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Schrader Duncan Limited

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Annual Report 2003 - 2004

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Schrader Duncan Limited

Ten Year Review

Rs. Million

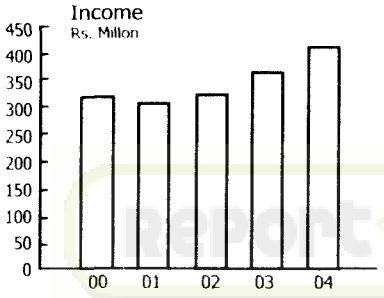
Accounting Year	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Income	249.13	280.27	366.69	288.49	293.59	319.71	306.48	321.28	364.77	411.72
Profit before taxes	32.41	37.12	**** 95.99	32.35	35.60	29.48	20.18	***** 4.60	24.76	36.34
Profit after taxes	18.86	23.12	**** 73.38	20.30	23.76	23.29	16.25	***** 2.41	16.30	22.95
Dividend %	50.00	50.00	165.00	50.00	50.00	50.00	35.00	35.00	35.00	45.00
Working Capital %	16.08	15.12	15.67	18.85	21.35	24.34	29.53	30.66	29.53	27.28
Net Worth	136.74	141.38	151.93	151.90	155.15	157.92	150.92	147.91	149.61	153.80
Earning per share ** Rs.	10.21	*** 10.01	**** 19.85	5.49	6.43	6.30	4.40	***** 0.65	4.41	6.21
Return on Investment %	14.30	16.62	**** 49.94	13.33	15.48	14.88	10.23	***** 1.56	10.96	15.13

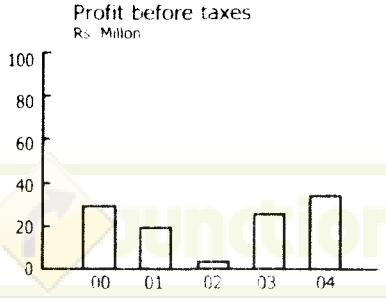
** The original number of 350,000 shares as increased to 385,000 in 1967-68 to 462,000 in 1970-71 to 924,000 in 1975 to 1,848,000 in 1993-94 and to 3,696,000 in 1995-96 through Bonus Issues.

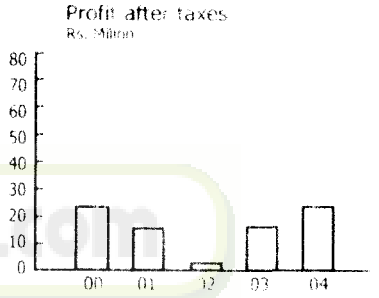
*** Computed on Weighted Average Capital.

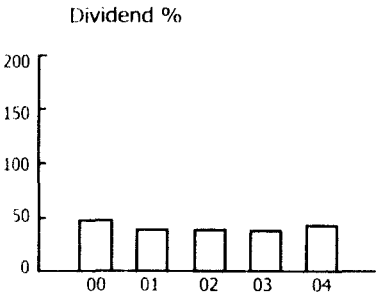
**** One time profit on sale of a Fixed Asset.

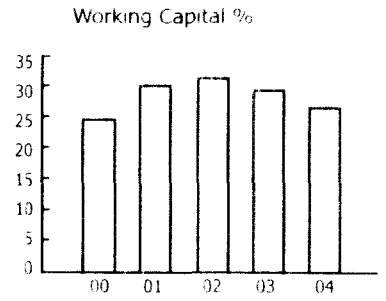
***** Includes exceptional provision for diminution in value of UTI's US-64 scheme

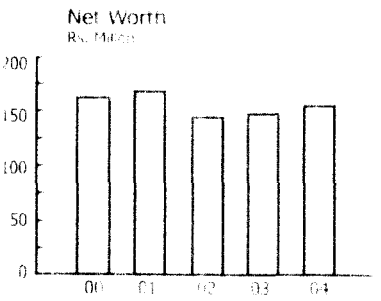


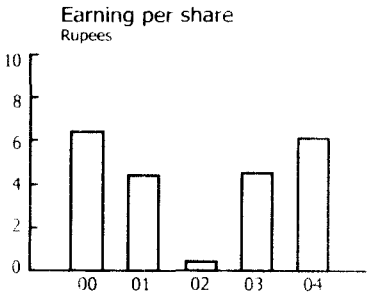


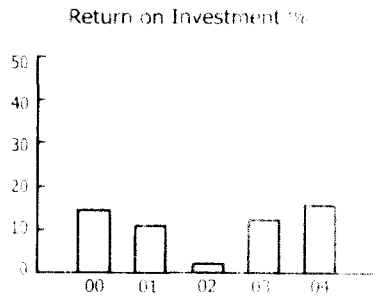












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Registered Office
L B S Marg, Mulund
Mumbai 400 080

