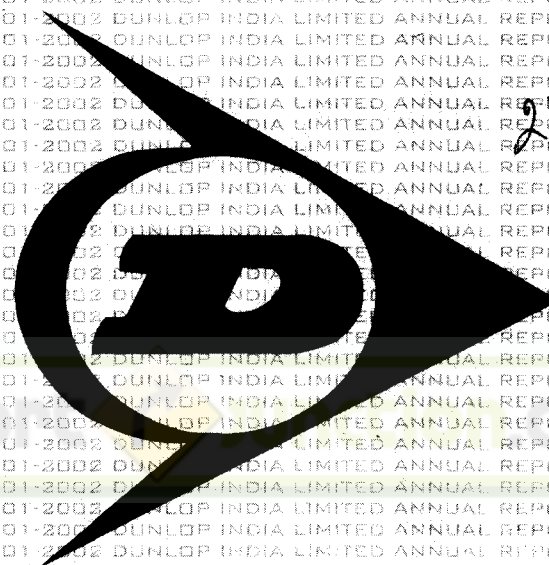
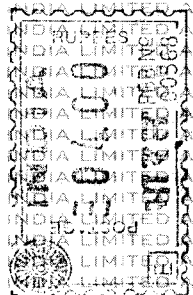


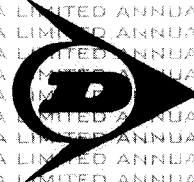
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## Annual Report

2001-2002



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DUNLOP INDIA LIMITED

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## BOARD OF DIRECTORS

Mrs. Komal C Wazir  
Mr. T S Shettigar  
Mr. R K Sadhu  
Mr. T C Goel *Whole-time Director*  
Mr. P Balakrishnan *Executive Director*  
Mr. R Gupta

## AUDIT COMMITTEE

Mr. T S Shettigar *Chairman*  
Mr. P Balakrishnan *Alternate Chairman*  
Mr. R K Sadhu  
Mr. T C Goel

## SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE

Mrs. Komal C Wazir  
Mr. T C Goel  
Mr. P Balakrishnan

## MANAGEMENT COMMITTEE

Mr. R K Sadhu  
Mr. T C Goel  
Mr. P Balakrishnan

## COMPANY SECRETARY & CHIEF LEGAL OFFICER

Mr. Ashok Kumar Agarwal

## REGISTERED OFFICE

"King's Court", Flat Nos. 14 & 18,  
46B, Chowringhee Road,  
Kolkata-700 071,  
Telephones : (033) 2821607, 2821773  
Fax : (033) 2821551,  
E-mail : dildmirp@vsnl.net

## BANKERS

State Bank of India  
United Bank of India  
Standard Chartered Bank  
Allahabad Bank  
The Hongkong & Shanghai Banking Corporation Ltd  
The Bank of Tokyo-Mitsubishi Ltd  
The Catholic Syrian Bank Ltd  
The Federal Bank Ltd

## AUDITORS

M/s. Lodha & Co.  
Chartered Accountants, Kolkata

## SOLICITORS

M/s. Mukherjee & Biswas, Kolkata

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## HOLDING OF EQUITY SHARES

	As on 31.03.2002		As on 31.03.2001	
	Equity Shares		Equity Shares	
	(Nos.)	(%)	(Nos.)	(%)
<b>Promoters' Holding</b>				
Foreign Promoters	7515229	16.70	7515229	39.58
Promoters' Associates (Persons acting in concert)	26892568	59.78	892568	4.70
<b>Sub Total</b>	<b>34407797</b>	<b>76.48</b>	<b>8407797</b>	<b>44.28</b>
<b>Non-Promoters' Holding</b>				
Financial Institutions, Insurance Companies, Mutual Funds, Banks etc.	6342391	14.10	6342391	33.40
Non-Residents	43914	0.10	43914	0.23
Private Corporate Bodies	292042	0.65	292042	1.54
Indian Public	3903153	8.67	3903153	20.55
<b>Sub Total</b>	<b>10581500</b>	<b>23.52</b>	<b>10581500</b>	<b>55.72</b>
<b>Grand Total</b>	<b>44989297</b>	<b>100.00</b>	<b>18989297</b>	<b>100.00</b>

