

NATIONAL STANDARD (INDIA) LIMITED

(Formerly National-Standard Duncan Limited)



Forty Fifth
Annual Report
For the Year Ended 31.12.2007

NATIONAL STANDARD (INDIA) LIMITED

CONTENTS	
Particulars	Page No.
Notice	1
Directors' Report	10
Auditors' Report on Corporate Governance	15
Report on Corporate Governance	16
Auditors' Report	20
CARO Report	23
Balance Sheet	26
Profit & Loss Account	27
Schedules	28
Statement of Accounting Policies	35
Notes to Accounts	38
Cash Flow Statement	45
Balance Sheet Abstract	47

NATIONAL STANDARD (INDIA) LIMITED

DIRECTORS

- Shri N.P.S. Shinh
- Shri A.L. Ananthanarayanan
- Ms. Manita Shinh
- Shri S.P.S Shinh
- Dr. (Mrs) Usha Sunderarajan
- Shri Bharath Chandra
- Shri Anurag Singhvi
- Shri Dinkar Rai
- Shri L.M. Mehta - Special Director (Appointed by BIFR)

AUDITORS

C.P. Ranka & Co.

COMPANY SECRETARY

M. Nagakishore

BANKERS

- Bank of India
- Bank of Bahrain & Kuwait B.S.C
- HDFC Bank Ltd.

REGISTERED OFFICE

2nd Floor, 3, Esplanade East, Kolkata – 700 069

ADDRESS FOR ALL CORRESPONDENCE – CORPORATE OFFICE

Surya Towers, 3rd Floor, 'C' Block, 104, S.P. Road, Secunderabad – 500 003

PLANTS

Thane and Hoskote

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Fifth Annual General Meeting of Members of National Standard (India) Limited will be held on April 28 2008, at 10.30 AM at 2nd Floor No.3, Esplanade East, Kolkata - 700 069 to transact the following business:-

ORDINARY BUSINESS

1. To consider, approve and adopt the Balance Sheet as at 31st December, 2007 and the Profit & Loss Account for the period ended as on that date and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Dr. Usha Sunderarajan, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Sh S P S Shinh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS

5. **To consider and if thought fit, to pass with or without modifications(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT Shri Bharath Chandra who was appointed as an Additional Director of the Company by the Board of Directors and holds office as per Section 260 of the Companies Act, 1956 and be and is hereby appointed as a Director liable to retire by rotation."

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

"RESOLVED THAT Shri Anurag Singhvi who was appointed as an Additional Director of the Company by the Board of Directors and holds office as per Section 260 of the Companies Act, 1956 and be and is hereby appointed as a Director liable to retire by rotation."

7. **To consider and if thought fit, to pass with or without modifications(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT Shri Dinakar Bodhishwar Rai who was appointed as an Additional Director of the Company by the Board of Directors and holds office as per Section 260 of the Companies Act, 1956 and be and is hereby appointed as a Director liable to retire by rotation."

8. **To consider and if thought fit, to pass with or without modifications(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT subject to such consents and permissions, if any, as may be necessary, the consent of the Company be and is hereby accorded to transfer

NATIONAL STANDARD (INDIA) LIMITED

through a de-merger, the assets and liabilities of the Tyre Mould Business and of the Bead Wire business to one or more Resulting Company(ies), including the apportionment of common assets and liabilities of the Company upon such de-merger, or to transfer / sell through a slump sale / lease, the assets and liabilities of the Tyre Mould Business and of the Bead Wire business to another Company(ies), on such terms and conditions as may be finalized by the Board of Directors.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take necessary steps as may be required for the implementation of the above.”

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

“RESOLVED THAT subject to such consents and permissions, if any, as may be necessary, the consent of the Company be and is hereby accorded to transfer through sale, assignment, lease (including sub-lease), all the rights of the Company in the office at the World Trade Centre, Cuffe Parade, Mumbai, on such terms and conditions as may be finalized by the Board of Directors.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take necessary steps as may be required for the implementation of the above.”

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

“RESOLVED THAT subject to such consents and permissions, if any, as may be necessary, the consent of the Company be and is hereby accorded to transfer through sale, assignment, lease, the Company’s flat at Bandra, Mumbai, on such terms and conditions as may be finalized by the Board of Directors.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take necessary steps as may be required for the implementation of the above.”

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

“RESOLVED THAT in pursuance of the Rehabilitation Scheme sanctioned by Hon’ble BIFR vide its order dated 01.06.2006, the amount of Rs. 4,00,00,000 against funds already inducted by the promoters be converted into 40,00,000 equity shares at par, taking the total issued share capital to Rs. 7,50,00,000. The new shares will rank at par with the earlier equity shares (post-reduction).”

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

“RESOLVED THAT necessary action relating to re-location of the Thane plant to a new plot allotted by APIIC at Pashamylaram Industrial Estate, Hyderabad / Hoskote plant and/or any other location as may be approved by the Board of Directors or a committee constituted by the Board of directors.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take necessary steps as may be required for the implementation of the above.”

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

“RESOLVED THAT necessary action relating to finalization of VRS payments with Thane workers and arrangement for funds for the above with Banks/FIs/NBFCs/other sources as well as finalise the terms of OTS of the deferred portion of the VRS dues as may be approved by the Board of Directors or a committee constituted by the Board of directors.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take necessary steps as may be required for the implementation of the above.”

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

“RESOLVED THAT the Memorandum of Association of the Company be modified to include as Clause 3.(1)(c), the following:

“3.(1) (c) To carry on in India or in any part of the world the business of construction, promotion, development and/or colonizer of any type of residential, commercial, multi-storeyed buildings, flats, houses, apartments, agricultural lands, cinemas, hotels, hospitals, nursing homes, malls, bridges, Information Technology (I.T.) Parks, Knowledge Parks, Industrial Park, Amusement Parks, Specialty Parks, roads, streets, squares, gardens, play grounds and other conveniences or works of any description on any land, including the land owned by the Company or leased to the Company, buying and selling the same in full or in parts and giving it away or parting away the possession of the same in full or in parts on sale, lease, hire or license basis, or in any other manner to individuals, Partnership concerns, Companies or to general public, on such terms and conditions as may be considered necessary.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take necessary steps as may be required for the implementation of the above.”

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

“RESOLVED THAT Clause 5 of the Memorandum of Association of the Company be modified to read as under:

“5. The Share Capital of the Company is Rs 200,000,000 (Rupees Two Hundred Millions Only), divided into 20,000,000 (Twenty Millions) Equity Shares of Rs 10 each, with the rights, privileges and conditions attaching thereto as are provided by the regulation of the Company for the time being, with power to increase and reduce the Capital of the Company and to divide the shares in the Capital for the time being into several classes and to attach thereto respectively such preferential,

NATIONAL STANDARD (INDIA) LIMITED

deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify, or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take necessary steps as may be required for the implementation of the above.”

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

“RESOLVED THAT the Board of Directors, be and are hereby authorized, to jointly or severally sign and subscribe to the Memorandum of Association and Articles of Association of National Standard Tyre Moulds (India) Limited (NSTML), a company proposed to be incorporated in the state of Andhra Pradesh, and subscribe to 49,990 equity shares of Rs. 10/- (Rupees Ten only) each or such additional shares as may be approved by the Board of Directors, in the capital of the Company for and on behalf of and in the name of the Company as one of the subscribers thereof, to be filed with the Registrar of Companies, Andhra Pradesh, pursuant to the provisions of the Companies Act, 1956, and to act as such on behalf of the Company as one of the subscribers to the said Memorandum and Articles of Association and to make necessary corrections therein and all incidental documents, as and where required by the Registrar of Companies, Andhra Pradesh, and to do all such acts, deeds, matters and things in relation to the incorporation of the company as may be necessary on behalf of the Company.”

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

“RESOLVED THAT an investment of Rs. 5 lacs may be made for subscribing to the equity share capital of the Company (NSTML) as equity at par”

“RESOLVED FURTHER THAT the funds needed for NSTML will be arranged over and above the promoter funds required to be inducted as per SS.”

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

“RESOLVED THAT in pursuance of the Rehabilitation Scheme sanctioned by Hon'ble BIFR vide its order dated 01.06.2006, the amount of Rs. 7,00,00,000 against funds already inducted by the promoters be converted into equity shares at par, taking the total issued share capital to Rs. 14,50,00,000, The new shares will rank at par with the existing equity shares.”

RESOLVED FURTHER THAT further shares within the increased Authorised share capital of Rs 20,00,00,000 be issued against additional funds to be inducted by the promoters in pursuance of the Rehabilitation Scheme sanctioned by Hon'ble BIFR. The new shares will rank at par with the existing equity shares”

NOTES:-

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE PROXIES SHOULD BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Brief Resume of the Directors retiring by rotation and proposed for reappointment is given in the Corporate Governance Report annexed to the Annual Report as per the requirements of the Listing Agreement with the Stock Exchange.
3. Register of Members & Share Transfer Books of the Company will remain closed on 24th, 25th and 26th April, 2008.
4. Members who wish to seek any further information / clarifications, at the meeting, on the annual accounts or operations of the Company are requested to send their queries at least one week in advance of the date of the Meeting, to the Registered Office of the Company.
5. Members are requested to intimate any change in their address to the Company immediately.
6. Members who attend the meeting are requested to complete the enclosed attendance slips and deliver the same at the entrance of the Meeting.
7. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed and forms part of this Notice.
8. The members who have not sent their shares held as on May 31st, 2006, for exchange with new share certificates consequent to the share capital reduction in accordance with the Rehabilitation scheme sanctioned by BIFR on June 1, 2006 are requested to send their share certificates to the registered office of the company, by registered post for issuance of fresh shares as per the sanctioned scheme.
9. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Registrar and Share Transfer Agents M/s C.B. Management Services (P) Limited, P-22, Bondel Road, Kolkata - 700 019, enclosing original Share Certificate to enable them to consolidate the holdings into one folio.
10. As per the provisions of Companies Act, 1956, the Members of a Company are allowed to nominate any person to whom the share(s) shall be transmitted in the event of Member's death. Members are advised to contact the Company to avail this facility.
11. Members are requested to bring their copies of Annual Reports at the time of attending the meeting.

