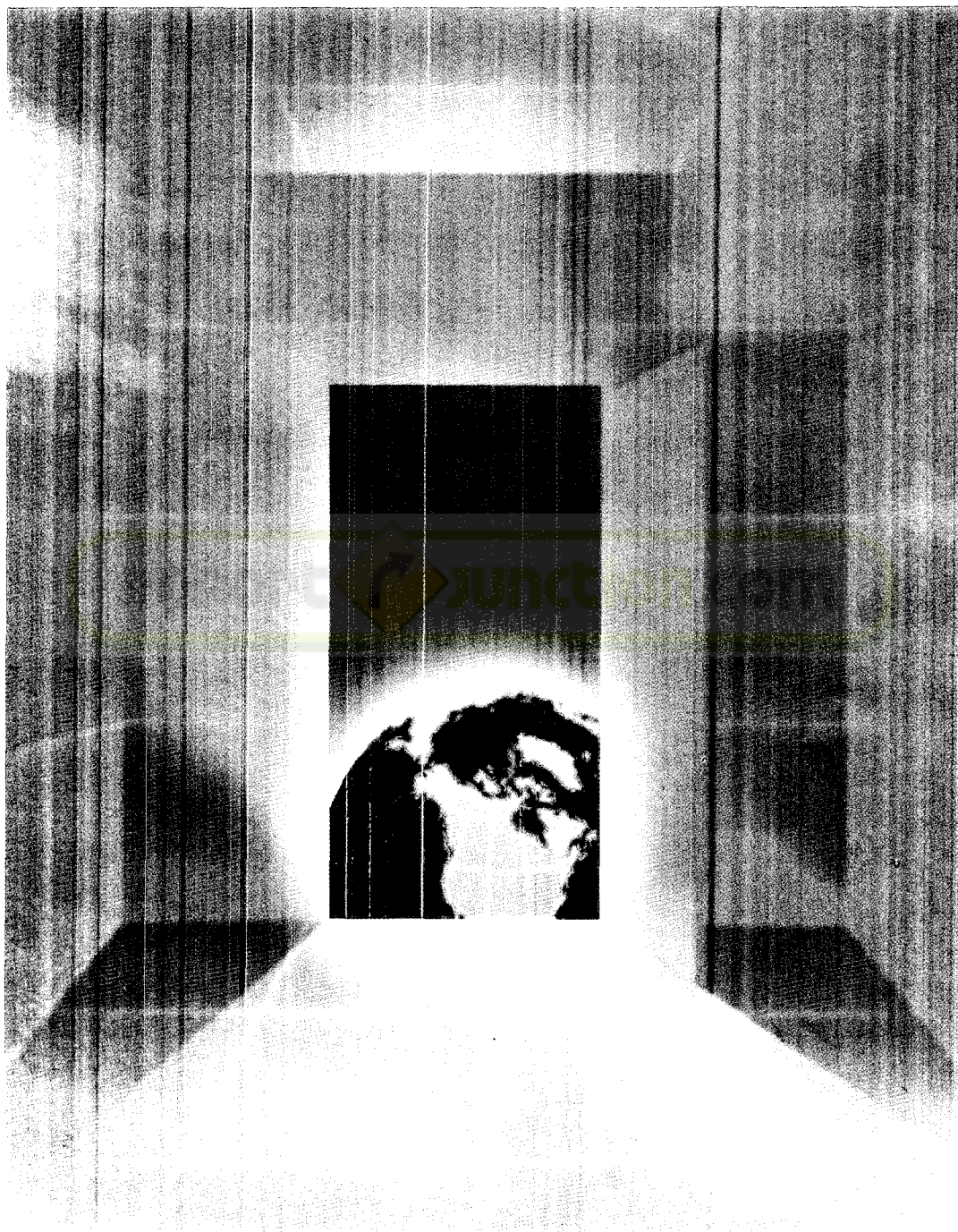


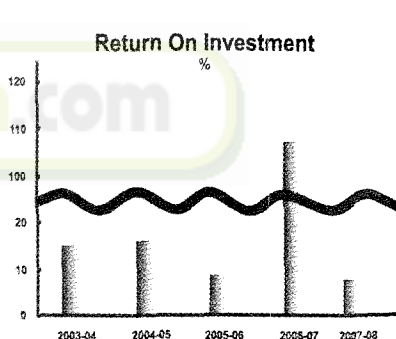
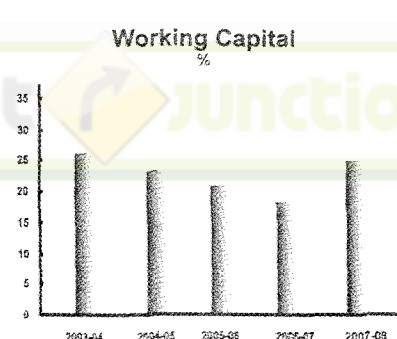
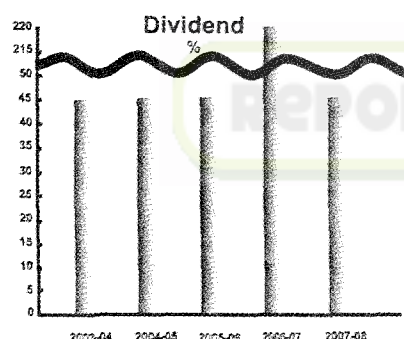
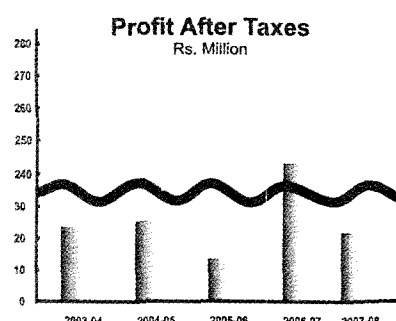