## TEN YEAR SUMMARY

		2001-2002	2000-2001	1999-2000	1998-1999	1997	1996-97	1995-96	1994	1992-93	1991-92
		12	12	12	15	9	12	15	12	18	15
		months	months	months	months	months	months	months	months	months	months
Income	Rs. Crores	6.08	102.61	6.67	26.87	207.77	562.99	824.03	751.82	884.35	711.43
Operating Profit / (Loss)	Rs. Crores	(41.89)	(58.93)	(33.31)	(78.38)	(44.06)	33.19	68.79	45.71	47.93	37.69
Profit/(Loss) before Tax	Rs. Crores	(88.57)	(89.38)	(61.03)	(105.97)	(231.84)	5.80	39.00	12.56	13.18	5.11
Profit/(Loss) after Tax	Rs. Crores	(88.57)	(89.38)	(61.03)	(105.97)	(231.84)	5.14	39.00	12.56	7.67	2.43
Earnings per Equity share	Rs.	—	—	—	—	—	1.67	20.54	6.61	4.01	1.25
Dividend per Equity share	Rs.	—	—	—	—	—	1.00	2.00	2.00	2.00	1.00
Net Worth per Equity share	Rs.	(47.96)	(55.14) *	(1.40) #	41.19	110.91	232.90	234.10	177.21	184.39	129.37
Net Assets employed	Rs. Crores	(21.71)	(59.05) *	141.69 #	192.10	294.90	532.85	542.81	446.59	448.08	349.82
Shareholders' Funds	Rs. Crores	(215.75)	(104.71) *	(2.66) #	78.21	210.60	442.25	444.53	336.50	350.13	246.37
Gearing	%	75.13	58.33 *	49.20 #	36.36	24.34	20.49	22.11	32.72	28.00	42.00

\* Includes advance against share capital amounting to Rs.26.00 crores

# Includes advance against share capital amounting to Rs.1.70 crores

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DUNLOP INDIA LIMITED  
Registered Office :  
"King's Court", No. 14 & 15  
46B, Chowringhee Road, Kolkata-700071

## NOTICE

NOTICE is hereby given that the **Seventy-Fifth** Annual General Meeting of the Members of **Dunlop India Limited** will be held at "Mini Auditorium", Science City, JBS Haldane Avenue, Kolkata-700046 on **Monday, 23rd December, 2002 at 10.30 a. m.** to transact the following business :

### ORDINARY BUSINESS

1. To consider and adopt the Profit & Loss Account for the year ended 31st March, 2002 and the Balance Sheet as at that date and the Reports of the Board of 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 a Director in place of Mr R K Sadhu, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint the Auditors and fix their remuneration and in that connection, to consider and, if thought fit, to pass, with or without modification, the following Resolution as a **Special Resolution** :

"**RESOLVED THAT** pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs Lodha & Co., Chartered Accountants, Kolkata, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors of the Company."

### SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modification(s), the following Resolutions :

#### 5. As an Ordinary Resolution :

"**RESOLVED THAT** in accordance with the applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Mr. P Balakrishnan as Executive Director of the Company (not being a Whole-time Director of the Company) for a period of 3 years with effect from 17th August, 2002."

"**RESOLVED FURTHER THAT** Mr P Balakrishnan will not draw any remuneration from the Company."

#### 6. As an Ordinary Resolution :

"**RESOLVED THAT** Mr Ram Gupta be and is hereby appointed a Director of the Company."

By Order of the Board

**Ashok Kumar Agarwal**  
Company Secretary &  
Chief Legal Officer

Place : Kolkata

Date : 15th November, 2002

### NOTES :

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business of the Meeting is annexed hereto and forms part of this Notice.

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

3. The Register of Members and Share Transfer Books of the Company will remain closed from 19th December, 2002 to 23rd December, 2002 (both days inclusive).

4. Members are requested to bring their copies of the Annual Report and the Admission Slip at the Meeting. Annual Report will not be distributed at the Meeting. No food packet will be served at the AGM.

### ANNEXURE TO THE NOTICE

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

##### Item No. 5

Mr P Balakrishnan was appointed as Director of the Company by the Board of Directors on 31st August, 2001. Mr Balakrishnan's appointment was approved by the Members unanimously at the Company's Annual General Meeting held on 27th September, 2001.

Mr Balakrishnan has been devoting his substantial time for the Company's various matters including its revival. The Board felt the need of designating Mr Balakrishnan as Executive Director. The Board of Directors, at its Meeting held on 17th August, 2002, has designated Mr P Balakrishnan as Executive Director of the company (not being the Whole-time Director of the Company) for a period of 3 years with effect from 17th August, 2002. Mr Balakrishnan will not draw any remuneration from the Company.

Your Directors recommend the Resolution for your consideration and approval.

No Director of the Company except Mr P Balakrishnan is interested or concerned in the Resolution.

##### Item No. 6

The Board of Directors, at its Meeting held on 17th August, 2002, have appointed Mr Ram Gupta as an Additional Director. Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 91 of the Articles of Association of the Company, Mr Gupta 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 in this Annual General Meeting the appointment of Mr Ram Gupta as a Director of the Company.

Your Directors recommend the Resolution for your consideration and approval.

No Director of the Company except Mr Ram Gupta is interested or concerned in the Resolution.

By Order of the Board

**Ashok Kumar Agarwal**  
Company Secretary &  
Chief Legal Officer

Place : Kolkata

Date : 15th November, 2002



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Your Directors present the 75th Annual Report of the Company together with the audited accounts for the financial year ended 31st March, 2002.