NATIONAL STANDARD (INDIA) LIMITED

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

Item No. 5

The Board of Directors at their meeting held on 15.06.2007 appointed Shri Bharath Chandra as an Additional Director of the Company, whose tenure will expire at the ensuing Annual General Meeting. The Company proposes to appoint Shri Bharath Chandra being eligible, offers himself for appointment as a Director.

None of the Directors are interested or concerned directly / indirectly in the resolution under reference. Your Directors recommend for his appointment as a Director.

Item No. 6

The Board of Directors has in the meeting of March 27 2008, appointed Shri Anurag Singhvi as an Additional Director of the Company, whose tenure will expire at the ensuing Annual General Meeting. The Company proposes to appoint Shri Anurag Singhvi being eligible, offers himself for appointment as a Director.

None of the Directors are interested or concerned directly / indirectly in the resolution under reference. Your Directors recommend for his appointment as a Director.

Item No. 7

The Board of Directors has in the meeting of March 27 2008, appointed Shri Dinakar Bodhiswar Rai as an Additional Director of the Company, whose tenure will expire at the ensuing Annual General Meeting. The Company proposes to appoint Shri Dinakar Bodhiswar Rai being eligible, offers himself for appointment as a Director.

None of the Directors are interested or concerned directly / indirectly in the resolution under reference. Your Directors recommend for his appointment as a Director.

Item No. 8

In pursuance of the order of the BIFR sanctioned by Hon'ble BIFR provides for the De-merger of the company. The Board of Directors in their meeting held on 15th June, 2007 gave their approval for de-merger of the Tyre Mould unit of the Company into National Standard Tyre Moulds (India) Limited (NSTML) with the share capital of Rs. 5 Lacs which will be invested by the company. Funds needed for the NSTML will be arranged over and above the promoters funds required to be inducted as per SS.

None of the Directors other than Shri N.P.S Shinh, Shri S.P.S Shinh and Ms. Manita Shinh (being related to Shri N.P.S Shinh) and Dr. A.L.Ananthanarayanan are deemed to be interested in this item. The Directors recommends the resolution for acceptance by the members.

Item No. 9 & 10

In pursuance of the order of the BIFR sanctioned by Hon'ble BIFR, the company is to sell the WTC office as well as the company flat at Bandra to raise the funds required by

the company's rehabilitation. The sale will be as per the BIFR guidelines, through the Assets Sale Committee.

None of the Directors are interested or concerned directly / indirectly in the resolution under reference. Your Directors recommend for his appointment as a Director.

Item No. 11

In pursuance of the order of the BIFR sanctioned by Hon'ble BIFR provides for the conversion of promoters funds to equity and accordingly Rs. 4,00,00,000 of funds inducted by incoming promoters is converted into equity taking the total issued share capital to Rs. 7,50,00,000. Accordingly 40,00,000 shares of Rs. 10 each have been allotted to the incoming promoter group taking the issued and subscribed equity capital to 75 lakh shares of Rs. 10 each, post restructuring. None of the Directors other than Shri N.P.S Shinh, Shri S.P.S Shinh and Ms. Manita Shinh (being related to Shri N.P.S Shinh) and Dr. A.L.Ananthanarayanan are deemed to be interested in this item. Your Directors recommends for ratification of the resolution under reference, in view of the binding order of the Hon'ble BIFR.

Item No. 12, 13

The viability of the Thane units has been affected on account of the saturation of the local market, high labour costs as well as the octroi incidence, and the rehabilitation scheme of the company provides for relocation of the Thane plant and utilization of the land for development of I T park/ other uses.. Approval of Hon'ble BIFR has been obtained for development of an I T park at Thane and for the relocation of Thane plant.

In view of the above, the Board of Directors has decided that re-location of the bead wire plant near Hyderabad would be most appropriate in view of the very congenial industrial environment, encouragement from the State Govt for new units being set up and the excellent infrastructure being established at Andhra Pradesh. A site at Pashamylaram industrial estate has been allotted to the company. The tyre mould unit will be relocated at the existing Tyre Mould plant at Hoskote.

The Company has entered into a settlement for VRS for Thane workmen who are not interested in working at the new site.

None of the Directors are interested in the above resolution. The Directors recommends the resolution for acceptance by the members.

Item No. 14, 15

The modifications proposed in the Memorandum and Articles of Association are to enable the development of Thane land, by suitable change in the objects clause as required for the above.

None of the Directors are interested in the above resolution. The Directors recommends the resolution for acceptance by the members.

NATIONAL STANDARD (INDIA) LIMITED

Item No. 16, 17

A new company has been incorporated as National Standard Tyre Moulds (India) Limited (NSTML), to facilitate the de-merger of the Tyre Mould Business. The company has invested Rs 5 Lacs towards Equity shares, and these are enabling resolutions.

Item No.18

A sum of Rs 7 Crores out of the funds inducted by the Promoters is proposed to be converted to equity at par. The Rehabilitation Scheme permits the issuance of additional share capital at par. A further provision has been made for additional funds to be brought in by the existing promoters within the authorized capital of Rs 20 Cr., as per clause 7.11 of the sanctioned rehabilitation scheme. The issue of equity will strengthen the financial health of the company.

None of the Directors other than Shri N.P.S Shinh, Shri S.P.S Shinh and Ms. Manita Shinh (being related to Shri N.P.S Shinh) and Dr. A.L.Ananthanarayanan are deemed to be interested in this item. The Directors recommends the resolution for acceptance by the members.

By Order of the Board
For **NATIONAL STANDARD (INDIA) LIMITED**

N P S SHINH
CHAIRMAN

Place : Mumbai
Date: 27-03-2008

Registered Office:
2nd Floor, 3 Esplanade East, Kolkata, 700 069

FORTY FIFTH ANNUAL REPORT

Information pertaining to Directors retiring by rotation and seeking reappointment at this Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Particulars	Dr. Usha Sunderajan	Sh. S.P.S Shinh
Date of Birth	16.11.1950	07.04.1954
Date of Appointment	13.12.2005	24.02.2004
Qualification	Ph.d from IIT Delhi, MBA from IIM, Ahmendabad	Graduate from University of Delhi
Expertise in specific functional area	With vast experience in Management consultancy / HR	With vast experience in Industrial Experience
Directorship held in other companies	1. Avantage Solutions Ltd., 2. Bakelite Hylam Ltd 3. Bakelite Resins & Foams Ltd 4. Panel Boards & laminates Ltd	1. Bakelite Hylam Limited 2. Bakelite Coatings & Paints Pvt Ltd 3. Ezra Trading & Finance Co Ltd 4. Bakelite Resins & Foams Ltd 5. Panel Boards & laminates Ltd 6. Viraj Electronics Pvt Ltd 7. Arabian Sea Resorts Ltd

Information pertaining to Directors whose appointment will be placed at the meeting for approval of members (Pursuant to Clause 49 of the Listing Agreement)

Particulars	Shri Bharath Chandra	Shri Anurag Singhvi	Shri Dinakar Bodhishwar Rai
Date of Birth	30.06.1944	19.06.1972	30.04.1965
Date of Appointment	15.06.2007	27.03.2008	27.03.2008
Qualification	IPS	MBA (Finance) from IIM, Bangalore	C.A
Expertise in specific functional area	Vast administration experience in Senior Positions.	Accounts and Finance and Particularly Project Financing.	Vast Experience in Accounts, Finance, Taxation
Directorship held in other companies	1. Bakelite Hylam Ltd., 2. A.M.R.I., 3. National Standard Tyre Mould (India) Limited 4. Bakelite Resins & Foams Ltd 5. Panel Boards & laminates Ltd	1. Shankarparvati Reality & Agro Private Limited. 2. Sumanth Reality & Agro Private Limited. 3. Mallinath Reality & Agro Private Limited. 4. Kunthunath Buildtech & Farms Private Limited. 5. Bakelite Hylam Limited.	1. Global Trustcapital Finance Private Limited. 2. Swayamvar Estate Developers Private Ltd. 3. Maruti Finvest and Services Private Limited. 4. Subodh Fabritex Private Limited. 5. Bhagyaxmi General Trading Private Limited.

NATIONAL STANDARD (INDIA) LIMITED

Directors' Report - For the Financial Year ending 31st December 2007

To

THE MEMBERS,

Your Directors present the FORTY FIFTH Annual Report together with the Audited Accounts of the Company for the year ended 31st December, 2007.

FINANCIAL RESULTS

(Rs. Lacs)

Particulars	Year Ended	
	Dec 31, 2007	Dec 31, 2006
Net Sales	66.40	-
Other Income	23.38	13.27
Interest	(77.33)	(4.53)
Cash profit / (Loss)	(177.81)	(593.66)
Depreciation	(21.95)	(32.74)
Exceptional Items	-	3589.68
Net Profit / (Loss)	(199.75)	2963.29

PERFORMANCE

In the current year the company's plants were not operational. However the Hoskote Plant was re-started during the year, initially on job basis while making the plant ready for tyre moulds.

The machinery at Thane Plant was over-hauled and made ready for re-location to enable the production to be re-commenced at the earliest, after completing the relocation.

STATUS OF REHABILITATION SCHEME

The Rehabilitation Scheme (SS-06) has been under implementation since June 2006. The required funds were inducted into the company, in accordance with the SS-06. The income-tax Dept. has sought time for grant of the income tax reliefs and concessions as per SS-06. The same is being followed up. DGFT Matter is also in process and is being followed up. Sundry Creditors who have sent their outstanding statement and acceptance of One Time Settlement have been paid after reconciliation of accounts as per SS-06. The company has been permitted to develop as I.T. Park at Thane Land after relocation. Work on this is in process. The reliefs as per SS-06 have been substantially implemented.

