



**DCM SHRIRAM INDUSTRIES LTD.**  
*Annual Report 1998-99*

**DCM SHRIRAM INDUSTRIES LIMITED**

<b>Board of Directors</b>	Dr. Bansri Dhar	<i>Chairman and Managing Director</i>
	Shri Tilak Dhar	<i>Vice Chairman</i>
	Shri D.C. Mittal	<i>Jt. Managing Director</i>
	Shri Alok B. Shriram	<i>Dy. Managing Director</i>
	Shri S.D. Nigam	<i>Whole - Time Director</i>
	Shri P. R. Khanna	
	Dr. V. L. Dutt	
	Shri R. P. Khosla	
	Shri Atam Parkash	
	Shri A.N. Haksar	
	Shri J.B. Dadachanji	
	Shri B.S.S. Gupta	<i>IFCI Nominee</i>

<b>Company Secretary</b>	Shri B. P. Khandelwal	<i>Executive Director</i>
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<b>Principal Executives</b>	Shri G. Kumar	<i>Executive Director (Sugar)</i>
	Shri P. S. Sharma	<i>Executive Director (Rayons)</i>
	Shri N.K. Jain	<i>Vice-President (Accounts &amp; Finance)</i>

<b>Bankers</b>	State Bank of India
	State Bank of Bikaner & Jaipur
	Oriental Bank of Commerce
	Punjab National Bank
	The United Western Bank Ltd.
	The Hongkong and Shanghai Banking Corporation Limited

<b>Auditors</b>	A.F. Ferguson & Co.
	New Delhi

<b>Registered Office</b>	Kanchenjunga Building,	Tele. No. (011) 332 1413
	18, Barakhamba Road,	Fax No. (011) 335 0765
	New Delhi-110 001.	

## DCM SHRIRAM INDUSTRIES LIMITED

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Registered Office : Kanchenjunga Building,  
18, Barakhamba Road,  
New Delhi - 110 001.

### NOTICE

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The 9th Annual General Meeting of the Company will be held on Thursday, the 29th July, 1999 at 10.00 A.M. at the FICCI Auditorium, Federation House, Tansen Marg, New Delhi - 110 001 for transacting the following business :

1. To consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March, 1999, and the Profit & Loss Account for the year ended on that date.
2. (i) To appoint a Director in place of Shri P.R. Khanna, who retires by rotation, and being eligible, offers himself for re-appointment.  
(ii) To appoint a Director in place of Dr. V.L. Dutt, who retires by rotation, and being eligible, offers himself for re-appointment.  
(iii) To consider and, if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution :  
"Resolved that Shri J.B. Dadachanji who was appointed as a director in a casual vacancy in terms of Section 262 of the Companies Act, 1956, and holds such office until this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation."  
(iv) To consider and, if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution :  
"Resolved that Shri S.D. Nigam who was appointed as an additional director with effect from 1.2.1999, and whose term of office expires at this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
3. To consider and, if thought fit, to pass the following resolution, with or without modification, as a Special Resolution :  
"Resolved that Messrs A.F. Ferguson & Co., Chartered Accountants, be and are hereby re-appointed auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be fixed by the Board of Directors plus reimbursement of travelling and other incidental expenses, if any, incurred in connection with the audit."
4. To consider and, if thought fit, to pass the following resolutions, with or without modification, as Ordinary Resolutions:  
"Resolved that, pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals, if any required, approval of the Company be and is hereby accorded to the re-appointment of Dr. Banshi Dhar as Chairman & Managing Director of the Company for a period of 5 years with effect from 1.10.1998 on the terms and conditions and remuneration as set out in the Explanatory Statement."  
"Resolved further that the Board of Directors be and is hereby, in its absolute discretion, authorised to alter, vary or modify, from time to time, the said terms including remuneration in such manner as it may deem fit within the limits in that regard contained in Schedule XIII or other Sections of the said Act and any statutory modifications thereof."
5. To consider and, if thought fit, to pass the following resolutions, with or without modification, as Ordinary Resolutions:  
"Resolved that, pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals, if any required, approval of the Company be and is hereby accorded to the re-appointment of Shri Tilak Dhar as Vice Chairman & Joint Managing Director of the Company for a period of 5 years with effect from 1.4.1999 on the terms and conditions and remuneration as set out in the Explanatory Statement."  
"Resolved further that the Board of Directors be and is hereby, in its absolute discretion, authorised to alter, vary or modify, from time to time, the said terms including remuneration in such manner as it may deem fit within the limits in that regard contained in Schedule XIII or other Sections of the said Act and any statutory modifications thereof."