## Summarised Financial Results

### Rs. in Crores

Gross Profit / (Loss)	(41.89)
Financing Charges	43.90
Depreciation	3.00
Profit / (Loss) Before Tax	(88.79)
Prior Period Income	0.22
Tax	—
Profit / (Loss) After Tax	(88.57)

## CURRENT STATUS

The Members are aware that consequent to the deterioration of the Company's financial health, the net worth of the Company became negative in the year 1997. The Company was declared a 'sick industrial company' by the Hon'ble Board for Industrial and Financial Reconstruction ('BIFR') within the meaning of Section 3(1)(c) of the Sick Industrial Companies (Special Provisions) Act, 1985 ('SICA') vide Hon'ble BIFR's Order dated 22nd June, 1998 and the Industrial Development Bank of India ('IDBI') was appointed as the Operating Agency ('OA') under Section 17(3) of SICA.

Members may kindly recall that, when last reported, your Company was pursuing the draft rehabilitation scheme (DRS) so that revival process of the Company could be commenced at the earliest. Pending rehabilitation, the position of your Company has therefore further deteriorated during the year under review. The benefits of the 'Holding Operation' that was initiated by the Promoter, through the infusion of Rs.26 Crores into your Company, has to some extent lost. Refurbished Plant and Equipment in both the Factories at Sahaganj in West Bengal and at Ambattur in Tamil Nadu are again in need of repairs, virtually all the sales offices and depots in different parts of the country are closed, technical and marketing man-power is considerably depleted, important customers particularly for aero tyres, could not be serviced in time and order cancellations had to be requested by your Company.

The last DRS submitted by your Company in June, 2001 was circulated by the Hon'ble BIFR on 3rd August, 2001 and a hearing was held on 19th October, 2001. The DRS could not be approved by Hon'ble BIFR on 19th October, 2001 due to several issues and the Hon'ble BIFR then directed your Company to sort out the matters with the concerned parties and to submit a revised DRS to OA.

Until December, 2001, the Assets Sales Committee, which was formed in March, 2001 to expedite disposal of the Company's assets, could only hold two Meetings and was unable to take the disposal process forward.

Your Company therefore, filed an Appeal before the Hon'ble Appellate Authority for Industrial and Financial Reconstruction ('AAIFR') for expeditious approval of the Company's revival process. The Hon'ble AAIFR heard the Company's Appeal on 7th March, 2002 and took decisions on various pending issues and directed your Company to file a fresh DRS. The Company's DRS bearing No.DRS-02 with modifications as ordered by Hon'ble AAIFR was circulated on 17th May, 2002 and a hearing date was

initially fixed for 1st August, 2002 but has since been adjourned to 27th November, 2002. Your Company is hopeful now of an early approval of the DRS.

Being well aware of the mounting losses, your Company has been in dialogue with the Employees' Unions at Ambattur and Sahaganj in an effort to see whether by dint of unusual sacrifices on both sides, the Management and Union, can arrive at a plan by which the Company can reduce cost and recommence operations with the objective that the same could ultimately dovetail into the Rehabilitation Scheme. We are pleased to inform you that such an exercise has been completed for the Ambattur Factory and that your Company is now only awaiting the required funds to recommence operations at the Ambattur Plant. As regards the Sahaganj Plant, the same exercise as carried out at Ambattur, has commenced here also.

The situation on the Kolkata Office front is, however, much to the contrary. With effect from 20th November, 2001, your Company's Registered Office and some of the Departments of Head Office (MIS, Legal and Secretarial Department) were shifted from 'Dunlop House', 57B, Mirza Ghalib Street, Kolkata-700 016 (which has been cleared for sale by Hon'ble BIFR), to Flat Nos. 14 & 18, 'King's Court', 46B, Chowringhee Road, Kolkata-700 071. Other Departments of the aforesaid Head Office were simultaneously re-located for the time being to 76, A.J.C. Bose Road, Kolkata-700 014. The Kolkata Office Employees' Union has opposed this move and since 20th November, 2001, have illegally stopped all access to the 'Dunlop House'.

Due to the IR situation prevailing at 'Dunlop House', important documents pertaining to subjects such as Provident Fund, Gratuity, Share Transfer, Fixed Deposit, Sales Tax, Income Tax, Central Excise etc. are now not accessible and your Company was unable to furnish records and details to Auditors and is also defaulting in complying with different statutory requirements. The matter of bringing such documents from 'Dunlop House' is sub-judice.

