



Schrader Duncan Limited

**52nd
Annual Report 2012 - 2013**

Board Of Directors

Mr. J P Goenka
Mr. Shantanu Parvati
Mr. A Goenka
Mr. B B Tandon
Mr. Nitin Kaul
Mr. O P Dubey
Mr. R A Shah

Chairman
Whole Time Director
Director
Director
Director
Director
Director (alternate To Mr. Nitin Kaul)

Corporate Information

Registered Office

F-33, Ranjangaon Midc
Karegaon, Shirur
Pune 412 209

Auditors

M/s Singhi & Co, Mumbai

Plant

F-33, Ranjangaon Midc
Karegaon, Taluka - Shirur
Pune 412 209

Bankers

State Bank Of India, Mumbai

Sales And Marketing Office

(Pneumatics Division)

502, 5th Floor, Ishan Arcade,
Bldg No.2, Near Gaodevi Mandir,
Gokhale Road,naupada,
Thane 400 602

Legal Advisors

Crawford Bayley & Co, Mumbai

Branch Offices

- 31, Netaji Subhash Road
Kolkata 700 001.
- Publicis House, 1-2 Aram Bagh,
Community Centre, Punchkuain Road,
New Delhi - 110055

Listed AT
Mumbai (BSE)
www.schraderduncan.com

Share Transfer Agent

Link Intime India Pvt Ltd
Block No 202, 02nd Floor,
Akshay Complex,
Near Ganesh Temple,
Off-dhole Patil Road,
Pune - 411001

NOTICE

NOTICE is hereby given that the Fifty Second Annual General Meeting of the Shareholders of Schrader Duncan Limited will be held on Tuesday, July 23, 2013 at 2.30 PM at the registered office at F-33, Ranjangaon MIDC, Karegaon, Taluka Shirur, Pune 412209 for transacting the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 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 appoint a Director in place of Mr. J P Goenka and Mr. B. B. Tandon, who retires by rotation and is eligible for re-appointment.
3. To Re- Appoint the Auditor and to fix their remuneration.

Special Business:

4. 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, if applicable, approval be and is hereby granted to the revision in remuneration of Mr Shantanu Parvati, Whole Time Director of the Company for a period of three years with effect from April 1, 2013.

RESOLVED FURTHER THAT subject to the limits contained in Sections 198 and 309 of the Companies Act, 1956, Mr Shantanu Parvati be paid effective April 1, 2013 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 :

- i. Salary - 1,800,000 per annum with discretionary powers to the Board to revise the amount from time to time.
- ii. Special Allowance
Rs. 975,600 per annum
- iii. Performance Bonus
Rs. 1,058,000 per annum
- iv. Annual Perquisites
House Rent Allowance - Rs. 1,080,000 per annum
Medical reimbursement - Rs. 18,000 per annum
Leave Travel Allowance - Rs. 56,000 per annum
- v. 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 and benefit of mediclaim.

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

RESOLVED FURTHER THAT where in any financial year during the currency of tenure of Whole Time 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 Shantanu Parvati, 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.”

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 18th July, 2013 to 23rd July, 2013 (both days inclusive) in terms of Clause 16 of the Listing Agreement with the Stock Exchange.
3. Unclaimed dividend upto the financial year 2004-2005 has been transferred to the Investor Education and Protection Fund in compliance of Sections 205A and 205C of the Companies Act, 1956. The dividend for the below mentioned financial years are due for transfer to the "Investor Education and Protection Fund" of the Central Government on the dates mentioned hereunder. Therefore, Members who have so far not encashed their dividend warrants for these years may approach the Company for payment.

2005-2006	August 30, 2013	2007-2008	August 30, 2015
2006-2007 (Interim)	March 12, 2014	2008-2009	September 5, 2016
2006-2007 (Final)	August 30, 2014	2009-2010	August 26, 2017

4. Details of the Directors being appointed / reappointed are furnished in point no. A(4) of the Corporate Governance Report.
5. An Explanatory Statement in respect of item no 4 pursuant to Section 173(2) of the Companies Act, 1956 is annexed to this notice.
6. Members are requested to intimate their queries, if any, relating to the accounts or any other matter at least seven days in advance so that the explanation can be made available and furnished readily at the meeting.
7. The Company's registered office is in Ranjangaon, Pune. Shareholders are requested to address all correspondence to the Company Secretary at the Registered office.

8. The Company's Registrar and Share Transfer Agents, Link Intime India Pvt Ltd undertake the transfer of shares, both in physical and electronic form. Their address is as follows:

Link Intime India Pvt Ltd, Block No 202, 02nd Floor, Akshay Complex, Near Ganesh Temple, Off-Dhole Patil Road, Pune - 411001

(Members may send their transfer requests and other share related queries either to the Company at the Registered Office or to Link Intime India Pvt Ltd at the above address.)