6. To consider and, if thought fit, to pass the following resolutions, with or without modification, as Ordinary Resolutions:

"Resolved that, pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals, if any required, approval of the Company be and is hereby accorded to the re-appointment of Shri Alok B. Shriram as Dy. Managing Director of the Company for a period of 5 years with effect from 1.10.1998 on the terms and conditions and remuneration as set out in the Explanatory Statement."

"Resolved further that the Board of Directors be and is hereby, in its absolute discretion, authorised to alter, vary or modify, from time to time, the said terms including remuneration in such manner as it may deem fit within the limits in that regard contained in Schedule XIII or other Sections of the said Act and any statutory modifications thereof."

7. To consider and, if thought fit, to pass the following resolutions, with or without modification, as Ordinary Resolutions:

"Resolved that, pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals, if any required, approval of the Company be and is hereby accorded to the appointment of Shri S.D. Nigam as Whole-time Director of the Company for a period of 3 years with effect from 1.2.1999 on the terms and conditions and remuneration as set out in the Explanatory Statement."

"Resolved further that the Board of Directors be and is hereby, in its absolute discretion, authorised to alter, vary or modify, from time to time, the said terms including remuneration in such manner as it may deem fit within the limits in that regard contained in Schedule XIII or other Sections of the said Act and any statutory modifications thereof."

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

"Resolved that, in accordance with the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956, the 'Other Objects' Clause of the Memorandum of Association of the Company be and is hereby amended by inserting the following sub-clause, after sub-clause 54 in the Other Objects of the Company:

55. To generate, develop and accumulate either directly or through subsidiary or associate companies electrical power and other conventional and non-conventional energy and to transmit, distribute and supply such power and to carry on business of a general electric power or conventional or non-conventional electric supply company, and to construct, lay down, establish, fix and carry out all necessary power stations, cables, wires, lines accumulators, lamps and works and to generate, accumulate, distribute and supply electricity, and to light cities, towns, streets, docks, markets, theatres, buildings and places, both public and private."

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

"Resolved that, pursuant to the provisions of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for commencing and undertaking all or any of the businesses specified in sub-clause 55 of the Other Objects Clause of the Memorandum of Association of the Company."

10. To consider and, if thought fit, to pass the following resolutions, with or without modification, as Ordinary Resolutions:

"Resolved that, pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded for mortgaging and/or charging, on such terms and conditions and at such time or times, and in such form or manner, as it may deem fit, the whole or substantially the whole of the Company's any one or more of the undertaking(s) or all the undertakings, including the present and/or future properties, whether movable or immovable comprised in any existing or new undertaking or undertakings of the Company, as the case may be in favour of following institutions for securing the loans mentioned against each of them together with interest or any other charges, expenses and other monies payable to them :

Name of Institutions	Nature of Loan	Amount(Rs./Lacs)
ICICI Ltd.	Corporate Loan	1000.00
General Insurance Corporation of India (GIC)	Term Loan	300.00
Tourism Finance Corporation of India Ltd. (TFCI)	Term Loan	387.40

The security to be created in the manner aforesaid in favour of the said institutions to secure the abovesaid loans shall be by way of first charge, ranking pari passu in all respects with similar charges, if any, already created or to be created on the said properties to secure the existing borrowings."

"Resolved further that the Board of Directors or a Committee thereof be and is hereby authorised to finalise with ICICI, GIC and TFCI Agreements and other documents and deeds for creating the aforesaid mortgage/charge and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt which may arise in relation thereto or otherwise considered by the Board of Directors or the Committee thereof in the best interest of the Company."

**NOTICE (Continued)**

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

"Resolved that, pursuant to Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, the Company hereby accords its approval to the promotion of Shri Madhav B. Shriram as Joint President at a salary of Rs.20000 p.m. plus allowances and perquisites set out in the Explanatory Statement and applicable to officers of his category w.e.f. 1.8.1999 and to his continuing to hold an office or place of profit in the Company."