Members are also informed that the Hon'ble AAIFR at its hearing held on 7th March, 2002 had ordered conversion of Rs.26 Crores, earlier brought into the Company by the Promoters/ Associates to revive the Company, into Equity of your Company based on the formula/calculation for pricing according to SEBI guidelines subject to face value of a minimum of Rs.10/- per Equity Share with effect from 1st January, 2002. After such pricing had been vetted and confirmed by the OA (IDBI) vide their Report dated 29th May, 2002, the Board of Directors of your Company at its Meeting held on 13th July, 2002 has recorded conversion of said Rs.26 Crores into equity in compliance with the Hon'ble AAIFR's aforesaid Order, and 2,60,00,000 Equity Shares of the face value of Rs.10/- each fully paid-up at par of your Company were allotted to M/s.Gordon Woodroffe Limited (Associates of the Promoters) with effect from 1st January, 2002. Consequently, with effect from 1st January, 2002, the paid-up Equity Capital of the Company has been increased from Rs.18.99 Crores to Rs.44.99 Crores and your Company has also become a subsidiary of M/s.Gordon Woodroffe Limited, who now holds 2,60,00,000 Equity Shares equivalent to 57.79% of total paid-up Equity Capital of your Company.

Mention needs to be made of the sad and untimely demise of our Chairman, M.R.Chhabria on 6th April, 2002, we acknowledge our debt of gratitude to the great visionary and would like to rededicate ourselves to the mammoth task of rebuilding the organization.

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In view of the Company's deteriorated financial health and the Company being a sick industrial company under the provisions of SICA, your Directors regret that they are unable to recommend payment of dividend for the year under review.

## PUBLIC DEPOSIT

Fixed Deposit matured up to 31st March, 2002 but not paid amount to Rs.11,52,35,000/- out of which claim for repayment of Rs.10,08,53,000/- has been received from the Depositors. Matured Deposits amounting to Rs.1,43,82,000/- remained unclaimed at the end of the Financial year.

The above amount has been included in the last rehabilitation scheme submitted by the Company to Hon'ble AAIFR and repayment shall be made in accordance with and in terms of approval of the Hon'ble BIFR/AAIFR.

## 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.J.S.Zala was ceased to be a Director of the Company w.e.f. 27th September, 2001.

Mr.M.R.Chhabria, Ex-Chairman, passed away on 6th April, 2002 at Mumbai. The Board offered its heartfelt condolence and expressed its deepest sorrow at the untimely demise of its beloved Chairman and a profound sense of loss over his passing and, at the same time, gratitude for knowing his brilliance, his infectious optimism and energy, and his joy for life's challenges and extended its deepest sympathy for the bereaved family members in their hour of grief.

The Board of Directors of your Company at its Meeting held on 17th August, 2002, have appointed Mr. Ram Gupta as Additional Director of the Company. Mr. Gupta will hold Office upto the date of ensuing Annual General Meeting and is eligible for re-appointment. At the same Meeting, the Board of Directors, have designated Mr. P. Balakrishnan, Director, to the post of Executive Director of the Company (not being a Whole-time Director of the Company) with effect from 17th August, 2002 for a period of 3 years with the condition that Mr. P. Balakrishnan will not draw any remuneration from the Company and the proposal for Mr. P. Balakrishnan's such appointment is being placed before the Members at the ensuing Annual General Meeting for their consideration and approval.

In accordance with Article 103 of the Articles of Association of your Company and the applicable provisions of the Companies Act, 1956, Mr.T.S.Shettigar and Mr.R.K.Sadhu will retire from the Board by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

## AUDITORS

M/s.Lodha & Co., Chartered Accountants, Kolkata, Auditors of your Company, will hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

## 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 as amended is attached to this Report.

The Company has no employee in the category specified under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, your Board of Directors hereby confirm :

- i) That in the preparation of the Accounts for the Financial Year ended 31st March, 2002, the applicable Accounting Standards have been followed and proper explanations have been provided for material departures, wherever applicable;
- ii) That the Board of Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that were 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 Profit or Loss of the Company for the year under review;
- iii) That the Board of Directors have taken proper and sufficient care for the maintenance of 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 the Accounts for the Financial Year ended 31st March, 2002 were prepared on a "going concern" basis.

## CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure that all mandatory provisions of "Corporate Governance" as stipulated in Clause 49 of the Listing Agreements of the Stock Exchanges with which the Company's Equity Shares are listed are duly complied with within the stipulated time i.e. within the Financial Year ended 31st March, 2002. A separate Report on Corporate Governance along with Auditor's Certificate on its compliance as Annexure-I are annexed to this Report.

## PERSONNEL

Despite all odds, your Company continues to nurture a positive organizational atmosphere and has ambitious plans of recruiting fresh talents to strengthen its human resources to meet its future requirement upon re-commencement of operations and in order to dovetail smoothly into the Revival Plan as and when approved.

## SUBSIDIARY COMPANY

As required under Section 212 of the Companies Act, 1956, the Reports and Accounts of the subsidiary of your Company, M/s. Dunlop Investments Limited are attached.