MANAGEMENT DISCUSSION AND ANALYSIS ; BUSINESS SEGMENT-WISE PERFORMANCE AND OUTLOOK

THANE

The company has taken up repair of the machinery of Thane and Hoskote. The company has decided to re-locate the bead-wire plant to Hyderabad while the tyre mould operations will be centralized at Hoskote, Karnataka.

The company has purchased land at Pashamylaram, near Hyderabad, A.P. from APIIC.

VRS has been entered with workmen who are not interested to work at the new location. The above steps will considerably add to the Company's financial health.

HOSKOTE

Job work has already started in the unit. The Electricity connection has been restored. The factory licenses are being re-validated as per the rules. Other various steps have been taken to make the unit function more profitably.

RISKS AND CONCERNS

Restarting the closed plants will be a challenge, to be addressed during the rehabilitation process.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Internal Control Systems of NSIL were made ineffective by the Company's inability to retain its personnel, as well as lack of operations / lack of revenues. The company is making efforts to re-strengthen the system.

The Company's Internal-audit and reporting systems, used for evaluation and operations monitoring which was thrown out of gear are being strengthened. The performance of the company is regularly reviewed by Senior Management and the Board of Directors to ensure that it is in keeping with the overall corporate policy and in line with the company's objective.

CAUTIONARY NOTE

The statements forming part of the Directors' Report may contain certain forward-looking statements within the meaning of applicable securities laws and regulations. Many factors could cause the actual results, performances or achievements to be different from that has may be expressed or implied by such forward-looking statements.

SALE OF ASSETS

The Company is exploring various options for sale of assets which will be done through an Assets Sale Committee in accordance with the SS-06.

DIRECTORS

Shri R. Kela has resigned from BOD w.e.f 15.06.2007 and expressed his inability to continue. Shri Vinod Sahney has resigned from BOD w.e.f 15.06.2007 and has expressed

NATIONAL STANDARD (INDIA) LIMITED

his inability to continue. Your Directors wish to place on record their sincere appreciation for the valuable services rendered by Shri R. Kela and Shri Vinod Sahney.

In accordance with the provisions of Section 256 of the Companies Act 1956, Dr. Usha Sunderajan and Shri S.P.S Shinh retire by rotation at the forthcoming Annual General Meeting and have offered themselves for re-appointment. Your Directors recommend their re-appointment as Additional Director of the Company.

With a view to strengthen the board, two outstanding professionals Sh. Anurag Shingvi and Sh. Dinkar Rai have been appointed as Independent Directors. Your Directors recommend their appointment as Independent Director of the Company.

AUDITORS

M/s C.P. Ranka & Co, statutory auditors of the company will retire by rotation at the ensuing General Meeting of the company and are eligible for reappointment.

As regards Auditors' observations, the relevant notes on the accounts are self explanatory and do not call for any further comments.

LISTING FEE PAYMENT

The Company has made payment of all existing dues from 2002 - 2007 to Kolkata Stock Exchanges. The company has not paid its annual Listing Fees to Mumbai Stock Exchange. Efforts are on to activate the trading of shares, which is under suspension at present.

DEMATERIALIZATION OF SHARES

The shares of the Company fall under Compulsory Rolling Settlement w.e.f. 2nd January, 2002. The permission to de-mat is awaited.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION, AND FOREIGN EXCHANGE EARNINGS / OUT GO

The information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed and forms part of this report. During the period under review, there was no import of technology.

CORPORATE GOVERNANCE

The Report on Corporate Governance is enclosed separately.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors confirm:

- a) that in the preparation of annual accounts, the applicable accounting standards, had been followed along with proper explanation relating to material departures, if any;

- b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at December 31, 2007 and of the profit or loss of the Company for that period;
- c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 so as to prevent and detect fraud and other irregularities;
- d) that the Directors had prepared the accounts on a going concern basis;
- e) that any defaults arising out of lack of funds have been addressed by the dispensation granted by BIFR under the sanctioned scheme.
- f) Due to change of management, Hon'ble BIFR has granted an exemption from any penal proceedings and penalties in respect of past defaults, if any, since March 31, 2000.

AUDIT COMMITTEE

The Audit Committee met as and when required.

INDUSTRIAL RELATIONS AND PERSONNEL

The Company has entered into a VRS with the workers of the Thane. The relations with the employees remain cordial. The Board wishes to express its appreciation for the cooperation and support extended by the workmen and other employees at all levels despite the adverse conditions faced by the company.

ACKNOWLEDGEMENTS

The Directors acknowledge the co-operation extended by Financial Institutions, Banks and Employees in the revival of the company. Their continued support is vital and critical for the success of the Rehabilitation of the Company.

Special thanks are also due to Hon'ble Board of Industrial and Financial Rehabilitation (BIFR) whose nurturing, guidance and support have been invaluable and has enabled the company to achieve significant improvement in the net-worth, and has enabled the company to look forward to a prosperous future.

For and on behalf of the Board

A.L. Ananthanarayanan
Managing Director

N.P.S. SHINH
Chairman

Place : Mumbai
Date : 27.03.2008

NATIONAL STANDARD (INDIA) LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Conservation of Energy, technology absorption, Foreign Exchange Earnings and outgo:

In accordance with the Companies (Disclosure of particulars in report of the Board of Directors) rules, 1988

A. Conservation of Energy:

- a) Energy Conservation measures taken:
There is nothing significant to report in this area.
- b) Additional investments and proposals if any being implemented for reduction of consumption of energy:
No investments were made in this area.
- c) Impact of measures to (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
NIL

B. Technology Absorption and Innovation

During the period under review, there was no import of technology.

C. Research and Development (R&D):

There was no R&D work on account of the units not being operational during most part of the year.

Foreign exchange earnings and outgo:

During the period under review, there was no foreign exchange earnings and outgo.

AUDITORS REPORT OF CORPORATE GOVERNANCE

To
**The Members of
National Standard (India) Limited
(formerly National Standard Duncan Limited)**
Hyderabad.

We have examined the compliance of conditions of Corporate Governance procedures implemented by **National Standard (India) Limited**, for the period ended 31st December, 2007, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The Compliances of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement except to the extent as mentioned below:

- a) **No quarterly results of the Company were published during the year.**
- b) **No quarterly limited review was conducted during the year.**

We state that in respect of investor grievance(s) received during the period ended 31st December, 2007, no investor grievances are pending for a period exceeding on month against the Company as on 31st December, 2007, as per the records maintained by the Company and presented to the Shareholders'/ Investors' Grievance Committee.

We further state such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **C.P.Ranka & Co.**
Chartered Accountants

(C.P.Ranka)
Partner

Membership No. : 106823

Place: Secunderabad

Date: 27.03.2008



NATIONAL STANDARD (INDIA) LIMITED

REPORT ON CORPORATE GOVERNANCE

1. COMPANY PHILOSOPHY:

The Company philosophy of Corporate Governance is to enhance long-term shareholders value, achieve operational efficiencies and business results in all areas of Company's operations, with compliance of all statutory and regulatory provisions. The Company believes in transparency, openness and disclosure of information consistent with the business environment in which the Company operates.

2. BOARD OF DIRECTORS:

- The details of attendance, Directorship and Membership of the Directors as on 31.12.2007 are given below:

Name of Director	Appointment Date	Category of Director	Attendance Particulars		Directorship of other Companies
			Board Meetings	Last AGM*	
NPS Shinh	31.07.2002	Chairman & PD	4	-	12
A.L.Ananthanarayanan	14.08.2003	MD & PD	4	Yes	8
Manita Shinh	19.12.2002	PD & WD	3	-	9
S.P.S Shinh	24.02.2004	ID & NED	2	-	6
Mrs. Usha Sunderarajan	13.12.2005	ID & NED	1	-	4
Shri L.M.Mehta	30.12.2006	BIFR Director	2	-	2
Sh. Bharath Chandra	15.06.2007	ID & NED	2	-	5
Sh. Vinod Sawney (resigned on 15.06.07)	13.12.2005	ID & NED	-	-	6
Sh. Rajender. Kela (resigned on 15.06.07)	13.12.2005	ID & NED	2	-	NIL

NED = Non-Executive Director, ID = Independent Director, PD = Promoter Director, WD = Whole Time Director

* Last AGM for the year 2005-06 was held on 24th March, 2007.

• BOARD MEETINGS:

Four Board Meetings were held on 26.02.2007, 15.06.2007, 01.08.2007, 27.12.2007

3. AUDIT COMMITTEE, REMUNERATION COMMITTEE :

The Audit Committee at present consists of Shri L.M.Mehta, Dr. Usha Sunderarajan, both being Non-Executive Directors and Dr A.L.Ananthanarayanan. Audit Committee meeting was held on 26.02.2007, 15.06.2007, 01.08.2007, 27.12.2007 during the year.

4. REMUNERATION COMMITTEE :

Remuneration Committee has been formed to periodically review the remuneration package of Managing/Whole-time Directors and recommend suitable revision to the Board.

Remuneration Committee consists of Dr Usha Sunderarajan, Shri Rajender Kela, both being Non-Executive Independent Directors and Shri N.P.S Shinh. Dr. Usha Sunderarajan is the Chairperson of the Committee.

No directors other than Ms. Manita Shinh have received any remuneration during the financial year.

During the financial year Remuneration Committee has not met, since there was no need for the same.

5. SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE:

The Committee consists of Shri Rajender Kela, Dr. A.L. Ananthanarayanan, Shri N.P.S Shinh and Ms. Manita Shinh. Shri Rajender Kela is Chairman of the Committee. No meetings were held during the year. The Board of Directors attended any grievances received from the shareholders promptly.

6. GENERAL BODY MEETINGS:

Location and date / time for last three Annual General Meetings were:

Year	Location	Date	Time
2003 - 2004	3, Esplanade East, Kolkata - 700 069	24.03.2007	11.00 AM
2004 - 2005	3, Esplanade East, Kolkata - 700 069	24.03.2007	11.30 AM
2005 - 2006	3, Esplanade East, Kolkata - 700 069	24.03.2007	12.00 PM

- Special Resolutions were passed in the Above Annual General Meetings.
- No Resolutions we passed through Postal Ballot.

