

# Annual Report



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# 2004-2005



**DUNLOP INDIA LIMITED****BOARD OF DIRECTORS**

Mr. R K Sadhu  
Mr. P Balakrishnan  
Mr. D Chaudhuri *Executive Director*  
Mr. A K Kapur  
Mr. K S Kumar

**AUDIT COMMITTEE**

Mr. A K Kapur *Chairman*  
Mr. K S Kumar *Alternate Chairman*  
Mr. R K Sadhu

**SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE**

Mr. K S Kumar *Chairman*  
Mr. P Balakrishnan  
Mr. D Chaudhuri  
Mr. A K Kapur

**MANAGEMENT COMMITTEE**

Mr. R K Sadhu  
Mr. P Balakrishnan  
Mr. D Chaudhuri  
Mr. A K Kapur  
Mr. K S Kumar

**VICE PRESIDENT - LEGAL & COMPANY SECRETARY**

Mr. Ashok Kumar Agarwal

**REGISTERED OFFICE**

"King's Court", Flat Nos. 14 & 18,  
46B, Chowringhee Road,  
Kolkata-700 071.  
Telephone : (033) 22821773  
Fax : (033) 22821551  
E-mail : dildmirp@vsnl.net

**BANKERS**

State Bank of India  
The Bank of Tokyo - Mitsubishi, Ltd  
The Catholic Syrian Bank Ltd  
The Federal Bank Ltd

**REGISTRAR AND SHARE TRANSFER AGENT**

CB Management Services (P) Limited  
P-22, Bondel Road, Kolkata - 700019  
Telephone : (033) 22806692-94 / 2486 / 2937  
Fax : (033) 22870263  
E-mail : cbmsl1@cal2.vsnl.net.in

**AUDITORS**

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

**SOLICITORS**

M/s. Mukherjee & Biswas, Kolkata

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**TEN YEAR SUMMARY**

		2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997	1996-97	1995-96
		12	12	12	12	12	12	15	9	12	15
		months	months	months	months	months	months	months	months	months	months
Income	Rs. Crores	37.16	9.19	28.68	6.08	102.61	6.67	26.87	207.77	562.99	824.03
Operating Profit / (Loss)	Rs. Crores	14.08	(10.99)	(0.26)	(41.89)	(58.93)	(33.31)	(78.38)	(44.06)	33.19	68.79
Profit before Tax	Rs. Crores	(5.46)	32.67	(39.23)	(88.57)	(89.38)	(61.03)	(105.97)	(231.84)	5.80	39.00
Profit after Tax	Rs. Crores	(5.46)	32.67	(39.23)	(88.57)	(89.38)	(61.03)	(105.97)	(231.84)	5.14	39.00
Earnings per Equity share	Rs.	(1.21)	7.26	—	—	—	—	—	—	1.67	20.54
Dividend per Equity share	Rs.	—	—	—	—	—	—	—	—	1.00	2.00
Net Worth per Equity share	Rs.	(73.56)	(63.05)	(68.99)	(47.96)	(55.14) *	(1.40) #	41.19	110.91	232.90	234.10
Net Assets employed	Rs. Crores	(160.25)	(115.14)	(83.55)	(21.71)	59.05 *	141.69 #	192.10	294.90	532.85	542.81
Shareholders' Funds	Rs. Crores	(330.91)	(283.65)	(310.36)	(215.75)	(104.71) *	(2.66) #	78.21	210.60	442.25	444.53
Gearing	%	112.46	87.05	111.79	75.13	58.33 *	49.20 #	36.36	24.34	20.49	22.11

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

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

**DUNLOP INDIA LIMITED**

Registered Office :

"King's Court", Flat Nos. 14 &amp; 18

46B, Chowringhee Road, Kolkata -700071

**NOTICE**

**NOTICE** is hereby given that the **Seventy-Eighth Annual General Meeting** of the Members of **Dunlop India Limited** will be held at "Mini Auditorium", Science City, JBS Haldane Avenue, Kolkata - 700 046 on **Monday, 26th September, 2005 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, 2005 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. P. Balakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Messrs Lodha & Co., Chartered Accountants, Kolkata, the retiring Auditors of the Company, who being eligible, offer themselves for re-appointment as the Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors of the Company to fix their remuneration.

