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Schrader Duncan Limited

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Annual Report 2004-2005

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Schrader Duncan Limited

Ten Year Review

Rs. Million

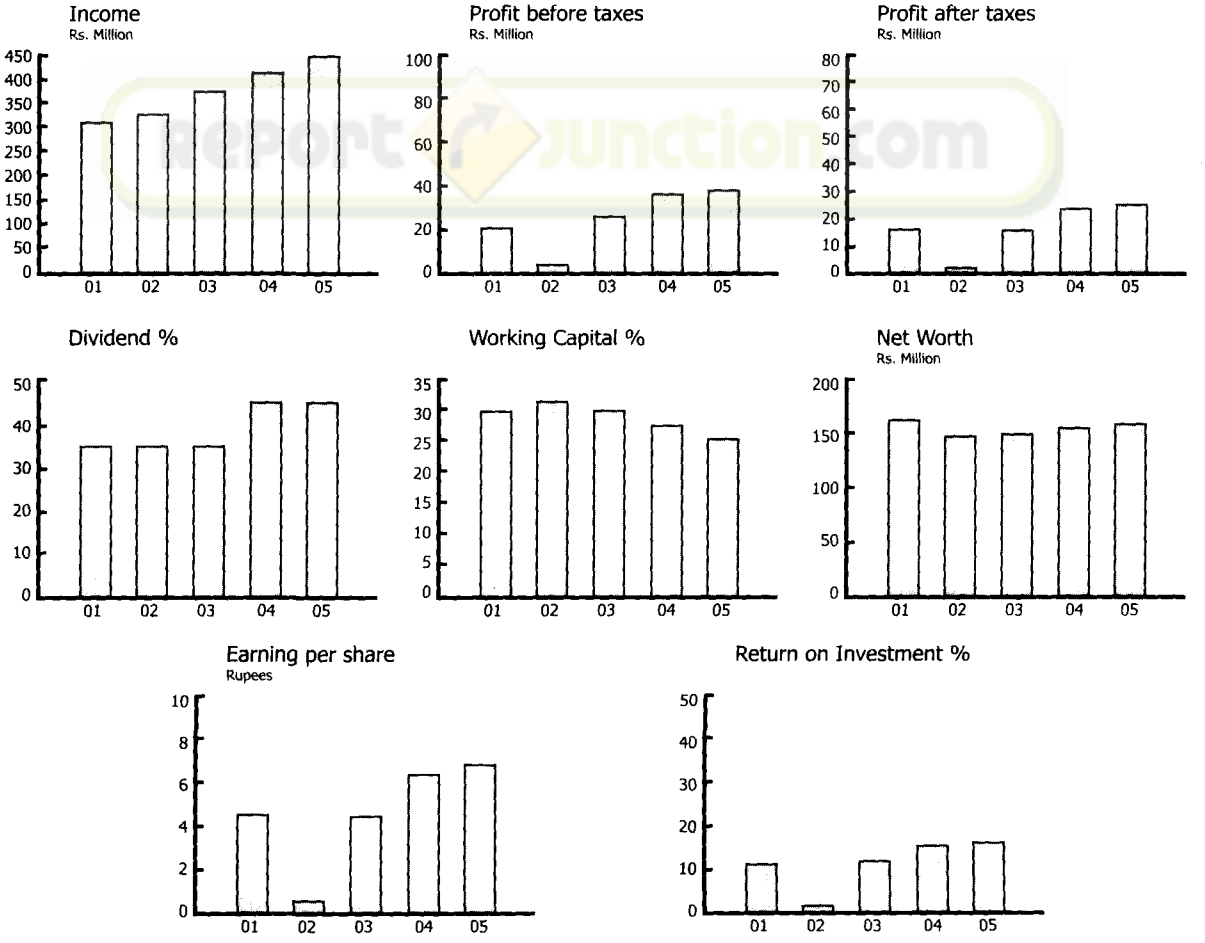
Accounting Year	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Income	280.27	366.69	288.49	293.59	319.71	306.48	321.28	364.77	411.72	447.36
Profit before taxes	37.12	**** 95.99	32.35	35.60	29.48	20.18	***** 4.60	24.76	36.34	37.09
Profit after taxes	23.12	**** 73.38	20.30	23.76	23.29	16.25	***** 2.41	16.30	22.95	25.01
Dividend %	50.00	165.00	50.00	50.00	50.00	35.00	35.00	35.00	45.00	45.00
Working Capital %	15.12	15.67	18.85	21.35	24.34	29.53	30.67	29.53	27.28	25.07
Net Worth	141.38	151.93	151.90	155.15	157.92	159.92	147.91	149.61	153.80	156.67
Earning per share ** Rs.	*** 10.01	**** 19.85	5.49	6.43	6.30	4.40	***** 0.65	4.41	6.21	6.77
Return on Investment %	16.62	***** 49.94	13.33	15.48	14.88	10.23	***** 1.56	10.96	15.13	15.96

** 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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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
MCS Limited
Shri Venkatesh Bhavan,
Plot No.27, Road No.11,
M.I.D.C. Area Andheri (E),
Mumbai 400 093.

