

DEWAN

19th
ANNUAL REPORT
2002–2003

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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

AUDITORS :

S.S. GUPTA & CO.

CHARTERED ACCOUNTANTS

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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.)

DEWAN TYRES LIMITED

**Regd.Office: P.B.No.143, Rithani, Delhi-Meerut Road,
MEERUT - 250 001.**

NOTICE

Notice is hereby given that 19th Annual General Meeting of the Members of Dewan Tyres Limited will be held on Tuesday, the 30th September, 2003 at 11.00 A.M. at Bye Pass Road, Partapur, Meerut (U.P.) to transact the following business :-

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2003 and Profit and Loss Account for the period ended on that date and the Reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Shri S.K. Verma who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri V.S. Dewan who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Audit Committee to fix their Remuneration. M/s.S.S. Gupta & Co., Chartered Accountants, the retiring Auditors.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification(s), the following Resolution as a Special Resolution.

"RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309, subject to the approval of Central government or any enactment/modification thereof and all other applicable provisions, if any, consent of the Company be and is hereby accorded to the appointment of Mr. Vivek Dewan as Managing Director of the Company for a period of five years w.e.f. 1st July, 2003 on such remuneration and terms and conditions, as set out in the Explanatory Statement relating to the resolution and appended to the Notice convening this Annual General Meeting with power to the Board of Directors (hereinafter referred to as the Board which term shall be deemed to include any committee which term shall be deemed to include any committee thereof to exercise its power including the power conferred by this resolution) to alter and vary terms and conditions and remuneration (including minimum remuneration in case of absence or inadequacy of profit) as may be required by Central Government and agreed to by Board of Directors of the Company and Mr. Vivek Dewan.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any year comprised in the period of appointment, the above remuneration will be deemed to be minimum remuneration.

RESOLVED FURTHER THAT the Board including Committee thereof be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution."



6. To consider and if thought fit to pass with or without modification(s), the following Resolution as a Special Resolution.

"RESOLVED THAT in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement with Stock Exchanges and pursuant to the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, or any amendment or modification thereof and subject to such other approvals, permissions and sanctions as may be necessary, and such other conditions and sanctions, which may be agreed to by the Board of Directors of the Company ("the Board") or any committee/person(s) authorised by the Board, consent be and is hereby accorded to delist the equity shares of the Company from the Stock Exchange at Delhi."

RESOLVED FURTHER THAT Board of Directors including any Committee thereof be and is hereby authorised to take all necessary steps in this regard and to do all such acts, deeds, matters and things and to execute all such deeds, documents, writings as may be necessary for the above mentioned purpose and to delegate the authority to the Managing Director or any other person whom the Managing Director may consider suitable to do the various acts, deeds and things which are required to be done in this regard."

BY ORDER OF THE BOARD

Sd/-

V.S. DEWAN

DIRECTOR

PLACE : MEERUT

DATED : 31.07.2003

NOTES

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. FORM OF PROXY IS SEPARATELY ANNEXED. THE PROXY FORM MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 including information under Clause 49 of the Listing Agreement is appended herein below.
- 3) The Register of Members and Share Transfer Books of the Company will remain closed on 30.09.2003 under section 154 of the Companies Act, 1956.
- 4) Members who are holding more than one folio under same name(s) are hereby requested to send us relative Share Certificates to the Company for consolidating the entire holding in one account.
- 5) Members are requested to notify immediately any change in their address to the Company.
- 6) Members intending to seek any information on the Annual Accounts at the meeting are requested to inform the Company well in advance.
- 7) Members/proxies are requested to fill up and sign the Attendance Slip for attending the meeting.
- 8) Members are requested to bring their copy of Annual Report at the meeting for their ready reference.

DEWAN TYRES LIMITED

- 9) Member(s)/Investor(s) are advised to avail nomination facilities pursuant to **Section 109A** of the Companies (Amendment) Act, 1999. Member(s) may at any time nominate a person in prescribed Form 2B.

BY ORDER OF THE BOARD

Sd/-

PLACE : MEERUT
DATED : 31.07.2003

V.S. DEWAN
DIRECTOR

ANNEXURE TO NOTICE CONVENING THE ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 2

Information under Clause 49 of the Listing Agreement regarding re-appointment of Sh. S.K. Verma as Director :

Sh. S.K. Verma, aged 55 years is a Mechanical Engineer and is a Director of the Company since 30.3.1994. He has vast experience of 30 years in Engineering Consultancy. He is one of the members of the Audit Committee of the Company. He is also director in Dewan Rubber Industries Limited.