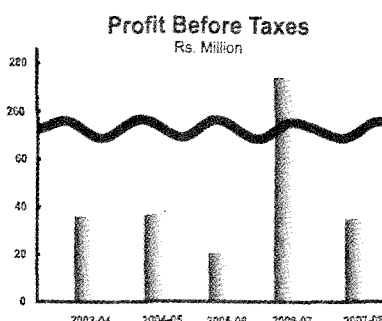
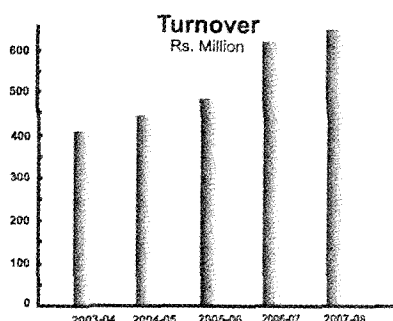
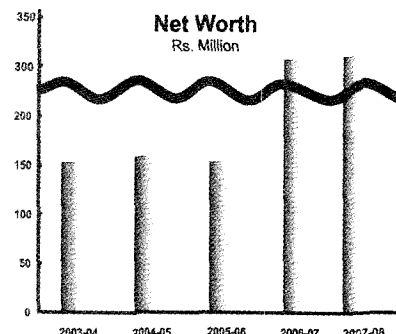
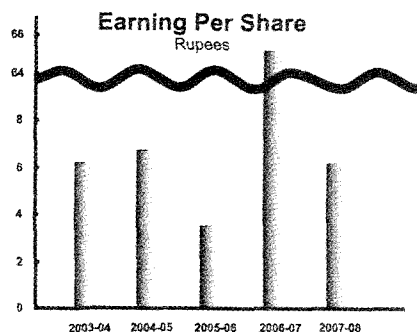
# Schrader Duncan Limited