Plants
Mumbai (Maharashtra)
Nashik (Maharashtra)

Branch Offices
31, Netaji Subhash Road,
Kolkata 700 001

Hindustan Times House
Kasturba Gandhi Marg
New Delhi 110 001

Auditors
Price Waterhouse & Co.

Bankers
State Bank of India

Legal Advisors
Crawford Bayley & Co.

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

Listed at
Mumbai, Delhi & Kolkata

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Board of Directors

Mr. J. P. Goenka	Chairman
Mr. A. L. Narasimhan	Managing Director
Mr. A. Goenka	Director
Mr. Lou Braga	Director
Mr. Steve Lutz	Director
Mr. Brian Bauer	Director
Mr. V. N. Nadkarni	Director
Mr. R. A. Shah	Alternate to Mr. Lou Braga
Mr. R. C. Khanna	Alternate to Mr. Steve Lutz

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NOTICE

NOTICE is hereby given that the Forty Third 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 July 27, 2004 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, 2004 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 a dividend, if any.

3. To appoint a Director in place of Mr. J P 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 as an Ordinary Resolution:

   RESOLVED THAT Mr. Steve Lutz be and is hereby appointed a Director of the Company, liable to retire by rotation.

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

   RESOLVED THAT Mr. Brian Bauer be and is hereby appointed a Director of the Company, liable to retire by rotation.

NOTES:

1. **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.**

2. The Register of Members and Share Transfer Books of the Company will remain closed from July 14, 2004 to July 27, 2004 both days inclusive in terms of the provisions of Section 154 of the Companies Act 1956.

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 the 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.

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
2002-2003	September 6, 2010

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4. An Explanatory Statement in respect of item no. 3 pursuant to Section 173 (2) of the Companies Act, 1956 is annexed to this notice.

5. Members are requested to intimate the change in their address, if any.

6. Members are requested to intimate their queries, if any, relating to the accounts or any other matters atleast seven days in advance so that the information can be made readily available and furnished at the meeting.

7. The Company has appointed IIT Limited as the Registrar and Share Transfer Agent for transfer of shares, both in physical IIT Corporate Services Ltd, Proto prima Chambers, 2nd Floor, Near Cinemagic, Suren Raod, Andheri (E), Mumbai 400 093, The shareholders may send their transfer requests and other share related queries either to the Company at the registered office of IIT Corporate Services Limited at the above.

8. The dividend as recommended by the Board, if sanctioned at the meeting, will be paid on or after July 29, 2004 to those members whose names appear on the Company's Register of Members on July 27, 2004 in respect of the shares in electronic form, the dividend will be payable on the basis of benefical ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.

9. Member are requested to notify immediately any change in their address/bank mandate to their Depository Participants (DPs) in respect of their respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company at IIT Corporate Services Limited , Proto Prima Chambers, 2nd Floor, Near Cine Magic, Suren Road, Andheri (E), Mumbai – 400 093 in respect of their physical share folios, if any.

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

By Order of the Board

A. L. Narasimhan
Managing Director

May 27, 2004

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Annexure to Notice

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

Item No 3

Mr J P Goenka is an industrialist hailing from the family headed by (Late) Sir Badridas Goenka and is associated with the renowned multi-industry group namely Duncans. He has been directly involved in the operations of Jute and Cotton textile units. Currently, he is Chairman of Oriental Carbon & Chemicals Limited, Schrader Duncan Limited and Duncan International (India) Ltd.