9. 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 Agents of the Company, Link Intime India Pvt Ltd, in respect of their physical share folios.
10. As per circular no 18/2011 on Green initiative, the Company will send Annual Report along with other documents through email to all members, who have registered their email address with the depository and physical hard copies will be dispatched to others. In case any member desire to get hard copy of Annual Report, they can write to Company at Registered Office address or email at complianceofficer@schraderduncan.com or pune@linkintime.co.in

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs (MCA), Government of India, has taken a Green Initiative in the Corporate Governance by allowing paperless compliance by the Companies and has issues circular stating that services of notice/ documents including Annual Report can be sent by email to its members. To support this Green Initiative of Government in full measures, members who have not registered their email address, so far, are requested to register their email address, in respect of electronic holdings with the Depository through their respective Depository Participants. Members who hold shares in physical form are requested to provide details of their email address to Registrar and Transfer Agent of the Company at pune@linkintime.co.in

Registered Office:
F-33, Ranjangaon MIDC
Karegaon, Tal Shirur
Pune 412 209

By Order of the Board

Parveen Agarwal
Company Secretary

Pune, May 24, 2013

EXPLANATORY STATEMENT

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

Item No 4

The Board in its meeting held on May 24, 2013 revised the remuneration of Mr Shantanu Parvati with effect from April 1, 2013.

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	Net Sales (INR) - 6,193.18 Million Loss before Tax - (22.06) Million		
(5)	Export performance and net foreign exchange collaborations	During the year ended March 2013 the Company earned foreign exchange of Rs 21.67 million through exports and service rendered.		
II	INFORMATION ABOUT THE APPOINTEE			
(1)	Background details	Mr Shantanu Parvati, aged 39 years, holds a Bachelor of Engineering degree from Pune University and MBA from Symbiosis Institute of Business Management, Pune. Prior to joining Schrader Duncan Mr Parvati has worked at prestigious OEM in India, where he has handled corporate and business responsibilities like Projects, M&A, Strategy and operations. He has 18 Years of rich experience in industry and advisory services.		
(2)	Past remuneration	2010-2011	31,28,000	Amount in INR
		2011-2012	40,00,000	
		2012-2013	46,00,000	
(3)	Recognition or awards	Nil		
(4)	Job profile and his suitability	He has strong academic background and rich experience Automobile industry. He had worked with leading OEM in India in responsible positions.		
(5)	Current Remuneration (per annum) Managerial Position held during April 1, 2012 to March 31, 2013	Salary	1,564,000	
		Allowances	1,779,248	
		Performance Bonus	9,20,000	
		Perquisites	336,752	

			4,600,000	

	Proposed Remuneration*	Salary	1,800,000	
	Subject to review by Board at regular intervals within the prescribed limits of Companies Act, 1956.	Allowances	2,055,600	
	(April 1, 2013-March 31, 2015)	Performance Bonus	1,058,000	
		Perquisites	3,76,400	

			5,290,000	

(6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The Board believes that his proposed remuneration is commensurate with his role and responsibility as Whole Time 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	<ul style="list-style-type: none"> • Delay in approvals and release of schedules from some key tyre OEMs. • Volume and order book assumptions not materialising due to slowdown in the overall Automotive and Industrial / Capital Goods sector. • Restructuring initiatives undertaken in the business.
(2)	Steps taken or proposed to be taken for improvement	<ul style="list-style-type: none"> • Increased capacity utilization, driven by volume ramp up basis customer approvals and start of supplies to OEMSs • Introduction of new products • Cost optimisation and re-engineering initiatives.
(3)	Expected increase in productivity and profits in measurable terms	>80% overall plant utilisation and 12-15% operating margins in next 2 years.
IV	DISCLOSURES	
		All details are covered in the Corporate Governance Report which forms part of the annual report for the year 2013

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 Shantanu Parvati himself.

The above may be treated as sufficient disclosure under Section 302 with respect to the revision in remuneration w.e.f April 1, 2013.

Registered Office:
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Karegaon, Tal Shirur
Pune 412 209

By Order of the Board

Pune, May 24, 2013

Parveen Agarwal
Company Secretary

DIRECTOR'S REPORT

Your Directors present their Fifty Second Report to the shareholders together with the accounts for the year ended March 31, 2013. The operating results as disclosed in the accounts are summarised below :

(INR Million)

	2012-2013	2011-2012
(Loss)/Profit before charging depreciation and taxes	2.31	327.20
Depreciation	24.37	24.26
(Loss)/Profit before tax	(22.06)	302.94
(Reversal of Provision) /Provision for Tax	(27.15)	98.31
(Loss)/Profit after tax	5.09	204.63
Balance carried from previous year	204.63	-
Balance carried forward	209.72	204.63

Dividend

Your Directors do not consider it prudent to recommend a dividend this year owing to the operating losses incurred.