By order of the Board  
for DCM SHRIRAM INDUSTRIES LIMITED



(B.P. KHANDELWAL)  
EXECUTIVE DIRECTOR & CO. SECRETARY

New Delhi  
May 28, 1999

**NOTES:**

1. Explanatory statement, as required under Section 173(2) of the Companies Act, 1956, is attached.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IS ATTACHED.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 15.7.1999 to 29.7.1999 (both days inclusive).
4. As per provisions of Section 205A of the Companies Act, 1956, the unclaimed dividend for the Y.E. 31.3.1995 has been transferred to the General Revenue Account of the Central Government on 15.10.1998. Members, who have not encashed dividend for the said period, can claim directly from the Registrar of Companies, Delhi & Haryana, Paryavaran Bhawan, C.G.O. Complex, Lodi Road, New Delhi - 110 003.
5. In terms of Section 109(A) of the Companies Act, 1956, the Share/Debenture holder of the Company may nominate a person on whom the shares or debentures held by him/her shall vest in the event of death. Share/Debenture holder desirous of availing this facility may submit nomination in Form 2B, which can be obtained from the Company also.

**ANNEXURE TO NOTICE**

[Explanatory statement under Section 173(2) of the Companies Act, 1956 ]

**ITEM NO. 2(iii)**

Shri J.B. Dadachanji was appointed as Director in the casual vacancy caused by the resignation of Shri Amitabha Ghosh. In terms of Section 262 of the Companies Act, 1956, he holds office upto the ensuing Annual General Meeting. Notices u/s 257 of the Companies Act, 1956 have been received from some members signifying their intention to propose his candidature for the office of director at the forthcoming Annual General Meeting.

Except Shri J.B. Dadachanji, no other Director of the Company is concerned in the resolution.

**ITEM NO. 2(iv)**

The Board of Directors had appointed Shri S.D. Nigam as an additional Director with effect from 1.2.1999. Under Section 260 of the Companies Act, 1956. Shri S.D. Nigam holds office until this Annual General Meeting, but is eligible for re-appointment. Notices u/s 257 of the Companies Act, 1956, have been received from some members signifying their intention to propose his candidature for the office of director at the forthcoming Annual General Meeting.

Except Shri S.D. Nigam, no other Director of the Company is concerned in the resolution.

**ITEM NO. 3**

A Special Resolution is required for appointment of Auditors under Section 224A of the Companies Act, 1956, as over 25% of the subscribed share capital of the Company is held by the institutions specified in that Section. The Auditors have confirmed that their re-appointment, if made, will be within the limits specified in Section 224(1B) of the Companies Act, 1956.

**ITEM NO. 4, 5, 6 & 7**

Dr. Banshi Dhar, Chairman & Managing Director(CMD) and Shri Alok B. Shriram, Dy. Managing Director(DMD) were re-appointed for a period of 5 years with effect from 1.10.1993. Shri Tilak Dhar, Vice Chairman & Joint Managing Director(VC) was appointed for a period of 5 years with effect from 1.4.1994. Keeping in view, their contribution to the growth of the Company, the Board of Directors recommend their re-appointments in the respective positions for a further period of 5 years. The Board also recommends the appointment of Shri S.D. Nigam as Whole-Time Director(WTD) for a period of 3 years from 1.2.1999. Shri S.D. Nigam is an Electrical Engineer with 34 years of experience and is presently looking after the Rayons operations.

The remuneration proposed for the managerial personnel as set out below are within the limits laid down in Schedule XIII of the Companies Act, 1956.

**Salary (Per Month)**

Dr. Banshi Dhar, CMD	Rs. 50000
Shri Tilak Dhar, VC	Rs. 40000 (in the grade of Rs. 40000-5000-60000)
Shri Alok B. Shriram, DMD	Rs. 37500
Shri S.D. Nigam, WTD	Rs. 32000 (in the grade of Rs. 32000-3000-38000)

**Commission: CMD, VC and DMD**

As may be decided by the Board from year to year, provided that the total remuneration including salary, perquisites and commission to Dr. Banshi Dhar, Shri Tilak Dhar and Shri Alok B. Shriram shall not exceed 4%, 2% and 2%, respectively of the net profits of the Company in a particular year subject to the overall limits u/s 198 and 309 of the Companies Act, 1956 or any amendments thereto or any other provisions as may be applicable.

**Reward: WTD**

As may be decided by the Board subject to the overall limits of remuneration.

**Perquisites:****Part - A****1. Housing:****CMD, VC and DMD**

- Company maintained furnished accommodation will be provided.
- The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per the Income-tax Rules, 1962.