Listed at
Mumbai & Kolkata

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Board of Directors

Mr. J. P. Goenka	Chairman
Mr. A. L. Narasimhan	Managing Director
Mr. A. Goenka	Director
Mr. James C. Pelletier	Director
Mr. Steven Lutz	Director
Mr. Lou Braga	Director
Mr. V. N. Nadkarni	Director
Mr. R. C. Khanna	Alternate to Mr. Steven Lutz
Mr. R. A. Shah	Alternate to Mr. Lou Braga

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NOTICE

NOTICE is hereby given that the Forty Fourth 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 Wednesday, July 27, 2005 at 4.15 p.m. for transacting the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2005 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. V. N. Nadkarni 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. James C Pelletier be and is hereby appointed as 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 resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of section 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the limits laid down in sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII, as amended by Notification GSR 36(E) dated January 16, 2002 consent of the company be and is hereby accorded to the Board of Directors of the Company (including remuneration committee thereof) for re-appointment of and payment of remuneration to Mr. A. L. Narasimhan as Managing Director of the company for a further period of 3 (three) years with effect from April 4, 2005 as may be admissible within the overall limits prescribed under the aforesaid Guidelines and as the Board may consider appropriate from time to time and as per terms set out in the explanatory statement.

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 Guidelines, 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, and prescribed under the said Guidelines, as existing or as amended, modified or re-enacted from time to time by the Government of India, as the Board may deem fit.

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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.

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, 2005 to July 27, 2005 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 2000 on the dates mentioned hereunder.

1997-1998	October 23, 2005	:	2001-2002	August 28, 2009
1998-1999	September 9, 2006	:	2002-2003	August 17, 2010
1999-2000	August 30, 2007	:	2003-2004	August 26, 2011
2000-2001	August 29, 2008			

4. An Explanatory Statements in respect of item no.3 pursuant to clause 49 and item no. 5 & 6 pursuant to Section 173 (2) of the Companies Act, 1956 are annexed to this notice.

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

6. MCS Limited is the Registrar and Share Transfer Agent of the company for transfer of shares, both in physical form and electronic form. The shareholders may send their transfer requests and other shares related queries either to the Company at the registered office or MCS Limited at the following address :-
MCS Limited, Sri Venkatesh Bhavan, Plot No. 27, Road No. 11, M.I.D.C. Area, Andheri (E), Mumbai – 400 093.

7. The dividend as recommended by the Board, if sanctioned at the meeting, will be paid on or after July 29, 2005 to those members whose names appear on the Company's Register of Members on July 27, 2005. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.

8. Member are requested to notify immediately any change in their address/bank mandate to their Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company at MCS Limited, Sri Venkatesh Bhavan, Plot No. 27, Road No. 11, M.I.D.C. Area, Andheri (E), Mumbai – 400 093 in respect of their physical share folios, if any.

By Order of the Board

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

A. L. Narasimhan
Managing Director

May 26, 2005

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Annexure to Notice

EXPLANATORY STATEMENTS:

Explanatory Statement pursuant to Clause 49(VI)(A):

Item No. 3

Mr. V. N. Nadkarni has been on the Board of the Company for over years 20 years. An outstanding banker, Mr. Nadkarni held the prestigious position as the Chairman & Managing Director of State Bank of India when he retired from service. He is highly respected member on the Board of the several companies that includes Clariant (India) Limited, Rallis India Limited etc.

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

Item No 5

Mr. James C. Pelletier was appointed as an Additional Director from October 29, 2004. As such, Pursuant to Section 260, of the Companies Act, 1956, Mr James C. Pelletier holds office of a Director upto the date of this Annual General Meeting. It is proposed to appoint Mr. James C. Pelletier 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. James C. Pelletier as a candidate for the office of Director, at the Annual General Meeting, along with the requisite deposit as required under this section.