Performance

Your company has shown 14% increase in sales revenue, while Operating Loss has reduced by INR 63.45 Million, from INR 116.09 Million in FY 2011-12 to Rs 52.64 Million in FY 2012-13.

This is primarily due to increase in capacity utilization and volume ramp up at the new Ranjangan Plant and various restructuring/ rationalization and cost reduction initiatives undertaken at both business units. With majority of the restructuring initiatives completed and some underway, your company is now on a stronger platform to leverage market opportunities for stable growth and performance in the coming years.

Operations

The turnover of Automotive Business Unit has increased by 41% from INR 233.00 Million in the previous year to 329.27 million in the current year.

This growth has been driven by volume ramp-up of the plant and consistency in quality and delivery of products, thereby resulting into approvals and increase in orders from major OEMs.

The turnover of Pneumatics Business Unit saw a decrease of 7% from INR 311.17 Million in the previous year to 289.92 million in the year ended March 31, 2012.

The Pneumatic Business Unit sustained competitive pressure and slow down in some core sectors in the second half of this financial year to maintain its share of business in its key market segments. This was achieved thru improved delivery of standard and customized products, by increase in productivity and value engineering initiatives.

Public Deposits

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

Significant developments

- The Merger of M/s Associated Polymers Limited (being 100% subsidiary of the company) after all necessary approvals and sanction by the jurisdictional High Court was completed on 17th May 2013. As per the scheme of Merger, the Accounts covered in this report include the results of the transferor company with effect from 1st April 2012 being the 'Appointed Date' for the Merger.

- In accordance with Merger Order from Jurisdictional High Court, INR 38.21 Million have been shown as Capital reserve in the Financials of the company.
- During the Year, company has sold its Land located at MIDC Tarapur, and reported an exceptional profit of INR 44.78 Million.
- During the year, the company has also completed the process of closure of its rubber mixing operations at MIDC Tarapur. Based on the settlement with the workers employed at MIDC, Tarapur - total liability of INR 3.70 Million has been accounted during the year as exceptional item.
- During the year, the company has completed the process of shifting the Pneumatics manufacturing operations from Mahape to Ranjangaon for rationalisation and consolidation. Based on the Memorandum of settlement with the union of workmen employed at Mahape, total liability of INR 10.50 Million has been accounted during the year as exceptional item.

Change in Shareholding

The foreign promoters namely, Schrader Bridgeport International Inc, USA opted to exit the joint venture and sold their entire stake comprising 50% of the share capital to the Indian promoter. The transaction took place in the 1st fortnight of April 2012.

Directors

Mr. J P Goenka and Mr. B B Tandon retire by rotation and are eligible for re-appointment. Your Directors propose his re-appointment as set out in the notice.

Auditors Report (2013)

The Auditors have reported in the Annexure to the Auditors Report, which is Self explanatory and do not require further explanation

Corporate Governance

As per clause 49 of the Listing Agreement with the Bombay Stock Exchange, a section on Corporate Governance and Management Discussion and Analysis is annexed to this report.

Details regarding all elements of remuneration package of all Directors, fixed component and performance linked incentives, service contract, notice period, severance fees and details of stock options are covered in point no 3(B)(iv), (v), (vi) and (vii) of the Corporate Governance Report.

A certificate from M/s Vaishnav Associates, Pune confirming compliance of Corporate Governance is also annexed.

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 pursuant to Section 217(1) (e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in Annexure I to this Report.

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

There is no Employee covered under the aforesaid section.

Industrial Relations

Industrial Relations were cordial during the year. The Directors are pleased to record their appreciation of services rendered by the employees and all staff at all levels.

Directors Responsibility Statement

In Compliance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors wish to place on record based on the information made available to them

- i) in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departure;
- ii) they have 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) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) they have prepared the annual accounts on a going concern basis.

Cost Auditors

Mr. Laxman Pawar, Cost Accountants, Pune, have been appointed as Cost Auditors of the company.

Statutory Auditors

Your Directors propose to re- appoint M/s Singhi & Co, Chartered Accountants, Mumbai as Statutory Auditors of the Company.

Acknowledgement

Your Directors place on record their appreciation for the contribution made by the employees. They also take this opportunity to thank the customers, dealers, suppliers, bankers, business associates and the valued shareholders for the continuous support and encouragement.

On behalf of the Board of Directors

J P Goenka
Chairman

Mumbai, May 24, 2013