● **RE-APPOINTMENT OF DIRECTORS:**

Dr (Mrs) Usha Sunderarajan and Sh. S.P.S. Shinh have been re-appointed as Director of the company in the financial year 2006-07.

Considering their experience and the benefits the Company can derive by their contribution to the Company in its efforts of Rehabilitation, the Directors recommend the proposal of their reappointment for the consideration of the members.

7. DISCLOSURES:

During the last 3 years, there were no monetary penalties imposed either by SEBI or the Stock Exchanges or by any Statutory Authority for non-compliance on any matter related to Capital Markets.

There are no material significant transactions made by the Company with its Promoters, Directors or Management, their Subsidiaries or Relatives etc. that

NATIONAL STANDARD (INDIA) LIMITED

may have potential conflict with the interests of the Company at large. In consonance with clause 7.3.2 of the BIFR order dated 01.06.2006 as on the date of this report, 70,08,974 Equity Shares of Rs. 10/- each have been issued to the Promoter Group.

8. MEANS OF COMMUNICATION:

Quarterly and Half yearly results were not published.

9. GENERAL SHAREHOLDERS INFORMATION:

- Date and Time : April 28th, 2008 at 10.30 A.M
- Venue : 2nd Floor, 3, Esplanade East, Kolkata - 700 069
- Financial Calendar : Financial Year - January to December
- Date of Book Closure : 24th, 25th and 26th April, 2008
- Dividend Payment Date (s) : No dividend was proposed by the Board.
- Listing of Shares : 1. The Calcutta Stock Exchange Association Ltd
7, Lyons Range, Kolkatta – 700 001
2. The Bombay Stock Exchange Ltd,
25th Floor, Pj Towers, Dalal Street, Fort
Mumbai – 400 001

- Stock Code : CSE - 24063
BSE - 504882

- Market Price Data: High, : Not Applicable as there was no transaction.
Low during Each month in
last Financial Year /
Performance in comparison
to BSE Sensex

- Registrar and Transfer Agents : C B Management Services (P) Limited
P- 22, Bondel Road, Kolkata - 700 019
Tel : 033 - 2280 6692

- Share Transfer System : Share Transfers, which are received in physical
form, are processed and the Share Certificates
are returned with in a period of 15 days, subject
to the documents being valid and complete in all
respects.

- Distribution of Shareholding: Please see Annexure 'A'
and Shareholding pattern
as on 31.12.07

- Dematerialisation of shares and Liquidity : Not Applicable

- Plant Locations : The Company's plants are located at
a) Thane, Maharashtra
b) Hoskote, Karnataka

- Registered Office/Address for Correspondence : 2nd Floor, 3, Esplanade East, Kolkata – 700 069
(Address for Correspondence :- "Surya Towers"
'C' Block, 3rd Floor, 104, S.P. Road,
Secunderabad – 500 003)

Annexure ' A '

SHAREHOLDING PATTERN as on 31.12.2007

SI No.	CATEGORY	No. of Shares	Share Holding %
A	Promoter's Holding		
1	Promoters* - Indian Promoters - Foreign Promoters	70,08,974 -	93.45 -
2	Persons acting in Concert	-	-
	Sub Total	70,08,974	93.45
B	Non-Promoters Holding		
3	Institutional Investors		
A	Mutual Funds and UTI	24,990	0.33
B	Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-government Institutions	1,22,590	1.64
C	FII's	-	-
	Sub Total	1,47,580	1.97
4	Others		
A	Private Corporate Bodies	1,54,235	2.06
B	Indian Public	63,949	0.85
C	NRI's/OCBs	264	0.00
D	Any Other (please specify)		
	i) Foreign Invt. Co	1,24,998	1.67
	ii) Foreign National	-	-
	Sub Total	3,43,446	4.58
	Grand Total	75,00,000	100.00
NOTE:-			
	TOTAL FOREIGN SHARE HOLDING	No. of Shares	Share Holding %
	Foreign Invt. Co	1,24,998	1.67
	NRI's / OCBs	264	0.00
	Foreign National	-	-
	Total	1,25,262	1.67

NATIONAL STANDARD (INDIA) LIMITED

DISTRIBUTION OF SHAREHOLDING AS ON 31.12.2007

Range From	To	Total No. of Holders	% of Total Share Holders	No. of Shares	% of Total Shareholding
1	500	1093	97.76	59,276	0.79
501	1000	6	0.54	4,141	0.06
1001	2000	1	0.09	1,507	0.02
2001	3000	-	-	-	-
3001	4000	1	0.09	3,952	0.05
4001	5000	-	-	-	-
5001	10000	1	0.09	8,071	0.11
10001	99999999	16	1.43	74,23,054	98.97
TOTAL		1118	100.00	75,00,000	100.00

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of **NATIONAL-STANDARD INDIA LIMITED** (formerly NATIONAL-STANDARD DUNCAN LIMITED) as at 31st December, 2007, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, (hereinafter referred to as the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to paragraph 3 above, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit *except information mentioned in paragraphs (h) and (i) below;*

- b) in our opinion, proper books of account, as required by law, have been kept by the Company so far as it appears from our examination of those books *subject to what is stated in paragraphs (e), (i) and (j) below;*
- c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the Accounting Standards referred to in Section 211 (3C) of the Act, to the extent applicable *except Accounting Standard - 11 "The Effects of Changes in Foreign Exchange Rates" and Accounting Standard 15 - "Employee Benefits", the details and effect of which have been disclosed in the paragraph (e) and (j) below;*
- e) *The Company has not made any adjustment in respect of Revised Accounting Standard 15 - "Employee Benefits" applicable to the Company with effect from 1st April, 2007, the impact whereof on the attached financial results is presently not ascertainable (refer note no. 14 of Schedule 14);*
- f) *we are unable to express an opinion as to the extent of deterioration of fixed assets (excluding land) of the cost of Rs. 17,39,65,035 (WDV Rs. 1,64,24,810) that might have occurred on account of suspension of manufacturing since 1st August, 2001 and that the expenses which the Company may have to incur for the restoration of the plants (refer note no. 5 of Schedule 14);*
- g) *certain overdue Sundry Debtors and Advances aggregating to Rs. 39,25,965 and Rs. 60,52,097 respectively, which have been classified as 'considered good', are, in our opinion, doubtful of recovery and require to be provided for (refer note no. 6 of Schedule 14);*
- h) *attention is invited to note no. 7 in Schedule 14 regarding non-disclosure of amounts payable to Micro, Small and Medium Enterprises as required under Micro, Small and Medium Enterprises Act, 2006;*
- i) *attention is invited to note no. 8 in Schedule 14 regarding pending reconciliation and / or confirmations of sundry debtors, creditors, loans and advances and consequential revenue and other adjustments as may be required to be carried out;*
- j) *attention is invited to note no. 15 in Schedule 14 regarding non-restatement of foreign current debtors / creditors at the year-end resulting into non-compliance with Accounting Standard - 11 "The Effects of Changes in Foreign Exchange Rates";*
- k) On the basis of written representation received from the Directors as on 31st December, 2007 and taken on record by Board of Directors, we report that none of them is disqualified as on 31st December, 2007 from being appointed as a director in terms of Section 274 (1) (g) of the Act;

NATIONAL STANDARD (INDIA) LIMITED

- l) we further report that, without considering matters referred to in paragraphs 4(e), (f), (h), (i) and (j) above, the effect of which could not be determined, had the observations made by us in paragraph 4(g) above been considered, the loss for the year would have been Rs. 3,01,50,836 (as against reported figure of Rs. 2,01,72,774), accumulated losses would have been Rs. 14,74,27,894 (as against reported figure of Rs. 13,74,49,832);
- m) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts *subject to what is stated in para 4(l) above and para 1 of the Annexure to the report, the effect of which could not be determined* and read together with note no. 13 regarding pending Central Government in respect of managerial remuneration and read together with Significant Accounting Policies, Contingent liabilities and other notes appearing in Schedule 14 and elsewhere in the accounts give the information required by the Act and in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st December, 2007;
 - b) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **C.P.RANKA & Co.**
Chartered Accountants

(C.P.RANKA)
Partner
Membership No. : 106823

Place: Secunderabad
Date : 27.03.2008

Annexure referred to in our report of even date on the financial statements for the year ended 31st December, 2007 of NATIONAL-STANDARD (INDIA) LIMITED (formerly NATIONAL-STANDARD DUNCAN LIMITED).

1. a) The Company is in the process of updating its fixed assets records to show full particulars including quantitative details and situation of fixed assets.
 - b) *As informed to us, physical verification of fixed assets was not carried out by the management during the year and consequently we are unable to express an opinion with regard to discrepancies, if any, on account of quantity, usability / realisability, book value, location and other details of the fixed assets of the Company as compared to book records and resultant impact on the financial statements. (attention is also invited to note no. 5 in Schedule 14).*
 - c) In our opinion and according to the information and explanations given to us, there was no disposal of substantial part of the fixed assets during the year.
2. *The inventory has not been physically verified by the management at reasonable intervals during the year and / or at close of the year and consequently, we are unable to express an opinion with regard to discrepancies, if any, on account of quantity, usability / realisability and location as compared to book records and resultant impact on the financial statements. However, the Company is maintaining proper records of inventory.*
3. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - b) The Company has taken interest free unsecured loans from companies and other parties covered in the register maintained under Section 301 of the Act. The total number of such parties are five and the maximum amount involved during the year and the closing balances of such loans were Rs. 3,01,36,519 and Rs. 4,59,130, respectively.
 - c) In our opinion and according to the information and explanations given to us, other terms and conditions on which such loan has been taken by the Company, are prima-facie, not prejudicial to the interest of the Company.
 - d) The amounts of principal in respect of such loans are not due for repayment in view of Rehabilitation Scheme sanctioned by the BIFR, as explained in note no. 4 of Schedule 14.
4. *In our opinion and according to the information and explanations given to us, internal control system needs to be strengthened to make it commensurate with the size of the Company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services.*
5. According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangement referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