For and on behalf of the Board

T.C.Goel

P.Balakrishnan

Date : 15th November, 2002 Whole-time Director

Executive Director

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ANNOUNCEMENT OF THE DIRECTORS' REPORT DATED 15TH NOVEMBER, 2002  
PURSUANT TO SECTION 217(3) OF THE COMPANIES ACT, 1956.

Reference is made to the comments of the Auditors in respect of certain records and information. In this regard, attention is drawn to Note 4(a) of Schedule 17 to the Accounts.

For and on behalf of the Board

T.C.Goel

P.Balakrishnan

Date : 15th November, 2002 Whole-time Director

Executive Director

Statement of Particulars under 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 forming part of the Directors' Report for the year ended 31st March, 2002.

## A. Conservation of Energy and Technology Absorption :

There has been no commercial production in the Factories for the period under review. The Company, however, intends to put in place an aggressive Energy Conservation Action Plan involving the following areas :

1. High Tension Electricity Consumption by refurbishment of Heavy Duty Motors in the Compound Mixing Section.

2. Incorporating additional capacitors loads. Target power factor 0.98.
3. Improvement to generation efficiencies of Wartsila and Skoda Captive Gen. Set in line with manufacturers recommendation.
4. Maximisation of captive generation power supply in order to offset higher State Electricity tariffs.
5. Refurbishment of Cold Fired Boilers and Burners of Oil Fired Boilers in the Factories. Installation of Economizers in Sahaganj D-Boiler to improve High Pressure Steam generation efficiencies.

Adequate provisions are being made to action these areas prior to re-commencement of production.

The Company has already assimilated the technology transfer potential of earlier collaboration agreements in various products. For reaching targeted benchmark of productivity, quality and costs, the Company is exploring fresh collaboration initiatives.

## B. Foreign Exchange Earnings and Outgo :

Earnings	-	Rs. 0.75 crores
Outgo on account of travelling	-	Rs. 0.12 crores

## FORM A

### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

31.03.2002				31.03.2001			
Unit		Total	Total	Unit		Total	Total
<b>A. Power and Fuel Consumption</b>							
<b>1. Electricity</b>				<b>3.b) Furnace Oil</b>			
<b>a) Purchased :</b>				(Boiler)			
Unit	MWH	4586.50	13188.00	Qty	TON	Nil	1676.00
Total Amt.	Rs/ Lac	** 200.43	696.31	Total Amt.	Rs/Lac	Nil	181.38
Rate/Unit	Rs/KWH	4.37	5.28	Avg. Rate	Rs/KG	Nil	10.82
<b>b) Own Generation :</b>				<b>4. Others/Int. Gen (D. Oil)</b>			
(i) Diesel Gen Unit	MWH	Nil	969.00	Qty	KLTR	Nil	401.40
Unit/Ltr of D. Oil	KWH/LTR	Nil	2.44	Total Amt.	Rs/Lac	Nil	64.03
Cost/Unit	Rs/KWH	Nil	6.55	Rate / Unit	Rs/LTR	Nil	16.00
(ii) F. Oil Gen. Unit	MWH	Nil	6086.00	<b>B. Consumption/Ton of Production</b>			
Unit/Kg of F. Oil	KWH/KG	Nil	3.99	Purchased	MWH	4586.50	13188.00
Cost/Unit	Rs/KWH	Nil	2.99	Generated	MWH	Nil	7055.00
<b>2. Coal</b>				Electricity	KWH/TON	Nil	3103.00
Qty	TON	Nil	13597.00	F. Oil (Elec. Gen) Qty	TON	Nil	1526.00
Total Cost	Rs/Lac	Nil	307.39	F. Oil (Elec. Gen)	KG/TON	Nil	377.00
Avg. Rate	Rs/TON	Nil	2261.00	F. Oil (Steam Gen) Qty	TON	Nil	1676.00
<b>3.a) Furnace Oil</b>				F. Oil (Steam Gen)	KG/TON	Nil	675.00
(Generator)				Coal (Steam Gen) Qty	TON	Nil	13597.00
Qty	TON	Nil	1526.20	Coal (Steam Gen)	KG/TON	Nil	3362.00
Total Amt.	Rs/Lac	Nil	181.23	D. Oil (Elec. Gen) Qty	KLTR	Nil	401.40
Avg. Rate	Rs/KG	Nil	11.87	D. Oil (Elec. Gen)	LTR/TON	Nil	161.09

\*\* Note : The value is inclusive of arrear @ 2% on net Tariff for 2000-2001 and of revised Tariff (01-02) from 04/01 to 12/01.

## REPORT ON CORPORATE GOVERNANCE

In Compliance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, your Directors present the Company's Report on Corporate Governance on the matters mentioned in the said Clause and the practice followed by your Company in this regard.