**WTD**

- Suitable accommodation to be provided by the Company.
- The expenditure incurred by the Company on gas, electricity, water and furnishings will be actual to be valued as per the Income-tax Rules, 1962, subject to a ceiling of 10% of the salary.

In case no accommodation is provided, the managerial personnel shall be entitled to house rent allowance of 60% of the salary.

2. Medical Reimbursement - Not exceeding five months' salary during the tenure for CMD, VC and DMD and three months for WTD. The Board may, however, increase the ceiling in individual cases within the overall ceiling of remuneration.
3. Leave Travel Concession - For self and family, once in a year, as per rules specified by the Company.
4. Club Fees - Fees of clubs, subject to a maximum of two clubs. Life membership fees not being allowed.
5. Personal Accident Insurance - Premium in respect of each managerial personnel not to exceed Rs.4000 per annum.

**NOTICE (Continued)**

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**Part - B**

1. Provident Fund/Superannuation/Gratuity - As per Rules of the Company.
2. Earned/Privilege Leave - As per Rules of the Company. Leave accumulated but not availed of during their tenure, may be allowed to be encashed as per Rules of the Company.

**Part - C** (Not to be considered as perquisites for the purpose of ceiling under Sections 198/309 of the Act.)

1. Car - Provision of a chauffeur driven car.
2. Telephone - Free telephone facility at residence, personal long distance calls to be paid for by the managerial personnel.
3. Entertainment Expenses - Reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.

**Other terms applicable to the appointment**

1. Remuneration for part of the year will be computed on pro-rata basis.
2. Managerial Personnel shall not be entitled to 'sitting fee' for attending the meetings of the Board of Directors or Committee/s thereof.
3. They shall not become interested or otherwise concerned personally or through their wives, sons or unmarried daughters, in any selling agency of the Company, without the prior approval of the Company Law Board.
4. In the event of loss or inadequacy of profits in any financial year, subject to the overall limits laid down under Section II of Part II of Schedule XIII, the aforesaid remuneration including perquisites will be paid to managerial personnel as minimum remuneration.
5. The appointment may be terminated by either party giving to the other six calendar months' notice in writing or lesser notice as may be agreed to.

In the event of termination of the appointment by the Company, they shall be entitled to receive compensation in accordance with the provisions of Section 318 of the Companies Act, 1956.

Except Dr. Bansi Dhar, Shri Tilak Dhar, Shri Alok B. Shriram and Shri S.D. Nigam, no other Director is concerned or interested in the resolutions.

**ITEM NO. 8**

Modernisation of the Company's power plants at Daurala and Kota in the previous year gave a fillip to the co-generation activities of the Company and provided much greater stability to its operations. This also enabled the Company to become independent of the UPSEB. These power houses are supplying power to all the operating units and sister concerns. In order to continually minimise the energy costs in our businesses, it has been decided to segregate the generation and distribution of power as an independent business activity. With privatisation of power sector, power generation /distribution is expected to be a good future business prospect.

Co-generation of power is being carried on as an incidental activity presently. It is therefore proposed to incorporate a sub-clause as one of the Objects of the Memorandum of Association to enable the Company to pursue the business of generation and distribution of power.

None of the directors is interested in the resolution.

**ITEM NO.9**

In order to enable the Company to pursue the business of generation and distribution of power/ energy as per the proposed sub-clause 55 of the Other Objects of the Memorandum of Association of the Company, shareholders' approval is sought under Section 149(2A) of the Companies Act, 1956.

None of the directors is interested in the resolution.

**ITEM NO. 10**

The Company had availed a Corporate Loan of Rs.1000 Lacs from ICICI Ltd. ICICI has agreed to funding of interest pertaining to the loan and reschedulement of the principal, to be repaid in 20 quarterly instalments from 15.4.2000.

The Company had availed a short term loan of Rs.300 Lacs from GIC. GIC has agreed to convert the short term loan to a long term loan, repayable in 20 quarterly instalments beginning from 31.3.2000.



The Company had also taken an inter corporate deposit (ICD) of Rs.350 Lacs from TFCL. TFCL has agreed to convert the ICD alongwith the interest payable thereon upto 31.3.1999 into a term loan, repayable in 52 monthly instalments from 1.4.1999.

All the above loans are required to be secured by first pari passu charge on the entire fixed assets of the Company, both present and future. Creation of mortgage as required by the said financial institutions requires the approval of the shareholders u/s 293(1)(a) of the Companies Act, 1956.

None of the directors is interested in the resolution.

