

Annual Report



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DUNLOP INDIA LIMITED

BOARD OF DIRECTORS

Mr. M R Chhabria
Chairman

Mr. Y C Lumba
Whole-time Director

Mrs. Komal C Wazir

Mr. M H Godhwani

Mr. T S Shettigar

Air Marshal P K Puri

Mr. R K Sadhu

Company Secretary & Chief Legal Officer
Mr. S. K. Dhar

REGISTERED OFFICE

'Dunlop House'
57B Mirza Ghalib Street
Calcutta 700 016

Bankers

ANZ Grindlays Bank plc

State Bank of India

United Bank of India

Citibank NA

Standard Chartered Bank

Allahabad Bank

The Hongkong & Shanghai
Banking Corporation

The Bank of
Tokyo-Mitsubishi Ltd

The Catholic Syrian Bank Ltd

The Federal Bank Ltd

Auditors

Lodha & Co
Chartered Accountants

Solicitors

Mukherjee & Biswas



DUNLOP INDIA LIMITED

Registered Office :

Dunlop House,

57B, Mirza Ghalib Street, Calcutta-700 016

NOTICE is hereby given that the Seventy-Third Annual General Meeting of Dunlop India Limited will be held at Vidya Mandir, 1, Moira Street, Calcutta-700017 on Monday, 25th September, 2000 at 12.00 noon to transact the following business :

1. To consider and adopt The Profit & Loss Account for the year ended 31 March, 2000, and the Balance Sheet as at that date, and the Reports of the Directors and the Auditors thereon.

2. To appoint a Director in place of Mr. T. S. Shettigar who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint the Auditors and fix their remuneration and in that connection to pass with or without modification the following resolution which will be proposed as a special resolution :

"RESOLVED THAT pursuant to Section 224A of the Companies Act, 1956, Lodha & Co., Chartered Accountants, be and they are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors."

Special Business

To consider and if thought fit to pass with or without modification the following resolutions which will be proposed :

4. As an ordinary resolution :

"RESOLVED THAT Mrs. K. C. Wazir be and is hereby appointed a Director of the Company."

5. As an ordinary resolution :

"RESOLVED THAT Mr. R. K. Sadhu be and is hereby appointed a Director of the Company."

By Order of the Board

Place : Calcutta

Date : 10th August, 2000

S. K. Dhar

Company Secretary & Chief
Legal Officer

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.

2. The Register of Members and Share Transfer Books will remain closed from 22nd September to 24th September, 2000 (both days inclusive).

3. Members are requested to bring their copies of the Annual Report and the Admission Slip to the Meeting. Annual Reports will not be distributed at the Meeting.

4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 4

Mrs. Komal Chhabria Wazir had been appointed on 14th January, 1997 as an Alternate Director to Mr. M. R. Chhabria during his absence from the State of West Bengal, and accordingly she would vacate her office as and when Mr. M. R. Chhabria would return to the said State. During the tenure of her office as Alternate Director, Mrs. Wazir contributed enormously to the Board and the Company benefitted immensely from her counsel and advice. In order to ensure that her services continue to be available, the Board requested Mrs. Wazir to lay down her office of Alternate Director and join the Board as an Additional Director. Accordingly, Mrs. Wazir ceased to be Alternate Director with effect from 26th January, 2000.

At the Meeting of the Board of Directors held on 27th January, 2000 Mrs. K. C. Wazir was appointed as an Additional Director. Pursuant to the provision of Section 260 of the Companies Act, 1956 and Article 91 of the Articles of Association of the Company, Mrs. Komal Chhabria Wazir shall hold office upto the date of this Annual General Meeting.

The Company has received from a member, a Notice in writing under Section 257 of the Companies Act, 1956 signifying his intention to propose at the forthcoming Annual General Meeting the appointment of Mrs. K. C. Wazir as a Director.

Your Directors recommend passing of the resolution.

Mrs. Wazir, in her individual capacity and Mr. M. R. Chhabria and Mr. M. H. Godhwani, relatives, may be deemed to be concerned or interested in the resolution.