Annual Report 2007-2008

## Schrader Duncan Limited

### Key Financial Indicators 2003 - 2008



### Ten Year Review

Rs. Million

Accounting Year	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Turnover	293.59	319.71	306.48	321.28	364.77	411.72	447.36	481.03	618.03	646.24
Profit Before Taxes	35.60	29.48	20.18	4.60	24.76	36.34	37.09	20.55	272.62	35.69
Profit After Taxes	23.76	23.29	16.25	2.41	16.30	22.95	25.01	13.07	242.47	23.87
Dividend %	50.00	50.00	35.00	35.00	35.00	45.00	45.00	45.00	220.00	45.00
Working Capital %	21.86	24.36	29.55	30.69	29.27	26.47	23.49	21.06	19.82	25.10
Net Worth	155.15	157.92	159.92	147.91	149.61	153.80	159.54	153.64	302.90	307.32
Earning Per Share* Rs.	6.43	6.30	4.40	0.65	4.41	6.21	6.77	3.54	65.60	6.46
Return On Investment %	15.48	14.88	10.23	1.56	10.96	15.13	15.96	8.35	106.22	7.82

\* 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.

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

\*\*\* Includes interim dividend of 175%.

\*\*\*\* Includes profit on sale of portion of surplus land.

**Schrader Duncan Limited****ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR 2007-2008**

Particulars of employees pursuant to the requirements of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 :

**Employed throughout the year.**

Name	Age	Designation	Remuneration received/receivable (Rs)	Qualification	Experience	Date of commencement of employment	Last employment held before joining the company		
							Company	Designation	Period
A. L. Narasimhan	63	Managing Director	2,957,200	B. Tech (Met)	42	June 23, 1988	Keming Tools Co. Ltd.	Asst. General Manager-Operations	9 Years

**Notes :**

1. Remuneration includes salary, commission, company's contribution to Provident and Superannuation Fund and excludes gratuity benefits.
2. The nature of employment is contractual.
3. Other terms and conditions of employment are as per agreement and rules of the Company.
4. The designation represents the nature of duties.
5. Mr. Narasimhan is not a relative of any Director of the Company.

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## Board of Directors

<b>Mr. J. P. Goenka</b>	Chairman
<b>Mr. Ravi Swaminathan</b>	Managing Director
<b>Mr. A. Goenka</b>	Director
<b>Mr. Al Stecklein</b>	Director
<b>Mr. Steven Lutz</b>	Director
<b>Mr. Nitin Kaul</b>	Director
<b>Mr. R. C. Khanna</b>	Director
<b>Mr. R. A. Shah</b>	Alternate to Mr. Steven Lutz

## Corporate Information

### Registered Office

L. B. S. Marg, Mulund (W)  
Mumbai 400 080

### Plants

Mumbai (Maharashtra)  
Ranjangaon (Maharashtra)  
Mahape (Maharashtra)  
Nashik (Maharashtra)

### Branch Offices

31, Netaji Subhash Road  
Kolkata 700 001

Publicis House  
1-2 Aram Bagh  
Community Centre  
Punchkuian Road  
New Delhi 110 055

### Auditors

Price Waterhouse & Co.

### Bankers

State Bank of India

### Legal Advisors

Crawford Bayley & Co.

### Share Transfer Agent

Intime Spectrum Registry Limited  
C-13, Pannalal Silk Mills Compound  
L. B. S. Marg, Bhandup  
Mumbai 400 078

### Listed at

Mumbai (BSE)

# Schrader Duncan Limited

## NOTICE

NOTICE is hereby given that the Forty Seventh Annual General Meeting of the Shareholders of Schrader Duncan Limited will be held on Friday, July 25, 2008 at 3.15 p.m. at Kamalnayan Bajaj Hall, Bajaj Bhavan, Nariman Point, Mumbai 400 021 for transacting the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2008 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.
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. Al Stöcklein who was appointed as Additional Director of the Company on January 22, 2008 and who holds office upto the forty seventh annual general meeting of the Company be and is hereby appointed as Director of the Company, not 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. Ravi Swaminathan who was appointed as Additional Director of the Company w.e.f February 1, 2008 and who holds office upto the forty seventh annual general meeting of the Company be and is hereby appointed as Director of the Company, not liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 269 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, subject to requisite permission from the Central Government, approval be and is hereby granted to the appointment of Mr. Ravi Swaminathan as the Managing Director of the Company with effect from February 1, 2008 for a period of five years.