**SPECIAL BUSINESS**

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

**4. As an Ordinary Resolution :**

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

**5. As an Ordinary Resolution :**

"**RESOLVED THAT** Mr A.K. Kapur be and is hereby appointed a Director of the Company."

**6. As an Ordinary Resolution :**

"**RESOLVED THAT** Mr K.S. Kumar be and is hereby appointed a Director of the Company."

**7. As Ordinary Resolutions :**

(i) "**RESOLVED THAT** Mr D. Chaudhuri be and is hereby appointed a Director of the Company."

(ii) "**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. D. Chaudhuri as Executive Director (being a Whole-time Director) of the Company for a period of three years w.e.f. 6th June, 2005 till 5th June, 2008."

"**RESOLVED FURTHER THAT** Mr. D. Chaudhuri will not draw any remuneration from the Company."

**8. As a Special Resolution :**

"**RESOLVED** that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered by substituting Article 88 as hereunder :

Article 88.

Number  
of Directors

The number of Directors of the Company shall be in accordance with the provisions of the Companies Act, 1956."

By Order of the Board

Place : Kolkata

**Ashok Kumar Agarwal**

Date : 17th August, 2005 Vice President – Legal &amp; Company Secretary

**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 16th September, 2005 to 26th September, 2005 (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 Nos. 4 to 6**

Mr. R.K. Sadhu, Mr. A.K. Kapur and Mr. K.S. Kumar were appointed as Additional Directors of the Company on 28th January, 2005, 29th April, 2005 and 6th June, 2005 respectively. In accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 91 of the Articles of Association of the Company, the above Directors shall hold office upto the date of this Annual General Meeting. The Company has received Notices from three Members in writing under Section 257 of the Companies Act, 1956 separately signifying their intention to propose the appointment of the aforesaid persons as the Directors at this Annual General Meeting.

Keeping in view the qualifications and the experience possessed by the aforesaid persons, your Directors feel that the appointment of the said persons as Directors of the Company will be beneficial to your Company and accordingly, recommend the Resolutions set out in Item Nos. 4 to 6 of the Notice for your consideration and approval.

None of the Directors of the Company except Mr. R.K. Sadhu, Mr. A.K. Kapur and Mr. K.S. Kumar is interested or concerned in the Resolutions set out in Item Nos. 4 to 6 of the Notice.

**DUNLOP INDIA LIMITED****Item No. 7 (i) & (ii)**

Mr. D. Chaudhuri was appointed as an Additional Director of the Company on 6th June, 2005. In accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 91 of the Articles of Association of the Company, Mr. D. Chaudhuri shall hold office upto the date of this Annual General Meeting. The Company has received a Notice from a Member in writing under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. D. Chaudhuri as a Director at this Annual General Meeting.

The Board of Directors has appointed Mr. D. Chaudhuri as Executive Director (being a Whole-time Director) of the Company for a period of three years w.e.f. 6th June, 2005 till 5th June, 2008 in terms of Section 269 of the Companies Act, 1956. Mr. Chaudhuri will not draw any remuneration from the Company.

Keeping in view the qualifications and the experience possessed by Mr. D. Chaudhuri, your Directors feel that the appointment of Mr. D. Chaudhuri as a Director and also as an Executive Director (being a Whole-time Director) of the Company will be beneficial to your Company and accordingly, recommend the Resolutions set out in Item No. 7 (i) & (ii) of the Notice for your consideration and approval.

None of the Directors of the Company except Mr. D. Chaudhuri is interested or concerned in the Resolutions set out in Item No. 7 (i) & (ii) of the Notice.

**Item No. 8**

Section 252 of the Companies Act, 1956 requires a public limited company to have a minimum number of three Directors on its Board at any point of time whereas existing Article 88 of the Articles of Association of your Company requires a minimum number of five Directors on the Board at any point of time. In view of the existing provisions of Section 274(1)(g) of the Companies Act, 1956, your Company is finding it difficult to bring Professional Directors on its Board. Thus, it is now proposed to amend the existing Article 88 in conformity with the applicable provisions under the Companies Act, 1956 in respect of the minimum number of Directors required by your Company on its Board. Your Directors recommend the Resolution for your consideration and approval.

No Director of the Company is interested or concerned in the Resolution.