ITEM NO. 3

Information under Clause 49 of the Listing Agreement regarding re-appointment of Sh. V.S. Dewan as Director :

Sh. V.S. Dewan, aged 58 years has vast experience of more than 3 decades in running industries and general corporate management. He is one of the members of Audit Committee, Share Transfer Committee and Committee of Directors of the Company. He is also director in Dewan Rubber Industries Limited, Dewan Steels Limited, Dewan Sugars Limited, Neotech Solutions And Securities Limited.

ITEM NO. 5

Mr. Vivek Dewan was appointed as Executive Director of the Company for a period of five years at a salary of Rs. 8,000/- and perks which expired on 30.6.2003. The Board of Directors of your company has now appointed him as Managing Director of the Company for a period of five years w.e.f. 1.7.2003. Mr. Vivek Dewan is an MBA (Finance) from U.K. and is actively involved in the day to day affairs of the Company since 20.3.1998. He is also director in Dewan Sugars Limited and Whole Time Director in Neotech Solutions And Securities Limited from where he has been drawing salary of Rs. 5,000/- and proposed salary of Rs. 30,000/- in Dewan Tyres Limited will be within the limit specified in Schedule XIII of the Companies Act, 1956 and one of the members of Committee of Directors, Audit Committee and Share Transfer Committee. The remuneration payable to Mr. Vivek Dewan would be as follows :

Salary Rs. 30,000/- p.m.

Perquisites : In addition to the aforesaid salary, he shall also be entitled to perquisites and allowance like use of Motor Car with driver, furnished residential accommodation or house rent allowance in



lieu thereof, including re-imbursement of expenses in respect of Company's gas, electricity and water, furnishing and repairs, telephone, medical reimbursement and leave travel concession for self and his family, personal accident insurance and such other perquisites and allowance as may be decided by the Board of Directors.

Mr. Vivek Dewan shall also be eligible to the following perquisites, which shall not be included in the computation of the ceiling on remuneration specified above :

- (i) Company's contribution to provident fund, Superannuation fund, Annuity fund as per rules of the Company to the extent these rules singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity as per the rules of the Company.
- (iii) Leave with full pay as per the Company's rules.
- (iv) Encashment of Leave at the end of the tenure.

Minimum Remuneration

In the events of absence or inadequacy of profits, in any financial year during the tenure of his appointment, Mr. Vivek Dewan, Managing Director shall be paid remuneration by way of Salary, Perquisites and Allowances as specified under the provisions of Companies Act, 1956 or any amendments thereto.

Hence the resolution mentioned at item no. 5 of the notice is proposed and recommended for the approval of the members.

None of the Directors of the Company except Sh. V.S. Dewan and Sh. J.C. Dewan may be considered to be interested or concerned in the said resolution.

This may also be treated as an abstract of the terms of the appointment of Mr. Vivek Dewan as Managing Director of the Company pursuant to Section 302 of the Companies Act, 1956.

ITEM NO. 6

As the members are aware that the volume of trading of shares on Delhi Stock Exchange has reduced to negligible level. Therefore, the Board of Directors of the Company has decided to get the shares of the Company voluntary delisted from the Stock Exchange, Delhi in accordance with law, rules, regulations and guidelines issued by the concerned authorities from time to time. Further, delisting on the Stock Exchange will result in administrative convenience and saving in costs on account of listing fees etc.

As required under the SEBI (Delisting of Securities) Guidelines, 2003, your approval for the proposal is sought by way of special resolution for delisting the shares of the Company from the said Stock Exchange. Hence, the special resolution mentioned at Item No. 6 of the notice is proposed and recommended for the approval of the members.

None of the Directors of the Company may be considered to be interested or concerned in the said resolution.

BY ORDER OF THE BOARD
Sd/-

PLACE : MEERUT
DATED : 31.07.2003

V.S. DEWAN
DIRECTOR



DIRECTORS' REPORT

To,
The Members,
Dewan Tyres Limited,
MEERUT

The Directors present their Nineteenth Annual Report together with Audited Accounts of the Company for the nine months period ended 31st March, 2003.