### 1. Philosophy of the Company on Code of Corporate Governance

The Philosophy of your Company on Corporate Governance envisages the attainment of high levels of transparency, accountability and equity, in all facets of its operations and in all interactions with stakeholders, including, inter-alia, the shareholders, employees, the government and lenders. Your Company is committed to achieving international standards of corporate governance.

Your Company believes that all its operations and actions must serve the underlying goal of enhancing overall Shareholder value, over a sustained period of time.

### 2. Board of Directors

As on 31st March, 2002, your Board had six Directors. Apart from the Non-Executive Chairman, your Board comprised of one Executive Director, one Non-Executive Director and three Independent Directors, who were professionals, with expertise and experience in general corporate management, legal, finance, technical, engineering and other allied fields.

During the financial year under review, seven meetings of the Board of Directors had been held (as against the minimum requirement of 4 meetings in a year) on the following dates -

11th April, 2001; 29th June, 2001; 23rd July, 2001; 31st August, 2001; 27th September, 2001; 24th November, 2001 and 29th January, 2002.

None of the aforesaid Directors is a Member in more than ten Committees nor acts as the Chairman/ Chairperson of more than five Committees of the Board of Directors of the Companies, in which they are Directors.

The following table gives the details of attendance of Directors at Board Meetings held on the aforesaid dates and the dates for appointment / cessation of Directorship, if any, during the year under review and the last Annual General Meeting, number of memberships held by each Director in the Board / Committees of various Companies including Committee Chairmanships, which are statutorily required to be constituted by the respective Companies :

Name of the Directors and the Category	Attendance Particulars		No. of other Directorships & Committee Membership/ Chairmanship		
	Board Meetings	AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Late M R Chhabria (Non-Executive Chairman, expired on 06.04.2002)	3	No	-	-	-
Mrs K C Wazir Non-Executive Director	4	No	12	10	2
Mr T S Shettigar Independent Director	4	Yes	7	5	3
Mr R K Sadhu Independent Director	7	No	1	1	None

Mr M H Godhwani Independent Director (Ceased to be a Director w.e.f. 31.08.2001)	Nil	NA	-	-	-
Mr J S Zala Independent Director (Ceased to be a Director w.e.f. 27.09.2001)	5	No	-	-	-
Mr Y C Lumba Whole-time Director (Ceased to be a Director w.e.f. 31.08.2001)	3	NA	-	-	-
Mr T C Goel Whole-time Director (Appointed a Director w.e.f. 31.08.2001)	4	Yes	4	3	None
Mr P Balakrishnan Independent Director (Appointed a Director w.e.f. 31.08.2001)	4	Yes	None	2	None

**Note :** 1. Directorship in Private Limited Companies, Foreign Companies and Companies Registered under Section 25 of the Companies Act, 1956 have not been considered.

2. Only the Audit Committee, Shareholders' / Investors' Grievances Committee and Remuneration Committee of the Board of Directors of the respective Companies have been considered.

### 3. Audit Committee

The Audit Committee constituted by the Board of Directors consists of three Non-Executive / Independent Directors viz. Mr T S Shettigar, Chairman, Mr P Balakrishnan, Alternate Chairman and Mr R K Sadhu and Mr T C Goel, being an Executive-Director of the Company. The constitution of the Audit Committee meets with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 as inserted vide the Companies (Amendment) Act, 2000.

During the period under review, the Audit Committee met on 29th June, 2001, 23rd July, 2001, 24th November, 2001 and 29th January, 2002 and considered various Financial and Audit related matters.

### Constitution of the Audit Committee and related Information

Name of the Director	Category	No. of meetings attended during the period under review
Mr T S Shettigar	Chairman and Non-Executive/ Independent Director	3
Mr P Balakrishnan (Appointed as a Member w.e.f.07.09.01)	Alternate Chairman and Non-Executive / Independent Director	2
Mr R K Sadhu	Non-Executive / Independent Director	4
Mr T C Goel (Appointed as a Member w.e.f. 31.08.01)	Whole-time Director	2
Mr Y C Lumba (Ceased to be a Member w.e.f. 31.08.01)	-	2



Terms of Reference of the Audit Committee. The Board of Directors are as under —

To review Half Yearly and Annual Financial Results of the Company. However, all Financial Results including Quarterly Results were reviewed by the Audit Committee.

To meet and review with External and Internal Auditors regarding the Internal Control Systems, Accounting Policies, Internal Audit Programmes and Important Audit Findings to ensure their compliance.

To investigate matters referred to it by the Board or as specified under the Companies Act, 1956 / Listing Agreement to review matters as required in terms of the Listing Agreement.

#### 4. Remuneration Committee (a non-mandatory)

- In view of your Company being a Sick Industrial Company and none of its Director, whether Executive or Non-Executive, are drawing any remuneration, your Company has not constituted a Remuneration Committee.
- Independent Non-Executive Directors are paid a Sitting Fees of Rs.2000/- for every Board Meeting and for every Audit Committee Meeting attended by them. During the year under review, Mr. R.K. Sadhu and Mr. J.S. Zala had been paid Sitting Fees of Rs.22,000/- and Rs.10,000/- respectively. In view of the Company's financial position, the remaining Independent Non-Executive Directors had decided not to claim their Sitting Fees.