Item No. 5

Mr. Virenra Prakash had been appointed as a Director of the Company by the Board of Directors on the recommendation of the Board for Industrial and Financial Reconstruction (the 'BIFR'). By an order dated 03.01.2000, the BIFR replaced Mr. Virendra Prakash and recommended induction of Mr. R. K. Sadhu on the Board of Directors of the Company. Accordingly, Mr. Virendra Prakash ceased to hold office from 03.01.2000.

At the meeting of the Board of Directors held on 27th January, 2000 Mr. R. K. Sadhu was appointed as an Additional Director. Pursuant to the provision of Section 260 of the Companies Act, 1956 and Article 91 of the Articles of Association of the Company, Mr. Sadhu shall hold office upto the date of this Annual General Meeting.

The Company has received from a member, a Notice in writing under Section 257 of the Companies Act, 1956 signifying his intention to propose at the forthcoming Annual General Meeting the appointment of Mr. Sadhu as a Director.

Your Directors recommend passing of the resolution.

No Director of the Company except Mr. R. K. Sadhu is concerned or interested in the resolution.

By Order of the Board

Place : Calcutta

Date : 10th August, 2000

S. K. Dhar

Company Secretary &
Chief Legal Officer



DUNLOP INDIA LIMITED

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HOLDING OF EQUITY SHARES

	Equity Shares No.	31.03.2000 held %	Equity Shares No.	31.03.1999 held %
Non-resident	75,60,643	39.82	75,61,093	39.82
Financial Institutions	63,27,294	33.32	63,28,524	33.32
Resident & Others	51,01,360	26.86	50,99,680	26.86
Total	1,89,89,297	100.00	1,89,89,297	100.00

TEN YEAR SUMMARY

		1999-2000 12 months	1998-99 15 months	1997 9 months	1996-97 12 months	1995-96 15 months	1994 12 months	1992-93 18 months	1991-92 15 months	1990-91	1989-90
Income	Rs. Crores	6.67	26.87	207.77	562.99	824.03	751.82	884.35	711.43	608.95	585.89
Operating Profit / (Loss)	Rs. Crores	(33.31)	(78.38)	(44.06)	33.19	68.79	45.71	47.93	37.69	41.36	41.53
Profit before Tax	Rs. Crores	(61.03)	(105.97)	(231.84)	5.80	39.00	12.56	13.18	5.11	14.29	14.05
Profit After Tax	Rs. Crores	(61.03)	(105.97)	(231.84)	5.14	39.00	12.56	7.67	2.43	5.34	8.15
Earnings per Equity share	Rs.	-	-	-	1.67	20.54	6.61	4.01	1.25	2.79	4.25
Dividends per Equity share	Rs.	-	-	-	1.00	2.00	2.00	2.00	1.00	3.00	3.00
Net Worth per Equity share	Rs.	(2.30)	41.19	110.91	232.90	234.10	177.21	184.39	129.37	134.12	92.14
Net Assets employed	Rs. Crores	119.22	192.10	294.90	532.85	542.81	446.59	448.08	349.82	344.72	260.37
Shareholder's Funds	Rs. Crores	(4.36)	78.21	210.60	442.25	444.53	336.50	350.13	246.37	255.39	175.67
Gearing	%	42.37	36.36	24.34	20.49	22.11	32.72	28.00	42.00	34.90	48.20

DUNLOP INDIA LIMITED**REPORT OF THE DIRECTORS**

Your Directors present the 73rd Annual Report of the Company together with the audited accounts for the financial year ended 31 March, 2000.

Summarised Final Results	Rs. in Crores
Gross Profit/(Loss)	(33.31)
Financing Charges	24.31
Depreciation	3.41
Profit / (Loss) Before Tax	(61.03)
Tax	—
Profit / (Loss) After Tax	(61.03)

CURRENT STATUS

The members are aware that as a result of the gradual deterioration of the Company's financial health and the net worth of the Company becoming negative in 1997, the Company was declared by the Board for Industrial and Financial Reconstruction ('BIFR') a sick industrial company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 ('SICA') and the Industrial Development Bank of India (IDBI) was appointed as the Operating Agency. Pursuant to orders passed and directions given from time to time by the BIFR, a revival scheme under the provisions of Section 17(3) of SICA had been submitted by the Company.