Mr. James C. Pelletier is the Group Vice President of Schrader Bridgeport International Inc. and oversees the operations of the group's companies at various international locations. Mr. Pelletier holds a B.S. in engineering and was President of Mayfran, Cleveland Ohio, USA for several years before joining the group.

Except Mr James C Pelletier, none of the Directors of the company is concerned or interested in this resolution.

Item No 6

Appointment and Remuneration of Managing Director.

The Government by Notification GSR 36(E) dated January 16, 2002 revised Schedule XIII to the Act, enhancing the limits upto which remuneration and perquisite can be paid or granted to the Managing Director. The Board of Directors at their meeting held on January 19, 2005 resolved to re-appoint Mr. A. L. Narasimhan on the revised terms and conditions, including remuneration with effect from April 4, 2005 for a period of 3 (three) years. The remuneration and perquisite are within the permissible limits specified in the revised Schedule XIII. An abstract of the terms and conditions of the remuneration and perquisites payable to Mr. A. L. Narasimhan with effect from April 4, 2005 is given herein below:

1. **Salary**
   Rs. 80,000 per month

2. **Special Allowance**
   Mr. Narasimhan shall be entitled to Special Allowance of Rs. 9000/- p.m.

3. **Performance Bonus**
   Not exceeding an amount of Rs. 900,000 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. 900,000 based on achieving financial, tactical and strategic objectives as per Schrader-Bridgeport International Inc., U.S.A performance measurement parameters as below:

Financial OCF	450,000
Tactical Action	225,000
Strategic achievements	225,000

4. **Annual Perquisites**
   Mr. 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 of Rs. 730,000 per annum.

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Category A

i. **Housing**

The Managing Director shall receive House Rent Allowance of Rs. 57,500 per month.

ii. **Medical Reimbursement**

Expenses incurred by the Managing Director and his family shall be reimbursed subject to a ceiling of Rs. 15,000/- per annum.

iii. **Leave Travel Allowance**

The Managing Director shall be entitled to reimbursement of actual transportation expenses incurred by him and 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. 25,000 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.

Explanation

i. For the purpose of Category 'A' perquisites. "Family" means the spouse and dependent children and dependent parents of the Managing Director.

iii. Limits mentioned in each of the above perquisites are indicative and will not restrict the total drawl 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 the end of his tenure provided however, that the Gratuity payable to him shall not exceed his half-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 perquisite 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 company's driver is available, reimbursement shall not be made for such period.

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 remuneration as per Section II of Part II of Schedule XIII to the Companies Act, 1956.

All other terms, pertaining to the Managing Director's appointment, as detailed in the explanatory statement to the draft notice convening the Annual General Meeting, remain the same.

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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

Other terms and conditions

i. The Managing Director shall not directly or indirectly engage himself in any business, occupation or employment whatsoever provided however that it shall be permissible for Mr. A. L. Narasimhan to hold with the previous sanction of the Board any directorship or directorships of any other company or companies and the holding of any such directorships shall not be in contravention of this clause.

ii. The Managing Director shall not, so long as he functions as a Managing Director of the Company, become interested or otherwise concerned directly or through his wife and / or minor children if any, in any selling agency of the company without prior approval of the company.

iii. The appointment may be terminated by the company or by the Managing Director by giving not less than six months prior notice in writing.

iv. The agreement represents the entire agreement between the company and Mr. A. L. Narasimhan and cancels and supersedes all prior agreements, arrangements or understandings if any, whether oral or written, between the company and Mr. A. L. Narasimhan.

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 6 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).

I. General Information as required under part 1(B) section II, Part II of schedule XIII to the Companies Act, 1956:

1. **Nature of Industry :** The Company is in the manufacturer 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, 2005.

	(Rs. in '000) Actual 2004 - 2005	(Rs. in '000) Actual 2003 - 2004
Sales	**447,363**	411,719
Other Income	**11,719**	4,897
Total Expenditure	**416,880**	375,070
Interest and Financial Charges	**2,465**	1,918
Depreciation	**2,644**	3,285
Profit Before Tax	**37,093**	36,343
Less: Provision for Taxation	**12,409**	13,414
Add: Deferred Tax	**(324)**	(20)
Net Profit after Tax	**25,007**	22,949

4. **Export performance and net foreign exchange earnings:**

Particulars	**(Rs. in Lakhs) March 31, 2005**	(Rs. in Lakhs) March 31, 2004
FOB value of exports	**65.50**	40.52
Others	**4.18**	1.63

5. **Foreign investments or collaborators, if any.**

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

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