

DEWAN

18th
ANNUAL REPORT

2001-2002

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DEWAN TYRES LIMITED
MEERUT

DEWAN TYRES LIMITED

BOARD OF DIRECTORS :

SHRI J.C. DEWAN
SHRI V.S. DEWAN
SHRI VIVEK DEWAN
SHRI S.K. VERMA

BANKERS :

BANK OF BARODA
DENA BANK
CREDIT AGRICOLE INDOSUEZ

AUDITORS :

S.S. GUPTA & CO.
CHARTERED ACCOUNTANTS

REGISTERED OFFICE :

P.B. No. 143, RITHANI,
DELHI-MEERUT ROAD,
MEERUT-250 001 (U.P.)

WORKS :

BYE-PASS ROAD, PARTAPUR,
MEERUT-250 103 (U.P.)



DIRECTORS' REPORT

To,
The Members,
Dewan Tyres Ltd.,
MEERUT

The Directors of your company present their Report and Audited Annual Accounts for the year ended 30th June, 2002.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	30.06.2002	30.06.2001
Sales & Other Income	445.4	604.8
Profit before interest & depreciation	(519.7)	(308.3)
Less : Interest	568.9	538.6
Depreciation	147.3	146.0
Profit / (Loss) before tax	(1235.9)	(992.9)
Profit / (Loss) after tax	(1235.9)	(992.9)

OPERATIONS

It is a matter of serious concern for your Board of Directors to witness continuous slide in the overall operations of the company during the year under review. The performance of your company has been adversely affected due to inadequate working capital funds and tough market scenario. As a result, your company could achieve a turnover of Rs. 445 lakhs during the year as compared to Rs. 605 lakhs in the last year. The company has incurred a net loss of Rs. 1235.9 lakhs as compared to the net loss of Rs. 992.9 lakhs during the last year. However, the company has performed well in the Export Market by achieving an export turnover of Rs. 117 lakhs during the year as against the turnover of Rs. 79 lakhs in the last year.

REFERENCE TO BIFR

As reported last year, your company is a Sick Industrial Company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985, in view of the erosion of its entire net worth at the end of 30th June, 2000. A reference was made to the Board for Industrial & Financial Reconstruction (BIFR) under sub-section (1) of Section 15 of the SICA. However, the reference made by the company was dismissed as time-barred by the BIFR against which, your company has preferred an Appeal before Appellate Authority for Industrial and Financial Reconstruction (AAIFR).

As the company continues to remain a Sick Industrial Company, a Reference shall be made to BIFR in accordance with the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985.

DEWAN TYRES LIMITED

PROSPECTS

Your Directors are looking at the various options for its rehabilitation and reviewing for its restructuring. The management of the company is seriously committed for revival of the company despite continuous marginalisation of its sustained efforts in absence of concrete restructuring solutions. With the sanction of a need based package of reliefs, concessions and assistance, the company is confident of stabilizing of its operations in a gradual manner.

FIXED DEPOSITS

The company has neither invited nor accepted any fixed deposit to which Section 58A of the Companies Act, 1956 applies.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Sh. J.C. Dewan and Sh. Vivek Dewan, Directors of the Company retire by rotation at the ensuing Annual General Meeting of the company and being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE

A separate Report on Corporate Governance is attached as a part of Directors' Report.

AUDITORS' REPORT

In respect of observations made by the Statutory Auditors in their report, your Directors wish to state that the respective notes to the accounts are self explanatory and therefore, do not call for any further comments.

AUDITORS

M/s S. S. Gupta & Co., Chartered Accountants, auditors of the company are retiring at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDIT COMMITTEE

The company has constituted an audit committee consisting of Mr. V.S.Dewan, Mr. Vivek Dewan and Mr. S.K.Verma.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Director's responsibility statement, the directors of the company confirm :

- i. that in the preparation of the Annual Accounts for the year ended 30th June, 2002, the applicable accounting standards have been followed and no material departures have been made from the same.
- ii. that they have 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 at the end of the financial year and of the loss of the company for the year.