**RESOLVED FURTHER THAT** subject to the limits contained in Sections 198 and 309 of the Companies Act, 1956, Mr. Ravi Swaminathan be paid effective April 1, 2008 such remuneration comprising of salary, performance linked bonus and perquisites as the Board may consider appropriate from time to time within the maximum limits specified below for a period of three years :

1. **Salary** - Rs. 5,000,000/- per annum
2. **Performance Bonus** - Rs. 2,400,000/- per annum
3. **Annual Perquisites**  
House Rent Allowance - Rs. 500,000/- per annum  
Medical - Rs. 200,000/- per annum
4. **Other Perquisites**

Club fees and company car with driver for official duties and telephone at residence including payment for local calls and long distance official calls.

Contribution to the Provident Fund Scheme and Superannuation Fund Scheme, Gratuity and encashment of unavailed leave at the end of the tenure subject to rules of the Company.

**RESOLVED FURTHER THAT** during Mr. Ravi Swaminathan's employment as Managing Director the cost to Company in respect of his appointment will be only Rs. 6,000,000/- per annum and the amount in excess of Rs. 6,000,000/- out of the total emoluments paid to him per annum shall be borne by the Company's foreign promoters which would include the monetary value of the perquisites mentioned above.

**RESOLVED FURTHER THAT** where in any financial year during the currency of tenure of Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the remuneration as set forth in this resolution, as minimum remuneration in accordance with the provisions of Schedule XIII to the Companies Act, 1956.

**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. Ravi Swaminathan, 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.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to 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."

**Annual Report 2007-2008****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 Saturday, July 12, 2008 to Friday, July 25, 2008 (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 warrants 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 Sections 205A and 205C by the Companies Act 1956 on the dates mentioned hereunder. Dividends not encashed upto the year 1999-2000 have been transferred to the Investor Education and Protection Fund.

2000-2001	:	August 29, 2008	2004-2005	:	August 26, 2012
2001-2002	:	August 28, 2009	2005-2006	:	August 26, 2013
2002-2003	:	August 17, 2010	2006-2007(Interim)	:	March 12, 2014
2003-2004	:	August 26, 2011	2006-2007(Final)	:	August 30, 2015

4. An Explanatory Statement in respect of item no. 5, 6 & 7 pursuant to Section 173 (2) of the Companies Act, 1956 is annexed to this notice.

Details of the Directors being appointed and reappointed are furnished in point no 9 of the Corporate Governance Report.

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. The Company's Registrar and Share Transfer Agents, Intime Spectrum Registry Limited undertake the transfer of shares, both in physical and demat form. Their address is as follows:

*Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai 400 078*

The shareholders may send their transfer requests and other share related queries either to the Company at the Registered Office or to Intime Spectrum Registry Limited at the above address.

7. The dividend as recommended by the Board, if declared at the meeting, will be paid after July 25, 2008 to those members whose names appear on the Company's Register of Members as on July 12, 2008. 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.

The company also pays dividend through ECS. Shareholders are requested to kindly furnish ECS details to facilitate payment of dividend electronically thereby avoiding inconvenience caused due to non receipt of dividend warrants or non encashment of dividend warrants within the stipulated time.

8. Members 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, Intime Spectrum Registry Limited, in respect of their physical share folios.