#### ITEM NO.11

Shri Madhav B. Shriram was placed as General Manager w.e.f. 1.10.1994. His present salary is Rs. 14200 p.m. Shri Madhav B. Shriram has all these years been closely associated with various operations of the Company. His contribution in different areas of operations especially in promotion of export is noteworthy. Keeping in view his performance, it is proposed to promote him as Joint President and fix his salary at Rs.20000 p.m. Shri Madhav B. Shriram will also be entitled to allowances and perquisites as applicable to Officers of his category from time to time which presently are as under :

Housing - Free furnished Company maintained accommodation.

Special Allowance - Rs.1000 p.m.

Servant/Attendant wages - As per rules of the Company.

Children Education Allowance - Rs.300 p.m.

LTA - As per rules of the Company.

Club - Actuals upto two clubs.

Electricity, water and Gas - Actuals

Medical - One month's salary p.a. or three months' salary in a block of three years.

Personal Accident Insurance - As per rules of the Company.

Furniture/Electrical Appliances - As per rules of the Company as applicable from time to time.

PF/ Superannuation/ Gratuity - As per rules of the Company.

Entertainment expenses incurred in the course of legitimate business of the company- Actuals subject to limits notified by the Company from time to time.

Conveyance - Chauffeur driven Company Car.

Annual increment - Not exceeding 15% of the salary.

Dr. Bansi Dhar, Shri Tilak Dhar and Shri Alok B. Shriram being related to Shri Madhav B. Shriram may be deemed to be interested in the resolution.

#### INTEREST

Except as indicated under the respective items, none of the directors is interested in any of the aforementioned resolutions.

#### INSPECTION

Copy of the Memorandum and Articles of Association of the Company (Resolution No. 8) and copies of letter Nos. DD/6471 dt. 31.3.1998, Inv/STI/98-99 dt. 17.12.1998 and TF/ICD/99- dt. 27.1.1999 from ICICI, GIC and TFCL respectively (Resolution No. 10) will be open for inspection at the Registered Office of the Company at 6th Floor, Kanchenjunga Building, 18, Barakhamba Road, New Delhi- 110 001 on all working days between 11.00 A.M. to 1.00 P.M.



## DIRECTORS' REPORT

The Directors have pleasure in presenting the Annual Report and the Audited Accounts for the year ended 31st March, 1999.

### FINANCIAL RESULTS

There has been a significant improvement in the Financial Results of the Company during the year under review. The summarised position of these results is given below:

	(Rs./Cr.)		
	1999	1998 (Annual- ised)	1998 (18 mon- ths)
- Net Sales & Other Income	316.7	306.2	459.3
- Profit & Loss before interest and depreciation	46.2	31.8	47.7
- Profit & Loss after interest but before depreciation	22.0	-0.3	-0.4
- Extraordinary income from Textile divestment	-	9.1	13.6
- Depreciation	11.1	14.4	21.6
- Transfer from revaluation reserve	6.0	7.3	10.9
- Profit & Loss before taxes	16.9	1.7	2.5

This improvement is the result of various restructuring and cost control measures undertaken.

The better profits during the year have enabled the company to wipe out the entire carried forward loss of Rs. 14.0 Cr. and the balance of Rs. 2.9 Cr. has been transferred to Debenture Redemption Reserve.

Exports at Rs.76.6 Cr. were at an all time high, having registered a 38% increase over the previous year, and constitute 24% of the Company's turnover.

Moreover, the Company has been able to repay about 90% of the matured fixed deposits totalling Rs.23.38 Cr. since April, 1997 and the balance is planned to be repaid during the year.

### DIVIDEND

Due to inadequacy of disposable surplus, the Directors are unable to recommend any dividend for the year.

### OPERATIONS

#### Sugar Division

The Division maintained its operations and profits despite adverse industry level factors.

#### Sugar

This was a difficult year for the Sugar Industry. The national production for 1998-99 is estimated to be substantially higher at 155 lac MT as against 128 lac MT last year. Due to inadequate steps taken by Government to provide the Indian Industry with a level playing field, imports have continued unabated, thereby depressing sugar prices and unnecessarily increasing domestic inventories.

Sugar industry was delicensed during the year; this is likely to lead to consolidation and expansion of capacities. The Mahajan Committee Report is still under consideration of Government and it is hoped that its important recommendations for stabilisation of the industry will be implemented soon.