Your Directors had reported earlier that the operations at the Company's factories at Sahaganj and Ambattur had been suspended on 7 and 8 February, 1998 respectively, and the operations at all the other units, except the Registered Office of the Company, had also been suspended from 2nd August, 1999. With a view to mitigating the hardships faced by the workforce and stakeholders and also towards arresting the cumulative loss as well as the deterioration of the plant and equipment at the manufacturing units, your Company decided to resume business operations from early this year. Understandings were reached with the Unions at both Ambattur and Sahaganj as well as the individual Unions of 17 different Depots on a country wide basis and suspension was lifted at the Ambattur Plant on 7th February, 2000 while at the Sahaganj Plant on 11th March, 2000. The State Governments of Tamil Nadu and West Bengal as well as the State Administration and concerned Departments extended invaluable support in the matter.

Agreements were also reached with suppliers, dealers and critical customers for the resumption of activities as a "Holding Operation" which would work essentially through inputs provided by your Company's Promoter and by organising a "cash balance" operation till the revival package is cleared by the BIFR.

Your Directors are pleased to report that production at both the plants has stabilised. Major orders have been received and are under execution for Aero Tyres, Off-the-Road Tyres, Truck and LCV Tyres, Farm Tyres apart from Conveyor Belt, Vee Belts, Hoses and other Industrial Products. Over 2500 tyres for the Indian Air-force have already been despatched after full certification of plant and equipment, quality assurance procedures and the end product itself.

Your Directors had reported earlier of a Revival Scheme submitted under Section 17(3) to the BIFR. The Hon'ble Bench of the BIFR has, since, conducted two hearings on the Scheme, the last having been held on 22nd June, 2000. As desired by the Hon'ble Bench further amendments have been made on the Scheme which has been resubmitted to the IDBI who are the Operating Agency appointed by BIFR. The Scheme is presently under scrutiny by IDBI and is likely to be submitted to BIFR for consideration and sanction in the near future.

DIVIDEND

In view of suspension of commercial activities during the period under review and the Company being a sick industrial company under the provisions of SICA, 1985, your Directors regret that they are unable to recommend payment of dividend for the period under review.

PUBLIC DEPOSIT

Fixed Deposits matured upto 31 March, 2000 but not paid amount to Rs. 11,37,02,000, out of which claim for repayment of Rs. 9,83,93,000 has been received from the depositors. Matured Deposits amounting to Rs. 1,53,09,000 remained unclaimed at the end of the period.

The above amount has been included in the revival scheme under Section 17(3) of SICA and repayment shall be made in accordance with and in terms of approval of the Hon'ble BIFR.

AUDITORS' REPORT

In regard to the reservations/qualifications/adverse remarks in the Auditors' Report, the information/explanations are given in the Annexure appended hereto. The relevant notes on the accounts are self-explanatory.

DIRECTORS

Mr. Virendra Prakash who had been appointed a Director on the recommendation of the BIFR was replaced by a further order of the BIFR issued on 3rd January, 2000, recommending Mr. R. K. Sadhu to be appointed as a Director. Accordingly, Mr. Virendra Prakash ceased to be a Director from 3rd January, 2000. Mr. R. K. Sadhu was appointed as Additional Director on 27th January, 2000. He will hold office upto this Annual General Meeting and is eligible for re-appointment.

Mr. K. C. Wazir who had been appointed as Alternative Director to Mr. M. R. Chhabria was appointed as Additional Director from 27th January, 2000. Accordingly, Mrs. Wazir ceased to be Alternate Director at the close of business on 26th January, 2000. As an Additional Director, Mrs. Wazir will hold office upto this Annual General Meeting and is eligible for re-appointment.

Mr. B. S. Mehta, Mr. K. Tozawa and Mr. R. N. Tripathi resigned from the Board. At its Meeting held on 27th April, 2000, the Board accepted their resignation and placed on record its deep appreciation for the services rendered by them.

Air Marshal P. K. Puri will retire from the Board by rotation at this Annual General Meeting. He has opted not to seek re-appointment.

Mr. T. S. Shettigar will retire from the Board by rotation at this Annual General Meeting pursuant to Article 89 of the Articles of Association of your Company and being eligible offers himself for re-appointment.

AUDITORS

M/s. Lodha & Company, Chartered Accountants, the Auditors, will retire at this Annual General Meeting and being eligible offer themselves for re-appointment. In terms of Section 224(1B) of the Companies Act, 1956 a Certificate signifying their willingness for re-appointment, if considered, has been submitted with your Company.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

The statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, and particulars of employees as required under



Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1994 are attached to this Report.