ACCOUNTING YEAR

Your Company has changed its Accounting Year to end on 31st March. Accordingly, the period under review relates to nine months from 1st July, 2002 to 31st March, 2003.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	31.03.2003 (9 Months)	30.06.2002 (12 Months)
Sales & Other Income	730.8	445.4
Profit before interest & depreciation	(25.6)	(519.7)
Less : Interest	404.9	568.9
Depreciation	111.2	147.3
Profit / (Loss) before tax	(541.7)	(1235.9)
Profit / (Loss) after tax	(541.7)	(1235.9)

In view of the loss incurred during the period under review, the directors are unable to recommend any dividend.

OPERATIONS AND PROSPECTS

The period under review remained to be a difficult one for the Company due to shortage of working capital funds. The Company's plant continues to operate at low capacity and the Company achieved the turnover of Rs. 730.8 lakhs as compared to Rs. 445.4 lakhs in the previous year. The Company has incurred a net loss of Rs. 541.7 lakhs as compared to the net loss of Rs. 1235.9 lakhs during the last year. The Company has registered Export turnover of Rs. 122.75 lakhs as compared to export turnover of Rs. 117 lakhs in the previous year.

The management of your Company has been making sincere efforts to arrange funds for the revival/settlement of outstanding dues and is hopeful for framing a revival scheme under the aegis of BIFR in due course which will help in stabilizing its operations in gradual manner.

PROCEEDINGS OF BIFR

At the hearing held on 28.04.2003, your Company has been declared as SICK Company under the

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provisions of the Sick Industrial Companies (Special Provisions) Act, 1985, by the Board for Industrial and Financial Reconstruction (BIFR). The BIFR appointed Industrial Development Bank of India (IDBI) as Operating Agency under Section 17(3) of the Act to examine the viability of the Company and formulate a rehabilitation scheme of the company. The rehabilitation scheme has been prepared for the consideration of the Operating Agency.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Sh. S.K. Verma and Sh. V.S. 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. Sh. Vivek Dewan has been appointed as Managing Director of the Company for five years w.e.f. 1st July, 2003.

FIXED DEPOSITS

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

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 Sh. V.S.Dewan, Sh. Vivek Dewan and Sh. 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 period ended 31st March, 2003, 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 period ended on 31st March, 2003 and of the loss of the company for that period.
- 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 Annual Accounts for the period ended 31st March, 2003 on a going concern basis.

LITIGATIONS

There are several winding up petitions filed by the Creditors against the Company which are pending in the High Courts at Allahabad. 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. The Company has already settled with Credit Agricole Indosuez Bank, Mumbai and Gulf Oil India Ltd., New Delhi for their outstanding dues.

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 2003-04 amounting to Rs.1.61 lakhs to the various stock exchanges. It is proposed to get the Equity Shares of the Company delisted from Delhi Stock Exchange.

INDUSTRIAL RELATIONS AND HUMAN RESOURCES

Your Company continued to maintain harmonious and cordial relations with its workers, supervisors and officers. The Directors wish to place on record their appreciation for the efforts by the Company's employees at all levels. The company continued with its emphasis on developing its human resources.

PARTICULARS OF EMPLOYEES

There were no employees drawing remuneration 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.

CORPORATE GOVERNANCE

The Management Discussion & Analysis and Report on Corporate Governance are annexed as part of this report.

ACKNOWLEDGMENT

Your Directors wish to place on record their gratitude and appreciation for the support extended to the Company by the Financial Institutions, Banks, BIFR, Customers, Shareholders and the employees.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-

**V.S. DEWAN
CHAIRMAN**

PLACE : MEERUT

DATED : 31st July, 2003

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 PERIOD ENDED 31ST MARCH, 2003

A. CONSERVATION OF ENERGY

a. Energy Conservation Measures taken :

Following efforts continue to be made to improve production efficiency and reduce consumption ratios :

1. Closely monitors energy consuming equipments. The company surrendered 1000KVA sanctioned power load and started the generation of power from its own generator sets.
 2. Maintains economy 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 Paddy-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 at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production.
- d.** Total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the Rules :
- e.** New coal developed by M/s Reliance Industries Ltd. is under study to use our steam generating boiler which might be cheaper than husk as it calorific value is double than coal used. Pollution will be also much more better.