NATIONAL STANDARD (INDIA) LIMITED

6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other relevant provision of the Act and rules framed thereunder.
7. *The Company does not have an internal audit system.*
8. According to the information and explanations given to us, the Central Government of India has not prescribed the maintenance of cost records under Section 209 (1)(d) of the Act for any of the products of the Company.
9.
 - a) The Company is generally regular in depositing with the appropriate authorities the undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues viz. Professional Tax, Municipal Tax and Property Tax during the year. However, in view of BIFR Order, dues on account of Investor Education & Protection Fund and other material statutory dues viz. Municipal Tax and Property Tax are not immediately payable, there being exemption from applicability of Section 205(C) of the Companies Act, 1956 and interest free moratorium of two year from the cut off date of 1st June, 2006 as stipulated in the Order sanctioned, respectively. Attention is also invited to Note No. 3 in Schedule 14.
 - b) In view of the Rehabilitation Scheme sanctioned by BIFR as explained in Note No. 4 of Schedule 11, there are no statutory dues outstanding for more than six months as on 31st December, 2007 from the date they became payable *except Wealth Tax of Rs. 10,000 (excluding interest and penalty, if any).*
 - c) According to the records of the Company, there are no dues of Income Tax / Sales Tax / Wealth Tax / Service Tax / Custom Duty / Excise Duty / Cess which have not been deposited on account of any dispute except dues on account of the following:

Particulars	Assessment Year	Forum where dispute is pending	Rupees
Excise Duty	1996-97	CESTAT, Mumbai	11,22,092
Sales Tax	1999-2000	Dy. Commissioner of Sales Tax (Appeals)	89,74,046
	2000 - 2001	Dy. Commissioner of Sales Tax (Appeals)	37,45,663
Income Tax	1995-1996	High Court	38,89,974

10. The Company accumulated losses as at 31st December, 2007 are more than fifty percent of its networth. The Company has incurred cash losses during the financial year and in the immediately preceding period.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the banks and financial

- institutions.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
 13. In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to the chit fund and nidhi / mutual benefit fund / societies.
 14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
 15. Accordingly to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
 16. According to the information and explanations given to us, the Company has not obtained any term loan during the year.
 17. According to the information and explanations given to us, the Company has not raised any funds on short-term basis during the year.
 18. The Company has made preferential allotment of shares at par to parties and companies covered in the Register maintained under Section 301 of the Act.
 19. The Company did not have any outstanding debentures during the year covered by this report.
 20. The Company has not raised any money by public issues.
 21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **C.P.RANKA & Co.**
Chartered Accountants

Place: Secunderabad
Date: 27.03.2008

C.P.RANKA
Partner
Membership No. : 106823

NATIONAL STANDARD (INDIA) LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2007

Amount in Rupees

	Schedules	As at 31.12.2007	As at 31.12.2006
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	149,000,000	25,000,000
Reserves and Surplus	2	4,719,636	4,719,636
		153,719,636	29,719,636
Loan Funds			
Secured Loans	3	-	32,300,000
Unsecured Loans	4	459,130	30,486,519
		459,130	62,786,519
		154,178,766	92,506,155
TOTAL			
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	173,965,035	173,742,736
Less : Accumulated Depreciation		157,540,225	155,345,590
Net Block		16,424,810	18,397,146
Investments			
	6	517,900	18,000
Current Assets, Loans and Advances:			
Inventories	7	2,347,536	3,816,914
Sundry Debtors	7	9,671,725	9,110,965
Cash and Bank Balances	7	5,780,294	1,863,965
Loans and Advances	7	30,625,094	11,071,115
		48,424,649	25,862,959
Less: Current Liabilities and Provision	8	48,638,425	69,049,009
Net Current Assets / (Liabilities)		(213,776)	(43,186,050)
Profit and Loss Account (Loss)		137,449,832	117,277,058
TOTAL		154,178,766	92,506,155

Significant Accounting Policies and
Notes to the Accounts

13

Schedules referred to above form an integral part of the financial statements.

As per our attached report of even date

For C.P.RANKA & Co.

Chartered Accountants

For and on behalf of the Board

C.P.Ranka

Partner

M. Nagakishore

Company Secretary

N.P.S. Shinh

Chairman

A.L. Ananthanarayan

Managing Director

Place : Secunderabad

Date : 27-03-2008

Place : Mumbai

Date : 27-03-2008



FORTY FIFTH ANNUAL REPORT

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER, 2007

Amount in Rupees

	Schedules	For the year ended 31.12.2007	For the 15 months period ended 31.12.2006
INCOME			
Income from Operation	9	6,640,478	-
Other income	10	2,338,410	1,326,577
		8,978,888	1,326,577
EXPENDITURE			
(Increase) / Decrease in Stocks	11	1,469,379	-
Interest Charges		7,732,923	453,238
Depreciation		2,194,633	3,273,824
Other Expenses	12	17,557,362	60,238,950
		28,954,297	63,966,012
Loss before Taxation and Exceptional Items			
Exceptional Items		(19,975,409)	(62,639,435)
		-	358,968,099
		(19,975,409)	296,328,663
Provision for Fringe Benefit Tax		197,365	31,426
		(20,172,774)	296,297,237
Deferred Tax Assets Written off		-	130,575,780
		(20,172,774)	165,721,457
Profit / (Loss) after Taxation and Exceptional Items			
Balance of loss brought forward from previous year		(117,277,058)	(349,441,960)
Reduction in Equity Share Capital		-	66,443,445
		(137,449,832)	(117,277,058)
BALANCE OF LOSS CARRIED OVER TO BALANCE SHEET			
Basic and Diluted Earning Per Share (Face value of Rs.10 each)			
Before Exceptional Items		(3.51)	(12.87)
After Exceptional Items		(3.51)	34.03
Significant Accounting Policies and Notes to the Accounts	13		

Schedules referred to above form an integral part of the financial statements.

As per our attached report of even date

For C.P.RANKA & Co.

Chartered Accountants

For and on behalf of the Board

C.P.Ranka
Partner

M. Nagakishore
Company Secretary

N.P.S. Shinh
Chairman

A.L. Ananthanarayan
Managing Director

Place : Secunderabad

Date : 27-03-2008

Place : Mumbai

Date : 27-03-2008



NATIONAL STANDARD (INDIA) LIMITED

Amount in Rupees

	As At 31.12.2007	As At 31.12.2006
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
10,000,000 Equity shares of Rs.10 each	100,000,000	100,000,000
Issued, Subscribed and Paid-up*		
75,00,000 (Previous Year 35,00,000) Equity shares of Rs. 10 each fully Paid (Refer note no. 2 in Schedule 13)	75,000,000	25,000,000
Share Application Money	74,000,000	-
Total	149,000,000	25,000,000
SCHEDULE 2		
RESERVES & SURPLUS		
Capital Reserve Per last Balance Sheet	1,716,186	1,716,186
Capital Subsidy Reserve Per last Balance Sheet	2,500,000	2,500,000
Share Premium Per last Balance Sheet	3,450	3,450
General Reserve Per last Balance Sheet	500,000	500,000
Total	4,719,636	4,719,636

FORTY FIFTH ANNUAL REPORT

Amount in Rupees

	As At 31.12.2007	As At 31.12.2006
SCHEDULE 3		
SECURED LOANS		
Term Loan from a Finance Company (Against pledge of shares held by the Promoters)	-	32,300,000
Total	-	32,300,000
SCHEDULE 4		
UNSECURED LOANS		
From a Subsidiary Company	350,000	-
From Bodies Corporate	-	14,990,000
Promoters Contribution (Interest free) (Refer note no. 4 in Schedule 13)	109,130	15,496,519
Total	459,130	30,486,519
SCHEDULE 6		
INVESTMENTS - LONG TERM -AT COST		
Non-trade - Fully Paid up		
Unquoted		
Duncan Services Ltd. 360 Equity shares of Rs.100 each fully paid (includes 180 bonus shares)	18,000	18,000
Unquoted		
National Standard Tyre Mould Limited 49990 Equity shares of Rs.10 each fully paid	499,900	-
Total	517,900	18,000



SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31st December, 2007

SCHEDULE 5 : FIXED ASSETS

Amount in Rupees

DESCRIPTION	Cost/Book Value			Depreciation					Net Book Value	
	As at 01.01.2007	Additions during the period	Deductions during the period	As at 31.12.2007	As at 01.01.2007	For the period	On Deductions/ Adjusts.	Upto 31.12.2007	As at 31.12.2007	As at 31.12..2006
Leasehold Land (Long Term)	546,523	-	-	546,523	247,047	5,520	-	252,568	293,955	299,476
Land (Hoskote)	389,939	-	389,939	-	-	0	-	389,939	389,939	-
Buildings	29,088,362	-	-	29,088,362	23,147,287	477,878	0	23,625,164	5,463,198	5,941,076
Machinery	118,897,438	104,000	-	119,001,438	109,440,495	1,278,273	0	110,718,768	8,282,670	9,456,943
Electrical Equipments	5,501,556	-	-	5,501,556	4,702,014	105,548	0	4,807,562	693,994	799,543
Air Conditioners	622,936	-	-	622,936	556,462	8,775	0	565,237	57,699	66,475
Vehicles	807,819	85,800	-	893,619	304,459	138,353	0	442,812	450,807	503,360
Furniture and Office Equipments	17,888,163	32,499	-	17,920,662	16,947,826	180,288	0	17,128,114	792,548	940,337
TOTAL	173,742,736	222,299	-	173,965,035	155,345,590	2,194,635	-	157,540,225	16,424,810	18,397,146
Previous Year	514,963,718	546,700	341,767,682	173,742,736	327,166,023	3,273,824	75,094,259	155,345,590	18,397,146	

- (a) Buildings include advance rent against lease premises of Rs. 1,593,376 taken on a 60 year lease to be amortised over the primary period of the lease. It also includes Rs. 250 for the cost of 5 shares of Rs.50/- each fully paid in a Co-operative Society
- (b) Refer Note No. 5 in Schedule 13