By Order of the Board

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

May 29, 2008

**Rama Subramanian**  
**Company Secretary**

# Schrader Duncan Limited

## EXPLANATORY STATEMENT

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

### Item No 5

The Board in its meeting held on January 22, 2008 appointed Mr. Al Stecklein as an Additional Director. As such, pursuant to Section 260 of the Companies Act, 1956, Mr. Al Stecklein holds office of Director upto the date of this Annual General Meeting. It is proposed to appoint Mr. Al Stecklein as a Director not 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. Al Stecklein as a candidate for the office of Director at the Annual General Meeting along with the requisite deposit as required under that section.

The Board recommends the resolution for approval by the Members.

None of the Directors of the Company is concerned or interested in the resolution other than Mr. Al Stecklein himself.

### Item No 6

The Board in its meeting held on January 22, 2008 appointed Mr. Ravi Swaminathan as an Additional Director effective February 1, 2008. As such, pursuant to Section 260 of the Companies Act, 1956, Mr. Ravi Swaminathan holds office of Director upto the date of this Annual General Meeting. It is proposed to appoint Mr. Ravi Swaminathan as a Director not 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. Ravi Swaminathan as a candidate for the office of Director at the Annual General Meeting along with the requisite deposit as required under that section.

The Board recommends the resolution for approval by the Members.

None of the Directors of the Company is concerned or interested in the resolution other than Mr. Ravi Swaminathan himself.

### Item No 7

The Board in its meeting held on January 22, 2008 also appointed Mr. Ravi Swaminathan as Managing Director of the Company to assume responsibilities as such with effect from February 1, 2008.

The requisite information stipulated under Schedule XIII is furnished hereunder :

I	GENERAL INFORMATION		
(1)	Nature of industry	Automotive Components.	
(2)	Date or expected date of commencement of commercial production	Not applicable as existing Company since 1961.	
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable.	
(4)	Financial performance based on given indicators	Turnover - Rs. 646.26 million Profit before Tax - Rs. 35.69 million Profit after Tax - Rs. 23.87 million	
(5)	Export performance and net foreign exchange collaborations	During the year ended March 2008 the Company earned foreign exchange of Rs. 95.64 million through exports.	
II	INFORMATION ABOUT THE APPOINTEE		
(1)	Background details	Mr. Ravi Swaminathan, a Singapore National, has a Bachelor of Engineering from Bharathiar University in India and an MBA from the University of Louisville in the US. Mr. Ravi Swaminathan held positions with Emdin in Luxembourg and with Elgitread in India and then moved to Gates Corporation, Singapore.	
(2)	Past remuneration	2007	Rs. 5,000,075
		2006	Rs. 6,321,550
		2005	Rs. 5,150,000
(3)	Recognition or awards	Participant in the Management Round Table and the prestigious leadership showcase event in Gates Corporation.	



**Annual Report 2007-2008**

(4)	Job profile and his suitability	Mr. Ravi Swaminathan joined Gates Corporation, Singapore, one of the group companies of Schrader Duncan's foreign promoters, in 1996 with an assignment to develop the Gates business in India and played a key role in establishing Gates Unitta India in 2002 and subsequently managed the business until 2005. Since that time he has focused on business development in the Asian region for Gates Unitta Asia.								
(5)	Remuneration proposed	<table><tr><td>Salary</td><td>5000,000</td></tr><tr><td>Performance Bonus</td><td>2,400,000</td></tr><tr><td>Perquisites</td><td><u>700,000</u></td></tr><tr><td></td><td><u>8,100,000 *</u></td></tr></table> <p>* The cost to company will be only Rs 6,000,000 as payment in excess of Rs 6,000,000 will be borne by the Company's foreign promoters.</p>	Salary	5000,000	Performance Bonus	2,400,000	Perquisites	<u>700,000</u>		<u>8,100,000 *</u>
Salary	5000,000									
Performance Bonus	2,400,000									
Perquisites	<u>700,000</u>									
	<u>8,100,000 *</u>									
(6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The proposed remuneration for Mr. Ravi Swaminathan is designed to protect his remuneration in his previous assignment taking note of the fact that he is an expatriate and will, therefore, suffer a degree of hardship while posted to India. The Board believes that his proposed remuneration is commensurate with his role and responsibility as Managing Director of the Company.								
(7)	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	None								
III	OTHER INFORMATION									
(1)	Reasons of loss or inadequate profits	High overheads and severe competition.								
(2)	Steps taken or proposed to be taken for improvement	Cost reduction initiatives, competitive supplier development, increased market penetration, price increase taken from customers and global procurement.								
(3)	Expected increase in productivity and profits in measurable terms	Improved initiatives is expected to result in cost reduction of 2-3%.								
IV	DISCLOSURES	All details are covered in the Corporate Governance Report which forms part of the annual report for the year 2008.								