#### 5. Shareholders' / Investors' Grievances Committee:

The Company has constituted a Shareholders' / Investors' Grievances Committee of the Board of Directors to ensure effective monitoring of Shares / Debentures / Deposits related issues and to redress the grievances of Shareholders / Debentureholders / Depositors / Investors. The existing Shareholders' / Investors' Grievances Committee consists of the following Members of the Board of Directors :

Mrs. Komal C. Wazir                      Mr. T.C. Goel                      Mr. P. Balakrishnan

Due to the IR situation prevailing in the Head Office, no shares, debentures, fixed deposits related activities could be carried out in the erstwhile registered office of your Company at Dunlop House, Kolkata until 19th November, 2001 despite availability of all relative records thereat. Subsequently, your Company had shifted its registered office w.e.f. 20th November, 2001 from Dunlop House to King's Court at Kolkata. Unfortunately a section of employees belonging to Head Office Union at Kolkata have prevented the Management from taking out the Statutory Records of the Company including all relevant records pertaining to Share, Debenture and Fixed Deposits work from its erstwhile Registered Office to the Company's new Registered Office. Presently, the matter is sub-judice and before the Hon'ble Calcutta High Court in the Company's Writ to bring all relevant Statutory Records to its new Registered Office for due compliance. Due to this reason and in absence of relevant documents, the Company could neither carry out its day-to-day Shares, Debentures and Fixed Deposits related activities, nor redress the Shareholders'/Debentureholders'/ Depositors'/Investors' grievances. Consequently, during the year under review, no Meeting of the Committee could be held, and due to non-availability of requisite records, the numbers of outstanding grievances of the Shareholders'/ Debenture holders/Depositors/Investors can not be ascertained. However, your Company/Committee commits to clear all backlogs arising out of the aforesaid dispute and to commence Shares/Debentures/Deposits related work and/or redress the grievances of the Shareholders'/Debentureholders/Depositors/ Investors on priority basis immediately upon bringing such records from the erstwhile Registered Office.

In terms of Clause 47 of the Listing Agreement of the Stock Exchanges, Mr.Ashok Kumar Agarwal, Company Secretary & Chief Legal Officer, has been appointed as Compliance Officer.

#### 6. General Body Meetings :

Details of the Annual General Meeting held in the past 3 years :

AGM	YEAR	VENUE	DATE	TIME
72nd	1998-1999	Kalamandir, 48, Shakespeare Sarani, Kolkata- 700 017	30.11.1999	10:00 a.m.
73rd	1999-2000	Vidyamandir, 1, Moira Street, Kolkata-700 017	25.09.2000	12:00 noon
74th	2000-2001	G D Birla Sabhagar, 29 Ashutosh Chowdhury Avn. Kolkata-700 019	27.09.2001	10:30 a.m.

There was no Special Resolution which required voting through postal ballot.

#### 7. Disclosures:

The disclosures on materially significant related party transactions could not be compiled as explained in Note 36 of the Notes on Accounts appearing in Schedule 17 to the Accounts of the Company for the Financial year ended 31st March, 2002.

There were no instances of non-compliance of any matter related to the capital markets during the last three years.

#### 8. Means of Communication :

The Quarterly Results of your Company are published in The Financial Express (English) and Aajkal (Bengali) Newspapers, circulated in the State of West Bengal.

Your Company currently does not have a web-site. All quarterly results and important information are being regularly sent to the Stock Exchanges, where your Company's Shares are listed. Your Company is not sending Half Yearly Report to each household of Shareholders.

A Report on Management Discussion & Analysis has been attached to this Annual Report.

#### 9. General Shareholders' Information:

##### i) Annual General Meeting:

Date of AGM : 23rd December, 2002  
Venue and Time : At "Mini Auditorium", Science City, JBS Haldane Avenue, Kolkata - 700 046 at 10.30 a.m.

##### ii) Financial Calendar :

Financial Reporting for the Financial Year 2002 - 2003 :

First Quarter Results - on 29th July, 2002  
Second Quarter and Half Yearly Results - mid November, 2002  
Third Quarter Results - end of January, 2003  
Fourth Quarter and Yearly Results - end of April, 2003

iii) Dates of Book Closure : 19th December, 2002 to  
23rd December, 2002  
(both days inclusive)

iv) Proposed Date of Dividend Payment : Nil

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## v) Listing of Equity Shares on Stock Exchanges:

Equity Shares of the Company are listed on the Stock Exchanges at Kolkata, Mumbai, New Delhi, Chennai and Ahmedabad.