- iii. that they have taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv. that they have prepared Accounts for the year ended 30th June, 2002 on a going concern basis.

LITIGATIONS

Some Creditors of the company have filed winding up petitions against the company in several High Courts. Some of the Creditors have also initiated legal proceedings in various Courts/Tribunals for recovery of their dues. Your company is taking appropriate legal measures and also negotiating with the respective creditors for sorting out the matters.

LISTING AGREEMENT

The equity shares of the company are presently listed with the Stock Exchanges at Kanpur, New Delhi and Mumbai. The annual listing fee is pending for the year 1999-2000 to 2002-03 amounting to Rs.1.12 lakhs to the various stock exchanges.

MANAGEMENT DISCUSSIONS AND ANALYSIS

Pursuant to the clause 49 of the Listing Agreement, the Management Discussions and Analysis's Report is annexed to this Report.

INDUSTRIAL RELATIONS

Your Company continued to maintain harmonious and cordial relations with its workers, supervisors and officers .

PARTICULARS OF EMPLOYEES

There is no employee in the company whose particulars are required to be furnished under the provisions of section 217(2A) of Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under section 217(1)(e) of the Companies Act, 1956 , read with Companies (Disclosure of particulars in the report of Board of Directors) Rules,1988 is furnished in the Annexure A, forming part of this Report.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the wholehearted and sincere co-operation, the company received from all concerned including Financial Institutions, the Companies Bankers, the Customers and the Central and State Governments, for their continued assistance, guidance and support.

Your Directors also wish to place on record their deep appreciation for the services rendered by officers, staff and workers of the company at all levels for their dedication and good efforts to revive the operations.

ON BEHALF OF THE BOARD OF DIRECTORS

PLACE : MEERUT
DATED : 30.10.2002

(V.S. DEWAN)
CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1) (e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE, 2002

A. CONSERVATION OF ENERGY

a. Energy Conservation Measures taken :

Energy conservation is receiving high priority. To achieve this objective the Company on continuous basis :-

1. Closely monitors energy consuming equipments. The company surrendered 800KVA power load out of 1000KVA sanctioned power load over a period of three years and started the generation of power from its own generator sets.
 2. Maintains close liaison between energy generating centres and consuming points.
 3. Makes optimum use of steam, the company has started to generate steam by replacing of fuel with the use of Rice-Husk/baggasse in place of coal.
 4. Most of the Steam lines have been re-insulated to save the heat loss and thus saving the steam energy.
 5. All the condensate line properly modified and revised piping arrangements have been done to collect all condensate discharge and the same is re-used to heat the water to feed in boiler, resulting saving in fuel consumption.
- b. 1. The Company has installed SMC i.e. for reduction in consumption of energy to save Power Consumption during starting at low-torque for 300 H.P.4 Speed Motor.
2. The management endeavors to reduce consumption of energy and exploration/ research in new areas for reduction in energy consumption.
3. Power capacitors have been added to improve power factor.
- c. Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production.
- The above measures taken for reduction in energy consumption have brought encouraging results, bringing about a saving in cost of production.
- d. Total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the Rules :

**FORM 'A'****FOR THE DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSUMPTION OF ENERGY****A. POWER & FUEL CONSUMPTION**