The Company has made an application to the Central Government for approval of appointment of Mr. Ravi Swaminathan as he is not resident in India in terms of Part I(e) of Schedule XIII and the Board recommends the resolution for approval by the Members.

None of the Directors of the Company is concerned or interested in the resolution other than Mr. Ravi Swaminathan himself.

The above may be treated as sufficient disclosure under Section 302 of the Companies Act, 1956.

By Order of the Board

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

**Rama Subramanian**  
Company Secretary

May 29, 2008

# Schrader Duncan Limited

## Directors' Report

Your Directors have pleasure in presenting their Forty Seventh report to the shareholders together with the accounts for the year ended March 31, 2008. The operating results as disclosed in the accounts are summarised below:

Rupees in million

	2007-2008	2006-2007
Profit before charging depreciation and taxes	41.57	277.35
Depreciation	5.88	4.73
Profit before tax	35.69	272.62
Provision for Tax	11.82	30.15
<b>Profit after tax</b>	<b>23.87</b>	<b>242.47</b>
Balance carried from previous year	197.66	72.65
	<b>221.53</b>	<b>315.12</b>
Interim dividend	—	64.68
Proposed Dividend	16.63	16.63
Tax on Dividend	2.83	11.90
Transfer to General Reserve	2.40	24.25
<b>Balance carried forward</b>	<b>199.67</b>	<b>197.66</b>

## Dividend

The Directors are now pleased to recommend for consideration of the shareholders dividend of 45% for the year 2007-2008 on the existing share capital of Rs. 36.96 million amounting to Rs. 16.63 million and tax on proposed dividend of Rs. 2.82 million for which provision has been made in the accounts.

## Operations

The Pneumatics Division of the Company showed a growth of 8 % in sales from Rs. 271.50 million in the previous year to Rs. 294.55 million in the year ended March 31, 2008. However, the profit increased by 18.70% attributable mainly to price revision effected during the year and cost reduction in input materials.

The Automotive Division registered a sales growth of 3% from Rs. 339.11 million in the previous year to Rs. 349.06 million. The lower growth in sales as well as the increased cost of butyl has had an impact on the profitability.

## Raw Materials

Both divisions of the Company faced increases in the cost of raw materials, viz, butyl and steel. The Company has taken steps to counter this by way of increase in selling prices which is under implementation. In order to reduce cost the Company is on the lookout for reliable global sources.

## Finance

The Company got its working capital limits enhanced from its bankers with a view to meet the expansion plans of the Company. The cost of working capital continues to be under effective control.

During the year under review the Company also obtained approval of the shareholders through postal ballot for borrowings in excess of the aggregate of the paid up share capital and free reserves.

## Growth Plans

The Company is in the process of setting up a world class manufacturing facility in Ranjangaon for expansion of production of Automotive products.

The Directors gave an in principle approval of acquisition for Schrader Brazil business. However, the Directors have decided to take a conservative approach in this matter due to the difficulty in entering the Brazil market owing to appreciation of the Rupee vis-a-vis' the U S Dollar and competition from China.

As regards Pneumatics Division, the Company is in the process of planning expansion of the Supplier base.

## Public Deposits

The company has not accepted any fixed deposits from the public or shareholders.