NATIONAL STANDARD (INDIA) LIMITED

FORTY FIFTH ANNUAL REPORT

Amount in Rupees

	As At 31.12.2007	As At 31.12.2006
SCHEDULE 7		
CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
Inventories		
(As taken, valued and certified by the Management)		
Stores, Spares etc.	664,564	1,134,489
Utilities	-	73,803
Raw Materials	22,590	113,692
Finished Goods	424,518	664,068
Work-in-Process	892,610	1,424,410
Machinery Components	343,254	343,254
Scrap	-	63,198
Total	2,347,536	3,816,914
Sundry Debtors *		
(Unsecured-considered good except as otherwise stated)		
Debtors over six months	3,925,965	9,110,965
Debtors less than Six Months	5,745,760	-
Less : Provision for Doubtful Debts	-	-
Total	9,671,725	9,110,965
Cash and Bank Balances		
Cash in hand	12,899	112,536
With Scheduled Banks*		
On Current Accounts	5,673,067	1,657,101
On Dividend Account	94,328	94,328
Total	5,780,294	1,863,965

NATIONAL STANDARD (INDIA) LIMITED

Amount in Rupees

	As At 31.12.2007	As At 31.12.2006
Loans and advances* (Unsecured-considered good except as otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	30,297,025	10,738,558
Balance with Customs, Port Trust and Excise Authorities	5,194	9,682
Advance Tax (net)	322,875	322,875
Total	30,625,094	11,071,115
Grand Total	48,424,649	25,862,959
SCHEDULE 8 CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities*		
Sundry Creditors	11,572,945	16,456,578
Due to Small Scale Industrial Units	-	-
Other Liabilities	36,849,104	52,468,318
*Investors ' Education & Protection Fund:		
Unpaid Dividend (Refer note no. 4 in Schedule 13)	94,327	94,327
Provisions		
For Wealth Tax	10,000	10,000
For Fringe Benefit Tax	112,049	19,786
Total	48,638,425	69,049,009

Refer note no. 8 in Schedule 13

FORTY FIFTH ANNUAL REPORT

	For the year ended 31.12.2007 Rs.	For the 15 months period ended 31.12.2006 Rs.
SCHEDULE 9		
Income From Operations		
Sales	1,469,378	-
Job Work Charges	5,171,100	
Total	6,640,478	-
SCHEDULE 10		
OTHER INCOME		
Miscellaneous Receipts	8,000	
Scrap Sales	2,330,410	
Profit on sale of Fixed Assets		1,326,577
Total	2,338,410	1,326,577
SCHEDULE 11		
(Increase) / Decrease in stocks		
Opening stock		
Raw Material	1,134,489	1,134,489
Utilities	73,803	73,803
Stores and Spares	113,692	113,692
Work-in-Process	664,068	664,068
Finished Goods	1,424,410	1,424,410
Machinery Components	343,254	343,254
Scrap	63,198	63,198
	3,816,915	3,816,915
Add : Purchases	-	-
Less : Closing stock		
Raw Material	664,564	1,134,489
Utilities	-	73,803
Stores and Spares	22,590	113,692
Work-in-Process	424,518	664,068
Finished Goods	892,610	1,424,410
Machinery Components	343,254	343,254
Scrap	-	63,198
	2,347,537	3,816,915
Total	1,469,379	-

NATIONAL STANDARD (INDIA) LIMITED

	For the year ended 31.12.2007 Rs.	For the 15 months period ended 31.12.2006 Rs.
SCHEDULE 12		
OTHER EXPENSES		
Salaries, Wages, Bonus and Commission	9,068,605	2,469,208
Staff Welfare Employee Cost	126,711	-
Provident, Gratuity & Superannuation Funds	1,393,106	8,021
Maharashtra Labour Welfare Fund	22,626	-
Telephone Expenses	73,146	12,526
Advertisement	60,785	5,376
Travelling Expenses	753,596	367,870
Conveyance	244,900	71,287
Postage and Courier	87,121	4,975
Printing and Stationary	61,587	8,779
Electricity Charges	101,066	-
Rent	624,723	373,426
Rates and Taxes	273,981	42,783
Repairs and Maintenance - Buildings	446,908	336,675
- Plant & Machinery	319,513	-
- Others	284,581	17,680
Carriage Outward	12,081	-
Power and Fuel	96,819	-
Legal & Professional Fees	1,681,747	116,287
Security Expenses - Hoskote	567,040	338,738
Seminar Fees	56,400	-
Membership and Subscription	11,000	-
Rates and Taxes	48,623	3,462
Auditors' Remuneration	11,236	11,124
Listing Fees	63,000	-
Packing Charges	7,126	-
Books and Periodicals	2,490	-
Insurance	19,506	-
Directors' Sitting Fees	27,500	-
Computer Maintenance Charges	16,510	-
Commission and Discount	51,850	-
Misecellaneous Expenses	120,467	96,525
Bad Debts Written off	-	17,154,629
Written down in the value of the Inventories	-	37,284,986
Sundry Balances Written off (Net)	821,014	1,514,593.00
Total	17,557,362	60,238,950

NATIONAL STANDRAD (INDIA) LIMITED
(Formerly NATIONAL STANDARD DUNCAN LIMITED)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS ON AND FOR THE YEAR ENDED 31ST DECEMBER, 2007.

SCHEDULE 13

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1) SIGNIFICANT ACCOUNTING POLICIES:

A) BASIS OF ACCOUNTING

The financial statements are prepared under historical cost convention except for certain fixed assets which have been revalued, on the accounting principles of a going concern and in accordance with the applicable Accounting Standards. All expenses and income to the extent ascertainable with reasonable certainty are accounted for on accrual basis. The presentation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively.

B) FIXED ASSETS

Fixed Assets are stated at cost less depreciation and direct costs related to acquisition of fixed assets are capitalised until the assets are ready to put to use. These costs include freight, installation costs, duties and taxes and other allocated expenses. In accordance with AS 28 on 'Impairment of Assets' issued by the Institute of Chartered Accountants of India, where there is an indication of impairment of the Company's assets related to cash generating units, the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized in the profit and loss account whenever the carrying amount of such assets exceed its recoverable amount.

C) BORROWING COSTS

Borrowing costs directly attributable to the acquisition and construction of qualifying assets are capitalised as a part of the cost of respective assets upto the date when such asset is ready for its intended use. Other borrowing costs are charged to the Profit and Loss Account.

D) INVESTMENTS

Long term Investments are stated at cost. In case, there is a decline other than temporary in the value of any investments, a provision for the same is made.

NATIONAL STANDARD (INDIA) LIMITED

E) DEPRECIATION/AMORTISATION

Leasehold land is amortised over the period of lease. Depreciation is charged on Written Down Value Method in respect of all the assets of the Company at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956.

F) VALUATION OF INVENTORIES

- a) Inventories are valued at lower of cost and estimated net realisable value except stocks of Scrap/Rejects, which are taken at nil value and recognised on sale. Obsolete, defective and unserviceable stocks are provided for.
- b) Cost of Raw materials, Stores and Maintenance Spares are computed on Moving Weighted Average.
- c) Cost in respect of Work-in-Process and Finished Goods represents direct cost and an appropriate portion of factory overheads which are incurred in bringing them to their present location and condition.

G) REVENUE RECOGNITION

Sales are stated inclusive of sales tax and net of rebates and discount. Revenue is recognized when the property and all the significant risks and rewards of ownership are transferred to the buyer or no significant uncertainty exists regarding the amount of consideration to be realised from the sale of goods.

H) EMPLOYEE BENEFITS

Provident and Family Pension - as a percentage of salary and wages for eligible employees. Gratuity and Leave Encashment - Accounted for on accrual basis in respect of all the employees as per the rules of the Company.

I) CAPITAL WORK-IN-PROGRESS

The cost incurred for fixed assets, the construction / installation / acquisition of which is not completed, are included under the Capital Work-in-progress and the same are related / classified to the respective assets on completion.

J) FOREIGN CURRENCY TRANSACTIONS

- a) Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements, are recognized as income or expense in the period in which they arise, except for exchange differences arising on loans denominated in foreign currencies utilised for acquisition of fixed assets from outside India, where the exchange gains/losses are adjusted to the cost of such assets.

- b) The exchange differences arising on forward foreign currency contracts other than those entered into to hedge the foreign currency risk of firm commitments or highly probable forecast transactions are recognized in the period in which they arise based on the difference between
 - i) foreign currency amount of the contract translated at the exchange rate on the reporting date and
 - ii) the same foreign currency amount translated at the later of the date of inception of the forward exchange contract or the last reporting date.

K) ACCOUNTING FOR TAXES ON INCOME

Income tax expenses comprise current tax and fringe benefit tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charges or credit (reflecting the tax effects of timing differences between accounting income and taxable income of the year).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain as the case may be to be realised.

L) PROVISION, CONTINGENT LIABILITIES & CONTINGENT ASSETS

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefit will be required to settle an obligation. Contingent liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and to the extent not provided for are disclosed in the notes to the accounts. Contingent assets are not recognized or disclosed in the financial statement.

NATIONAL STANDARD (INDIA) LIMITED

NOTES TO ACCOUNTS:

	As at 31.12.2007 Rs.	As at 31.12.2006 Rs.
2. Issued, Subscribed and Paid up Capital includes:		
a. *25,000 Equity Shares (Previous Period 25,000) of Rs.10 each issued as Bonus Shares by capitalization of General Reserve.	2,50,000	2,50,000
b. *49,000 Equity Shares (Previous Period 49,000) of Rs.10 each issued and paid up to the extent of Rs. 4,90,000 (Previous Period Rs. 4,90,000) pursuant to a contract without payment being received in cash.	4,90,000	4,90,000
c. *4,42,956 Equity Shares (Previous Period 4,42,956) of Rs.10 each issued as Bonus Shares by capitalization of Securities Premium Account.	44,29,563	44,29,563
d. *2,21,304 Equity Shares (Previous Period 2,46,304) of Rs. 10 each fully paid up after giving effect to 90% reduction in the existing Share Capital based on the BIFR Order. Attention is also drawn to note no 4 below.	22,13,042	22,13,042
e. 17,61,739 Equity Shares (Previous Period 17,61,739) of Rs.10 each issued at par to present promoters in lieu of interest free unsecured loans provided by them. The above shares were issued after reduction of the existing share capital. However attention is drawn to note no 4 below.	1,76,17,395	1,76,17,395
f. 50,00,000 Equity Shares (Previous Period Nil) of Rs.10 each issued at par to present promoters during the year.	5,00,00,000	-
Total	7,50,00,000	2,50,00,000

*After considering the write back to the extent of 90% as per BIFR sanction/ Rehabilitation scheme in an earlier period.