PARTICULARS	CURRENT YEAR 30.06.2002	PREVIOUS YEAR 30.06.2001
1. ELECTRICITY :		
a) Purchased: (Units in lacs)	0.85	2.67
Total Amount (Rs.in lacs)	4.74	16.99
Rate/Unit (Rs.)	5.55	6.37
b) Own Generation :		
i. Through Diesel Generator (Units in lacs)	7.48	8.84
Units per litre of Diesel/LDO	3.49	3.35
Oil Cost/Unit (Rs.)	4.50	4.79
ii. Through Steam Turbine	—	—
Unit (Oil/Gas)	—	—
Units Per litre of Fuel	—	—
Cost/Units	—	—
2. COAL/RICE-HUSK:QUANTITY (TONNES)	1263.89	1199.15
Total Cost (Rs.in lacs)	20.23	20.18
Average Rate/Tonnes	1600.79	1683.12
3. FURNACE OIL (QUANTITY KILO LITRE)	—	—
Total Amount (Rs.in lacs)	—	—
Average Rate (Rs./kilo litre)	—	—
4. OTHER INTERNAL GENERATION	—	—
Quantity	—	—
Total Cost	—	—
Rate/Unit	—	—
5. CONSUMPTION PER KG. OF PRODUCTION OF TYRE & TUBE		
a. Electricity	1.54 Units/Kg.	1.77 Units/Kg.
b. Coal/Rice-Husk	2.34 Kg./Kg.	1.84 Kg./Kg.

DEWAN TYRES LIMITED

FORM 'B'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION.

1. RESEARCH & DEVELOPMENT : (R&D)

- a. Specific areas in which R&D carried out by the Company;
Research & Development is being carried out to improve the quality of the products.
- b. Benefits derived as a result of the above R&D ;
High quality of the products and lower production cost will enable the company to face stiff competition prevailing in Auto Tyre Industry.
- c. Future Plan of Action.
It is proposed to carry out the Research & Development to further reduce cost of production.
- d. Expenditure on R&D (Rs. in lacs)
 - i. Capital —
 - ii. Recurring —
 - iii. Total —
 - iv. Total R&D Expenditure as% of total turnover —

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- a. Efforts in brief made towards technology :
Efforts are being made to improve and innovate the technology.
- b. Benefits derived as a result of the above efforts :
Improvement in Product's quality, developments of new products, betterment of patterns and designs of existing products, stoppage of wastages.
- c. Imported Technology.
There has been no import of technology, hence not applicable.

3. UPGRADATION

We are getting our tyres regularly tested by CIRT, Pune for establishing the quality. This helped the company to upgrade the product's quality.

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange used	US\$	54,815
Total Foreign Exchange earned	US\$	2,17,408

ON BEHALF OF THE BOARD OF DIRECTORS

PLACE : MEERUT
DATED : 30.10.2002

(V.S. DEWAN)
CHAIRMAN

DEWAN**CORPORATE GOVERNANCE****COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Dewan's philosophy on corporate governance envisages the attainment of transparency, accountability and equity, in all facets of its operations and in all the interactions with its shareholders, employees and lenders etc.

1. GENERAL BODY MEETINGS**(A) Location and time for the last 3 Annual General Meetings :**

Year	Meetings	Location	Date	Time
1999	15 th AGM	Dewan Tyres Ltd., Bye Pass Road, Partapur, Meerut	22.12.1999 Wednesday	12.00 Noon
2000	16 th AGM	Dewan Tyres Ltd., Bye Pass Road, Partapur, Meerut	15.3.2001 Thursday	11.30 A.M.
2001	17 th AGM	Dewan Tyres Ltd., Bye Pass Road, Partapur, Meerut	29.12.2001 Saturday	10.30 A.M.

No postal ballot were used/invited for voting at these meetings in respect of special resolutions passed in these meetings.

(B) BOOK CLOSURE DATE

The Company's books were closed from 26.12.2001 to 29.12.2001 at the time of 17th Annual General Meeting held on 29.12.2001. The date of current Book Closure is 31st Dec., 2002 for 18th Annual General Meeting.

2. MEANS OF COMMUNICATION

The quarterly results are notified regularly for the information of the shareholders.

3. BOARD OF DIRECTORS

The Board consist four Directors. The directors on our board are qualified and experienced individuals who are active participants in the decision making process and to provide guidance and objective judgement to the company from time to time. The following directors constitute the Board.

1. Mr. V.S. Dewan
2. Mr. J.C. Dewan
3. Mr. Vivek Dewan
4. Mr. S.K. Verma