Mr. Goenka is a member of the following Committees:

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

Item No 5

Mr Steve Lutz was appointed as an Additional Director from July 18, 2003. As such, Pursuant to Section 260, of the Companies Act, 1956, Mr Steve Lutz holds office of a Director upto the date of this Annual General Meeting. It is proposed to appoint Mr Steve Lutz as a Director liable to retire by rotation. A notice in writing, pursuant to Section 257 of the Companies Act, 1956, has been received from a member entitled to propose Mr. Steve Lutz as a candidate for the office of Director, at the Annual General Meeting, alongwith the requisite deposit as required under that section.

Except Mr Steve Lutz, none of the Directors of the company is concerned or interested in the resolution.

Item No 6

Mr Brian Bauer was appointed as an Additional Director from July 18, 2003. As such, Pursuant to Section 260, of the Companies Act, 1956, Mr Brian Bauer holds office of a Director upto the date of this Annual General Meeting. It is proposed to appoint Mr Brian Bauer as a Director liable to retire by rotation. A notice in writing, pursuant to Section 257 of the Companies Act, 1956, has been received from a member entitled to propose Mr Brian Bauer as a candidate for the office of Director, at the Annual General Meeting, alongwith the requisite deposit as required under that section.

Except Mr. Brian Bauer, none of the Directors of the company is concerned or interested in the resolution.

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

By Order of the Board

May 27, 2004

A. L. Narasimhan
Managing Director

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Directors' Report

Your Directors have pleasure in presenting their forty third report to the shareholders together with the accounts for the year ended March 31, 2004. The operating results as disclosed in the accounts are summarised below :

	2003-2004		2002-2003	
	Rupees	Rupees	Rupees	Rupees
Profit before charging depreciation and taxes		**39,628,446**		27,315,288
Less : Depreciation		**3,285,401**		2,557,874
Profit before tax		**36,343,045**		24,757,414
Provision for Tax				
Current Tax	**13,414,033**		8,640,100	
Deferred Tax	**(20,212)**	**13,393,821**	(179,611)	8,460,489
Profit after tax		**22,949,224**		16,296,925
Balance carried from previous year		**74,414,023**		74,340,200
		97,363,247		90,637,125
Less : Proposed Dividend	**16,632,000**		12,936,000	
Tax on proposed Dividend	**2,130,559**		1,657,102	
		18,762,559		14,593,102
Transfer to General Reserve		**2,295,000**		1,630,000
Balance carried forward		**76,305,688**		74,414,023

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Dividend

The Directors are pleased to recommend for consideration of the shareholders a dividend of 45 % for the year on the existing share capital of Rs. 36,960,000 amounting to Rs.16,632,000 and tax on proposed dividend of Rs.2,130,559 for which provision has been made in the accounts.

Operations

The sales of the Company's Automotive Products during the year ended March 31, 2004 were Rs. 234.50 million compared to Rs. 221.39 million during the previous year.

The sales of Company's Pneumatic Products during the year ended March 31, 2004 were Rs. 177.20 million compared to Rs. 143.38 million during the previous year.

The combined sales of the company's two divisions were Rs 411.70 million compared to Rs 364.77 million during the previous year representing a growth of 12.9%.

The availability of raw materials did not pose any significant problems during the year. However the cost of copper registered a sharp increase in the second half of the year pushing cost of brass rods steeply.

Finance

The Company's management of finance ensured smooth operations. The cost of working capital was brought down by availing of lower interest bearing facilities. The savings were significant.

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

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 as amended from time to time is not applicable.

Expansion and Diversification

Encouraged by a continuing growth in sales , the Automotive Division is working out plans for yet another vulcanising press and balancing equipment to augment capacity. One press was added in the previous year and has been commissioned.

Constant upgradation and expansion of ranges of products such as two way valves sustains the division's momentum on sales.

Associated Polymers Limited

During the year ended March 31, 2004 the company processed 420 M.T. of rubber compound against 634 M.T. in the previous year. The drop was on account of one major customer having established in-house mixing facility and resultant loss orders.

Directors

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

Directors Responsibility Statement

i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure;

ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

iv) that the directors had prepared the annual accounts on a going concern basis.

Corporate Governance

As per clause 49 of the Listing Agreement with the Stock Exchanges, a section on Corporate Governance and Management Discussion and Analysis together with a certificate from the Company's Auditor confirming compliance is set out in the Annexure forming part of this report.

Auditors

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

On behalf of the Board of Directors

J. P. Goenka
Chairman

Mumbai, May 27, 2004

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