companies Act, 1956 :**

1. Nature of Industry : The company is in the manufacture of Tyre Tube Valves and Pneumatic Products.
2. Date or expected date of commencement of commercial production : The Company was incorporated on March 29, 1961.
3. Financial performance based on given indicators – as per published audited financial results for the year ended March 31, 2003.

	<b>Rs.000 Actual April 2002 to Mar 2003</b>	<b>Rs.000 Actual April 2001 to Mar 2002</b>
Sales	<b>364,774</b>	321,276
Other Income	<b>2,584</b>	14,780
Total Expenditure	<b>336,070</b>	306,008
Interest and Financial Charges	<b>3,974</b>	4,909
Depreciation	<b>2,558</b>	2,497
Profit Before Tax & Exceptional Item	<b>24,757</b>	22,642
Less : Provision for Diminution in value of Invst in US-64	-	18,047
Profit after Exceptional Item & before Tax	<b>24,757</b>	4,595
Less : Provision for Taxation	<b>8,640</b>	5,967
Add : Deferred Tax	<b>(180)</b>	(3,778)
Net Profit after Tax	<b>16,297</b>	2,406

4. Export performance and net foreign exchange collaborations

Particulars	<b>Rs. in Lakhs March 31, 2003</b>	<b>Rs. in Lakhs March 31, 2002</b>
FOB value of exports	<b>47.37</b>	60.80
Others	<b>4.24</b>	5.19

5. Foreign investments or collaborators, if any.

Schrader Bridgeport International Inc., U.S.A holds 50% equity shares in the Company.

**II. Information about the appointee:**

- Background details : Mr A L Narasimhan aged 58 years, is a B.Tech (Hons) from IIT Powai, Mumbai. He joined the company as General Manager – Sales & Operations of the Pneumatics Division in June 1988.
- Past remuneration for the financial year 2001-02.

Particulars	<b>In Rupees (per annum)</b>
Salary	<b>480,000</b>
Perquisites (House Rent, Leave Travel, Medical Allowance etc.)	<b>492,200</b>
Performance bonus	<b>400,000</b>
Total	<b>1,372,200</b>

Note : Contributions to Provident Fund, Superannuation Fund and Gratuity Fund are excluded from the above remuneration.

- Recognition or awards : Member of the Core Group of CII-Fluid Power Division on industry linkages with educational institutes.