Due to financial constraints, the Company has defaulted in making payment of Annual Listing Fees to the above-mentioned Stock Exchanges and is committed to pay such dues in terms of the Draft Rehabilitation Scheme (DRS) after the DRS is approved by Hon'ble AAIFR.

## vi) Address for Correspondence:

Registered Office : "King's Court", Flat Nos. 14 & 18,  
46B, Chowringhee Road, Kolkata - 700 071.  
Tel: 282-1773, 282-1607; Fax: (033) 282-1551;  
E-mail: dildmirp@vsnl.net

Your Company has not appointed any Registrar and Transfer Agent. Any communication or paper for the share / debenture / deposit work may please be sent directly to the Company at its aforesaid address.

## vii) Stock Market Price Data :

High and low quotations of your Company's Shares on the following Stock Exchanges, during the year - 1st April, 2001 to 31st March, 2002.

Month	Calcutta		New Delhi		Mumbai		Ahmedabad		Chennai	
	Share Price (Rs.)		Share Price (Rs.)		Share Price (Rs.)		Share Price (Rs.)		Share Price (Rs.)	
	High	Low	High	Low	High	Low	High	Low	High	Low
April,01	8.50	8.15	Nil	Nil	5.55	5.55	Nil	Nil	Nil	Nil
May,01	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
June,01	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
July,01	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Aug,01	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sept,01	8.50	8.50	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Oct.,01	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Nov.,01	8.50	8.50	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Dec.,01	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jan,02	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Feb.,02	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mar.02	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## viii) Distribution of Equity Shareholding as on 31st March, 2002

Range of Shares	No. of Shareholders	%	Number of Shares	%
Upto 500	34029	97.14	2835664	6.30
501-1000	662	1.89	499750	1.11
1001-2000	213	0.61	295991	0.66
2001-3000	41	0.12	99310	0.22
3001-4000	28	0.08	99242	0.22
4001-5000	8	0.02	37577	0.09
5001-10000	24	0.07	166606	0.37
Above 10000	26	0.07	40955157	91.03
	<b>35031</b>	<b>100.00</b>	<b>44989297</b>	<b>100.00</b>

## ix) Geographical Distribution of Shareholding as on 31.03.2002

Sl. No.	City / Location	No. of Folios	%
1	Kolkata & Adjacent places	7,191	20.53
2	Mumbai	7,406	21.14
3	Delhi	2,187	6.24
4	Chennai	1,457	4.16
5	Bangalore	966	2.76
6	Ahmedabad	2,414	6.89
7	Hyderabad	535	1.53
8	Places other than above	12,875	36.75
	<b>TOTAL</b>	<b>35,031</b>	<b>100.00</b>

## x) Shareholding Pattern as on 31st March, 2002, in terms of Clause 35 of the Listing Agreement with Stock Exchanges.

Promoters' Holding	Nos.	%
Foreign Promoters	7515229	16.70
Promoters' Associates (Persons Acting in Concert)	26892568	59.78
<b>Sub-total</b>	<b>34407797</b>	<b>76.48</b>
Non-Promoters' Holding		
Financial Institutions, Insurance Companies, Mutual Funds, Banks etc.	6342391	14.10
Others (including Bodies Corporate, Non-Residents & Indian Public)	4239109	9.42
<b>Sub-total</b>	<b>10581500</b>	<b>23.52</b>
<b>GRAND TOTAL</b>	<b>44989297</b>	<b>100.00</b>

In compliance of the Order passed by Hon'ble AAIFR on 7th March, 2002, the Board of Directors of your Company, at its Meeting held on 13th July, 2002, has allotted 2,60,00,000 Equity Shares of Rs 10/- each fully paid-up at par for Rs. 26 Crores w.e.f 1st January, 2002 and consequently, both the numbers of equity shares and paid-up equity share capital of your Company stands increased on 1st January, 2002 to 4,49,89,297 equity shares from 1,89,89,297 equity shares and Rs.44,98,92,970/- from 18,98,92,970/- respectively.

In absence of the relevant statutory records for the reason stated hereinbefore, above figures of equity shareholding pattern has been shown as per the copies of the distribution of equity shareholdings filed with the various Authorities, Stock Exchanges etc.

## xi) Dematerialisation of Equity Shares:

In view of the industrial sickness and financial constraints prevailing for the past few years, as also due to inadequate existing in-house computer infrastructure, your Company could neither appoint any Registrar & Transfer Agents nor undertake in-house activities to provide dematerialisation facilities to its Shareholders to enable the Shareholders / Investors to hold the Company's equity shares in electronic form. However, your Company is committed to providing such dematerialisation facility upon commencement of its revival process and availability of the required funds.

## xii) Plant Locations:

- P.O. Sahaganj, P.S. Chinsurah, Dist. Hooghly, West Bengal.
- No. 512, M.T.H. Road, Ambattur, Chennai, Pin 600053, Tamil Nadu.