The operations of our Sugar Factory have, inspite of damage to the cane crop, caused by excessive late rains, resulting in a drop in recovery throughout the region, remained satisfactory.

#### Alcohol

Uttar Pradesh continues to be an island of controls in an industry that has elsewhere been decontrolled. Unjustified reservations and controls on molasses have benefitted some sectors of Industry at the cost of others. This has prevented us from achieving a satisfactory level of capacity utilisation.

#### Chemicals

The Chemical business performed satisfactorily despite difficult market conditions, due to over-supply and depressed prices. We are continuing to increase productivity, reduce costs and establish new overseas markets.

#### Rayon Division

As envisaged last year, the Division registered a turnaround during the year.

With improvement in market conditions and operations, production and export of rayon products were the highest achieved.

Cost control measures have been facilitated through Business Process Re-engineering.

Steps are being taken to augment production facilities further.

The Unit received an award for outstanding export performance from the Silk and Rayon Export Promotion Council for the year 1997-98 for the 15th year running. The Unit also received the National Safety Award for the 15th consecutive year.

#### Textile Division

The Textile business continues to operate in difficult market conditions. Efforts are being made to improve the performance.

### Power Generation

Modernisation of the Company's Power Plants at Daurala and Kota gave a fillip to the co-generation activities of the Company and provided much greater stability to its operations. This also enabled the Company to become independent of the UPSEB. These power houses are supplying power to all the operating units and sister concerns. In order to continually minimise the energy costs in our businesses, the generation and distribution of power has been segregated as an independent business activity.

### PROMOTED COMPANIES

#### Daurala Organics Ltd.

This company continued to register improvement in operations, turnover and profitability, during the year, despite severely competitive market conditions. There has been further improvement in exports.

The company's focus continues to be on improvement of efficiencies, cost control, and new product development, besides developing export markets.

#### DCM Hyundai Ltd.

The company's operations continued to suffer during the year as the depressed market conditions worsened due to the South East Asian crisis, and continued aggressive Chinese export pricing policies.

A rehabilitation package has been submitted to the operating agency, ICICI for presentation to BIFR.

#### DCM Remy Ltd.

This was the second year of commercial production of the company.

Due to difficult market conditions, the expected sale volumes have not been achieved. Plans are being made to give a fillip to the activities of the Company.

### SUBSIDIARY COMPANIES

#### Indital Tintoria Ltd.

The operations of this company continued to suffer due to export quota restrictions and liquidity constraints.

A rehabilitation package has been submitted to the operating agency, IFCI for presentation to BIFR.

#### DCM Shriram Leasing & Finance Ltd.

Operations of the Company continued to be affected by the setback to Non-Banking Finance businesses nationally and the heavy provisioning requirements. Efforts are being made by the company to expedite recoveries in order to meet its liabilities.

### DCM Shriram International B.V.

Activities of this company continue to be kept in abeyance.

### Hindon River Mills Ltd.

The remaining formalities with regard to the transfer of two textile units to Hindon River Mills Ltd. effective from 15.7.1997, have been completed.

### RESEARCH & DEVELOPMENT

R & D continues to be a thrust area of the Company's operations, with focus on quality, costs and new product development. During the year, the developmental efforts resulted in tangible improvements in these areas.

### DIRECTORS

Shri P.R. Khanna, Dr. V.L. Dutt and Shri J.B. Dadachanji retire by rotation and are eligible for re-appointment.

Shri S.D. Nigam, on his induction to the Board as an Additional Director, has been appointed as Whole Time Director for three years from 1.2.1999.

The Industrial Finance Corporation of India Ltd. has nominated Shri B.S.S. Gupta as a Director.

### AUDITORS' OBSERVATIONS

The observations of the auditors are explained wherever necessary, in appropriate notes to the accounts.

### OTHER INFORMATION

The information required under Section 217(2A) of the Companies Act, 1956 and the Rules framed thereunder relating to particulars of employees is given in Annexure-I to this report.

The information pertaining to conservation of energy, technology absorption and foreign exchange earnings/outgo is given in Annexure-II.

### ACKNOWLEDGEMENT

The directors acknowledge with thanks the continued co-operation and support received from the financial institutions, banks, various Government agencies and all our business collaborators and associates.

The directors also place on record their appreciation of the contribution made by employees at all levels which has brought about the turnaround in the Company's operations.

For and on behalf of the Board



CHAIRMAN

New Delhi  
May 28, 1999