FORTY FIFTH ANNUAL REPORT

	For the year ended 31 st Dec, 2007 Rupees	15 months period 31 st Dec, 2006 Rupees
3. Contingent liabilities not provided for in respect of:		
i) Disputed Central Excise Duty	11,22,092	11,22,092
ii) Disputed Sales Tax liability	1,27,19,709	89,73,065
iii) Disputed Income Tax liability	38,89,974	39,49,860
iv) Counter guarantees given by the Company to the Bank in respect of guarantees given by the later on behalf of the Company.	4,54,83,955	4,54,83,955
v) Interest / penalty as may be imposed for late / non-payment of statutory dues- amount unascertainable.		

4. A. Rehabilitation Scheme of the Company has been sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) vide its Order dated 1st June, 2006 which, inter alia, fixes the cut off date as 31st March, 2000 and provides for various waivers/reduction/remissions/concessions which are being mentioned in the subsequent paragraphs.

- i) Any interest / penalties etc. charged w.e.f. April 1, 1999 (being the date from when the company has been making continuous losses) by unsecured creditors would be waived and balance principal amount to be write back to 25% (net of time barred amounts) which is payable in 10 six-monthly interest free installments with a moratorium of two years from the date of BIFR Order.
- ii) Company(ies)/ management would be exempted from liabilities of any penal proceedings, prosecutions and penalties under any statute by State Government / Central Government in respect of past defaults, if any, since March 31, 2000.
- iii) The Company would be exempted from applicability of Section 205(C) of the Companies Act, 1956 relating to transfer of unpaid amounts to Investors' Education & Protection Fund.
- iv) Statutory dues of Sales Tax, Electricity Dues and Municipal Taxes due, after waiver of interest / penalties / other charges, if any, will be paid in installments in accordance with the policy guidelines of the respective State Governments, with an interest free moratorium of two year from the date of the Order sanctioning the rehabilitation scheme.
- v) For defaults / deficiencies of Provident Fund / Employees' State Insurance Dues / Gratuity etc., after waiving any penalties / penal charges / interest etc. will be paid in 36 equal monthly installments with a moratorium of one year which will carry simple interest at the statutory rate of interest paid by Employees PF Organization from time to time.

NATIONAL STANDARD (INDIA) LIMITED

- vi) Funds inducted by the promoters will not be repayable, till the unpaid restructured dues / settlements arrived at with the secured creditors/ employees are repaid.
- vii) Income tax authorities to consider granting the exemption U/s. 41(1) of the Income Tax Act, 1961 in respect of remissions arising out of the Scheme, extending the period for carry forward of losses and unabsorbed depreciation in terms of Section 72 of the Income Tax Act, 1961 by a period of five years, being the period of closure, granting exemption from capital gain tax for the sale of assets of the company and waiving the conditions specified in Section 2(1B) and Section 2(19AA) and other related sections for grant of Section 72A relief in event of restructuring / merger of the company to the restructured demerged and resulting companies and waive the conditions relating to minimum shareholding / other conditions and various procedural matters.
- viii) The respective state government is to consider extending maximum relief and concessions in accordance with the applicable policy guidelines for sick industries; granting a period of one year from the date of order sanctioning the scheme and to submit all missing sales tax forms and related documents and grant relief for the same in the determination of sales tax dues and to permit submission of certified duplicate copies of sales tax forms where such forms have been issued by the customers but have been misplaced during the period of closure.
- ix) The package of reliefs / concessions is subject of annual review and also a special reviews is to be conducted after six months of the date of sanction of the scheme.
- B) As a result of aforesaid waivers / reduction / remissions, the following adjustments have been made in an earlier period and disclosed as Exceptional Items in the profit and loss account.

PARTICULARS	Current Year Rs. in lacs	Previous Period Rs.
Liabilities in respect of principal amount of loans and interest thereon (secured and unsecured) no longer payable written back on their negotiated settlements and as per the Sanctioned Rehabilitation Scheme	-	26,57,22,162
Sundry creditors written back	-	9,32,45,937
Total	-	35,89,68,099

- C) The Company has made necessary applications to various statutory authorities to consider the above mentioned waivers / reductions / remissions / concessions and the management is expecting a favourable outcome in this regard.

5. There was suspension of manufacturing activity at all the units of the Company since August 2001 due to severe financial crunch and other problems beyond control. Manufacturing activity at one of the units has already been started during the year. In the opinion of the Management, the plants can be put to effective use on full restoration of operations after certain overhauling.
6. No provision has been made in respect of certain overdue sundry debtors and advances aggregating to Rs. 39,25,965 and Rs. 60,52,097, respectively, since the Management has taken suitable measures to recover the said dues.
7.
 - a) The Company is in the process of obtaining / compiling information regarding the status of the Small Scale / Ancillary Industries as defined under the "Industries (Development and Regulation) Act, 1951" and "Interest on delayed payments to Small Scale / Ancillary Industrial Undertaking Act, 1993". Hence, the required information including their dues / over dues could not be furnished.
 - b) The Company is in the process of obtaining / compiling information regarding the status required under Micro, Small and Medium Enterprises Act, 2006 and hence the disclosure, if any, relating to amounts unpaid at the year end together with interest paid / payable as required under the Act could not be furnished.
8. Balances of sundry debtors, creditors, banks and loans and advances given are subject to confirmations and consequential revenue and other adjustments. Necessary rectification in the accounts would be carried out after completion of detailed reconciliation and the process for the same has already been initiated.
9. The Company has not appointed a Company Secretary as required under the provisions of Section 383A of the Companies Act, 1956. (since appointed).
10. The Accounting Standard 17 on "Segment Reporting" requires that the financial statements should disclose the segment results, segment assets and liabilities separately for each of the reportable segment. However, no manufacturing activity was carried out during the period as the same is under suspension since August, 2001 and consequently, segment information has not been furnished.
11. In the opinion of the Board, the Current Assets, Loans and advances have a value on realisation in the ordinary course of the business at least equal to the amount at which they are carried in the books and provision for all known and determined liabilities (except otherwise stated) are adequate and not in the excess of the amount reasonably stated.
12. Various statutory records / procedures are required to be maintained / complied with under various sections of the Companies Act, 1956 and allied fiscal laws are in the process of completion / compliance. This, however, does not have any financial impact on the Company.
13. The Company is in the process of obtaining the Central Government approval for the payment of managerial remuneration. Necessary application in this regard has already been made by the Company and the management is expecting to get it shortly.

NATIONAL STANDARD (INDIA) LIMITED

14. The Company has not made any adjustment in respect of Revised Accounting Standard 15 - "Employee Benefits" applicable to the Company with effect from 1st April, 2007. Provision for such benefits has been made on accrual basis in respect of all the employees as per the rules of the Company. However, in the opinion of the management, it will not have any material financial impact on the results of the Company.
15. Foreign currency debtors / creditors are in the process of confirmation and / or reconciliation and the Company is going to restate the same based on the conclusion arrived at after completion of the reconciliation.
16. Managerial Remuneration to Whole-time Director which is subject to Central Government approval.

	Amount in Rs.	
	Year ended 31st Dec, 2007	15 months period ended 31st Dec, 2006
Salaries and Allowances	8,45,000	-
Contribution to Provident Fund and Family Pension Fund	65,000	--
Perquisites (evaluated as per Income Tax Rules, wherever necessary)	54,170	-
Total	9,64,170	-

17. Disclosure in respect of related parties pursuant to Accounting Standards 18:
- (A) List of related parties:
- I. Parties where control exists - Subsidiary
National Standard Tyre Moulds (India) Limited
 - II. Other parties with whom the company entered into transactions during the year or there are outstanding balances due to / from them.
Associates / Group Companies:
Avaya Holdings & Trading Private Limited*
Mountain Holdings & Trading Private Limited*
*Transactions pertain to loans / contributions towards equity share capital.
 - III. a) **Key Management Personnel:**
Shri N.P.S.Shinh, the Chairman
Shri A.L.Ananthanarayanan, the Managing Director
Ms. Manita Shinh - the Wholetime Director
 - b) **Enterprises / Entities having common Key Management Personnel:**
N.P.S. Shinh (HUF)
Bakelite Hylam Limited
EZRA Trading and Finance Company Limited

FORTY FIFTH ANNUAL REPORT

Bakelite Coatings & Paints Private Limited
 Bakelite Resins and Foams Limited
 Panel Boards and Laminates Limited
 Bakelite Hylam Laminates (India) Limited
 Mountain Dew Properties Limited

c) Relative of Key Management Personnel:

Smt. Gurpreet Kaur Shinh - Wife of Shri N.P.S. Shinh
 Smt. Prabha Ananthanarayanan Wife of Shri A.L. Ananthanarayanan
 Ms. Harsimran Shinh - Daughter of Shri N.P.S. Shinh

(B) During the year, the following transactions were carried out with the related parties in the ordinary course of business and at arm's length:

Amount in Rs.