PERSONNEL

Your Company continues to maintain a healthy organisational atmosphere and has a plan of employing more talents to strengthen its human resources to meet its future requirement.

As reported earlier, your Company has resumed operations at Ambattur and Sahaganj factories from 7th February and 11th March, 2000 respectively, and subsequently, at the depots throughout the country from 1st May, 2000 after a proper understanding with the respective locational recognised Unions, so that the Holding Operation would be sustained.

We wish to emphasise that since the resumption of operations, the employer and employee relationship was at its best and the employees lent constructive support for the success of the Holding Operation.

SUBSIDIARY COMPANIES

During the period under report India Tyre & Rubber Company (I) Ltd. ceased to be a subsidiary of your Company. The Reports & Accounts of Dunlop Investment Limited are attached.

For and on behalf of the Board

M. R. Chhabria

Chairman

Date : 10th August, 2000

ANNEXURE TO THE DIRECTORS' REPORT DATED 10 AUGUST, 2000 - PURSUANT TO SECTION 217(3) OF THE COMPANIES ACT, 1956.

Reference is made to the disclaimer of the Auditors in respect of certain records and information. In this regard, attention is drawn to Note 5(a) of schedule 17 to the Accounts.

The Management feels that there may not be any material changes on account of lack of such information. Necessary adjustments will be made on retrieval of the information and records and restoration of normalcy in operations.

For and on behalf of the Board

M. R. Chhabria

Chairman

Date : 10th August, 2000

Statement of Particulars 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, forming part of the Directors Report for the 12 months period ended 31st March, 2000.

A. Conservation of Energy and Technology Absorption :

Operations at both the manufacturing units had remained suspended from February, 1998. Suspension was lifted at Ambattur on 7 February and at Sahaganj on 11 March, 2000. However, commercial production did not resume during the period under review.

Since there were no operations at both the manufacturing units of the Company during the period under review, report on conservation of energy (except Power & Fuel consumption) and technology absorption are not furnished.

Particulars with respect to Power & Fuel consumption are furnished in Form A set out below.

B. Foreign Exchange Earnings and Outgo :

Earnings	~	Nil
Outgo on account of travelling	~	Rs. 0.04 crores

FORM A POWER AND FUEL CONSUMPTION

		31.03.2000 (12 Months) Total	31.03.1999 (15 Months) Total *
1. Electricity	Unit		
a) Purchased			
Unit	MWH	Nil	1129.5
Total Amt.	Rs. Lakh		51.964
Rate/Unit	Rs/KWH		4.601
b) Own Generation			
(i) Diesel Gen Unit	MWH	Nil	334
Units/Ltr of D. Oil	KWH/LTR		3.275
Cost/Unit	Rs/KWH		2.518
(ii) F. Oil Gen. Unit	MWH	Nil	90
Units/Kg of F. Oil	KWH/KG		3.782
Cost/Unit	Rs/KWH		2.016
2. Coal			
Qty	TON	Nil	363.5
Total Cost	Rs/Lakh		682.6
Avg. Rate	Rs/TON		1878
3. Furnace Oil			
Qty	TON	Nil	324.8
Total Amt.	Rs/Lakh		24
Avg. Rate	Rs/KG		7.389
4. Others/Int. Gen (D Oil)			
Qty	KLTR	104	103
Total Amt.	Rs/Lakh	15.64	8.50
Rate / Unit	Rs/LTR	15.64	8.26
B Consumption/Ton of Prod			
Purchased	MWH	Nil	1129.5
Generated	MWH		424
Electricity	KWH/TON		8703
F. Oil (Elec. Gen) Qty	TON	Nil	24
F. Oil (Elec. Gen)	KG/TON		133
F. Oil (Steam. Gen) Qty	TON	Nil	301
F. Oil (Steam. Gen)	KG/TON		1686
Coall (Steam. Gen) Qty	TON	Nil	363.5
Coall (Steam. Gen)	KG/TON		2636
D. Oil (Elec. Gen) Qty	KLTR	104	943
D. Oil (Elec. Gen)	LTR/TON	Nil	577

* Figures denotes consumption only for the month of January, 1998.