Transactions	Where control exists	Group / Associate Company	Key Management Personnel	Total	Previous Period 31.12.2006
Unsecured Loans taken: (Interest free) National Standard Tyre Moulds (India) Limited	3,50,000				
Share Application Money: Avaya Holdings & Trading Private Limited N.P.S. Shinh		4,00,000 5,49,000			
Allotment of Equity Shares: Smt. Gurpreet Kaur Shinh Dr. A.L. Ananthanarayanan Smt. Prabha Ananthanarayanan		3,26,34,400 28,50,000 32,30,710			88,34,669 34,07,726 -
Managerial Remuneration: Manita Shinh			9,64,170		-
Outstanding Balances: Unsecured Loans taken: (Interest free) National Standard Tyre Moulds (India) Limited N.P.S. Shinh Dr. A.L. Ananthanarayanan	3,50,000		63,500 45,630		

Notes:

- (a) Related parties are as identified by the Management and relied upon by the auditors.
 (b) No amount pertaining to related parties has been provided for as doubtful debts nor written off during the year.

NATIONAL STANDARD (INDIA) LIMITED

18. Calculation of Earning per Share:

	Current Period	Prev. Period
Numerator: Net Profit/(loss) as per Profit and Loss Account considered for EPS Calculation (Rs.)		
i) Net Profit/(loss) as per Profit and Loss Account before Exceptional Items	(2,01,72,774)	(6,26,70,863)
ii) Net Profit/(loss) as per Profit and Loss Account after Exceptional Items	(2,01,72,774)	16,57,21,456
Denominator: Number of Weighted Equity Shares (Annualized)		
Number of equity shares at the beginning of the year	25,00,000	73,82,605
Reduction in the equity shares to the extent of 90% as provided in their Rehabilitation Scheme sanctioned by BIFR during the year		
Balance no. of equity shares	25,00,000	(66,44,345)
Equity shares issued on 01.08.2006	-	7,38,260
Equity shares issued on 31.01.2007	10,00,000	17,61,740
Equity shares issued on 15.06.2007	40,00,000	-
Total no. of equity shares outstanding at the end of the year	75,00,000	25,00,000
Weighted average number of equity shares outstanding	57,50,000	48,69,157
Basic and Diluted Earnings per Equity Share		
As per loss before considering Exceptional items	Rs.-3.51	Rs.-12.87
As per profit after Exceptional items	Rs. -3.51	Rs. 34.03
Nominal Value per Equity Share	Rs.10 each	Rs.10 each

19. Auditors' Remuneration

	For the year ended 31 st Dec. 2007 Rupees	15 months period ended 31 st Dec. 2006 Rupees
Audit Fees	10,000	10,000
Other Services	-	-
Service Tax	1,236	1,224
Total	11,236	11,224

20. Figures of the previous period have been regrouped / rearranged wherever necessary to conform to the current year's presentation. Figures of current year are not comparable with those of previous year as the previous period's accounts consist of 15 months period.

As per our attached report of even date

For C.P.RANKA & Co.
Chartered Accountants

For and on behalf of the Board

C.P.Ranka
Partner

M. Nagakishore
Company Secretary

N.P.S. Shinh
Chairman

A.L. Ananthanarayan
Managing Director



Place : Sec'bad
Date : 27-03-2008

Place : Mumbai
Date : 27-03-2008

FORTY FIFTH ANNUAL REPORT

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st DECEMBER, 2007

	For the year ended 31-12-2007 Rs.	For 15 months period ended 31-12-2006 Rs.
A) Cash flow from operating activities		
Net profit before taxation and extraordinary items:	(19,975,409)	296,328,663
Adjustment for :		
Depreciation	2,194,633	3,273,824
Interest Paid	7,732,923	453,238
Profit on Sale of Fixed Assets	-	(1,326,577)
Bad Debts Written off	-	17,154,629
Written Down in Inventories	-	37,284,986
Sundry Balances written off (net)	-	1,514,593
Exceptional Items	-	(358,968,099)
Operating Profit / (Loss) before Working Capital Changes	(10,047,853)	(4,284,743)
Adjustments for:		
Sundry Debtors and Loans and Advances	(20,114,737)	5,679,532
Inventories	1,469,379	-
Current Liabilities and Provisions	(20,410,584)	(110,237,995)
Cash Generated from / (Used in) Operations	(49,103,795)	(108,843,206)
Taxes paid	(197,365)	(31,426)
Net Cash before exceptional items	(49,301,160)	(108,874,632)
Exceptional Items	-	358,968,099
Net Cash flow from Operating Activities	(49,301,160)	250,093,467
B) Cash flow from investing activities		
Proceeds from Sale of Fixed Assets	-	168,000,000
Purchase of Fixed Assets	(222,299)	(546,700)
Net cash flow from investing activities	(222,299)	167,453,300
C) Cash flow from financing activities		
Proceeds from borrowings		
Fresh Equity Capital	124,000,000	17,617,395
Interest Paid	(7,732,923)	(453,238)
Long Term Borrowings	(32,300,000)	(439,268,150)
Short Term Borrowings	(30,027,389)	6,060,078
Investment in the equity of Subsidiary	(499,900)	-
Net cash flow from financing activities	53,439,788	(416,043,915)

NATIONAL STANDARD (INDIA) LIMITED

	For the year ended 31-12-2007 Rs.	For 15 months period ended 31-12-2006 Rs.
D) Net increase/(decrease) in cash and cash equivalents:		
Cash and cash equivalents as at beginning of period	1,863,965	361,110
Cash and cash equivalents as at end of period	5,780,294	1,863,965
Net increase/(decrease)	3,916,329	1,502,855
E) Reconciliation		
Net cash flow from operating activities	(49,301,160)	250,093,467
Net cash flow from investing activities	(222,299)	167,453,300
Net cash flow from financing activities	53,439,788	(416,043,915)
	3,916,329	1,502,855

Notes :

- 1 The above Cash Flow Statement has been prepared by using the "Indirect Method" set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- 2 Cash and cash equivalents represents cash and bank balances only.
- 3 Previous year's figures have been regrouped/ reclassified wherever necessary.

As per our attached report of even date

For C.P.RANKA & Co.
Chartered Accountants

For and on behalf of the Board

C.P.Ranka
Partner
Place : Secunderabad
Date : 27-03-2008

M. Nagakishore
Company Secretary
Place : Mumbai
Date : 27-03-2008

N.P.S. Shinh
Chairman

A.L. Ananthanarayan
Managing Director

Balance Sheet Abstract and Company's General Business Profile

1 Registration Details		
a)	Registraion No.	025605
b)	State Code	21.00
c)	Balance Sheet Date	31.12.2007
2 Capital raised during the year (Rs. Thousands.)		
a)	Public issue	Nil
b)	Rights issue	Nil
c)	Bonds issue	Nil
d)	Private issue	124,000
3 Position of Mobilisation and deployment of funds (Rs. Thousands.)		
a)	Total assets	154,178.77
b)	Total liabilities	154,178.77
Sources of Funds		
a)	Paid up Capital	149,000.00
b)	Reserves and Surplus	4,719.64
c)	Secured loans	0.00
d)	Unsecured loans	459.13
Application of Funds		
a)	Net Fixed Assets	16,424.81
b)	Investments	517.90
c)	Net Current Assets	(213.78)
d)	Deferred Tax Assets	0.00
e)	Accumulated Losses	137,449.83
4 Performance of the Company (Rs. Thousands.)		
a)	Turnover	8,978.89
b)	Total Expenditure	28,954.30
c)	Profit/(Loss) before tax	(19,975.41)
d)	Profit/(Loss) after tax	(20,172.77)
5 Generic Names of Three Principal Products / Services of the Company (in monetary terms)		
1.	Item Code No.(ITC Code)	721730 09
	Product description	Tyre Beadwire
2.	Item Code No.(ITC Code)	847751 00
	Product description	Tyre Moulds
3.	Item Code No.(ITC Code)	847780 00
	Product description	Other Machinery

NATIONAL STANDARD (INDIA) LIMITED

(Formerly National-Standard Duncan Limited)
2nd Floor, 3, Esplanade East, Kolkatta – 700 069

PROXY FORM

I/We _____
of _____
being member(s) of National Standard (India) Ltd. bearing
folio no. _____ DP-ID _____ Client ID No. _____
No. Of Shares held _____ hereby appoint _____
of _____ or failing him/her _____
of _____ or failing him/her _____
of _____ as my/our proxy to attend and vote for me/us and
on my/our behalf as indicated below at the Forty Fifth Annual General Meeting of the
company to be held on Monday the 28th April, 2008 at 2nd Floor, 3, Esplanade East -
Kolkatta - 700 069 and at any adjournment thereof.

Signed this of _____ day of _____

Signature _____

Note: A member entitled to attend and vote is entitled to appoint a proxy to attend and
vote instead of himself/herself and the proxy need not be a member of the
Company. Proxies should be lodged with the company at least 48 hours before
the time fixed for the meeting.

NATIONAL STANDARD (INDIA) LIMITED

(Formerly National-Standard Duncan Limited)
2nd Floor, 3, Esplanade East, Kolkatta – 700 069

ATTENDANCE SLIP

Particulars to be filled in by member/proxy:

Name of the Member _____

Members's Regd. Folio No. _____

No. of Shares held _____

Name of Proxy, if attending on behalf of a Member, I hereby record my presence at the
Forty Fifth Annual General Meeting of the Company to be held at Monday the 28th April,
2008 at 2nd Floor, 3, Esplanade East, Kolkatta - 700 069.

Signature of Member / Proxy

- Note :
1. Members/Proxies must fill in this attendance slip and hand it over at the
entrance of the venue of the building.
 2. Members/Proxies are requested to bring their copy of the Annual Report
for the meeting and no copy of Notice/Attendance slip will be supplied at
the meeting.

**PRINTED MATTER
BOOK-POST**

If Undelivered, please return to :
The Secretarial Department
National Standard (India) Limited
3rd Floor, Surya Towers,
'C' Block, 104, S.P. Road,
Secunderabad – 500 003

IMPORTANT NOTICE FOR ACTION BY SHAREHOLDERS

All shareholders who have so far not returned their old shares as on June 1, 2006 for issuance of fresh share certificates after reduction of par value to 10% are requested to send their old share certificates to the Company Secretary by courier or Regd post to the Corporate Office address as indicated above.