By Order of the Board

Place : Kolkata

**Ashok Kumar Agarwal**

Date : 17th August, 2005 Vice President – Legal & Company Secretary

**Particulars Relating to the Directors proposed to be appointed / re-appointed :**

1. Name	: Mr. P. Balakrishnan
Age	: 42 Years
Qualifications	: B.Com., ACA, Grad.CWA
Expertise	: Mr. Balakrishnan has 22 years of rich experience in Finance, Corporate Strategy and Planning, and turn around management of Sick Companies.
Date of Appointment	: 31st August, 2001
Other Directorships	:
Name of the Public Ltd. Company	: <u>Committee Memberships, if any, with position</u>
None	: None

2. Name	: Mr. R. K. Sadhu
Age	: 68 Years
Qualifications	: M.A.
Expertise	: Mr. Sadhu has over 40 years of varied experience in the fields of Administration, Finance, Banking and Industry. Earlier been Directors on the Board of several Companies including BIFR Nominee Director under SICA.
Date of Appointment	: 28th January, 2005
Other Directorships	:
Name of the Public Ltd. Company	: <u>Committee Memberships, if any, with position</u>
None	: None
3. Name	: Mr. A. K. Kapur
Age	: 57 Years
Qualifications	: B. E. (Hons) Mech Diploma in Production Engg. from U.K.
Expertise	: Mr. Kapur has the experience of 35 years in the Industry at various positions. He has been Directors in the number of Companies over the last 10 years. He turned around 2 companies and successful in negotiating with Unions for cost reduction in operations.
Date of Appointment	: 29th April, 2005
Other Directorships	:
Name of the Public Ltd. Company	: <u>Committee Memberships, if any, with position</u>
Narmada Gelatines Ltd	: Shareholders/Investors Grievance Committee – Chairman & Member
Gordon Woodroffe Ltd	: None
4. Name	: Mr. D. Chaudhuri
Age	: 53 Years
Qualifications	: B. A. Business Management from Harvard University Graduate School.
Expertise	: Mr. Chaudhuri has 27 years of experience in various levels in the fields of General Management, Manufacturing and Marketing. He is an expert in strategy planning implementation and in turning around sick companies to a profitable venture.
Date of Appointment	: 6th June, 2005
Other Directorships	:
Name of the Public Ltd. Company	: <u>Committee Memberships, if any, with position</u>
Falcon Tyres Limited	: Investors' / Shareholders' Grievances Committee – Member
Narmada Gelatines Ltd	: Investor Grievance Committee – Chairman & Member Remuneration Committee – Member Audit Committee – Member
5. Name	: Mr. K. S. Kumar
Age	: 59 Years
Qualifications	: B. A.
Expertise	: Mr. Kumar has 25 years of experience in the area of Administration.
Date of Appointment	: 6th June, 2005
Other Directorships	:
Name of the Public Ltd. Company	: <u>Committee Memberships, if any, with position</u>
Jerom Trading & Investment Ltd	: None



## REPORT OF THE DIRECTORS

Your Directors present the 78th Annual Report of the Company together with the audited accounts for the financial year ended 31st March, 2005.

Summarised Financial Results	Rs. in Crores
Gross Profit / (Loss)	14.08
Financial Charges	27.09
Depreciation	0.54
Profit / (Loss) before Exceptional Item	(13.55)
Exceptional Item	8.09
Profit / (Loss) after Exceptional Item	(5.46)
Tax	—
Profit / (Loss) after Tax	(5.46)

### CURRENT STATUS

Members will recall that the Company's revival case with the Hon'ble BIFR had been taken over by the Hon'ble AAIFR as far back as 7th March, 2002. However, even though the cleared Draft Rehabilitation Scheme (DRS) had been circulated promptly enough (on 17th May, 2002), progress with the Hearings called by the Hon'ble AAIFR was slow, mainly owing to the Hon'ble Bench not having been constituted or extended periods of time.

Meanwhile, as reported earlier, appreciable progress was made in the sale of the Company's Non-Performing Assets under the supervision of the Assets Sales Committee (ASC). Proceeds from the sale of assets has enabled your Company to negotiate settlements with various secured creditors viz. Debenture Holders, Banks etc and considerably reduced the financial burden on your Company through one-time settlement (OTS). As it stands, the Company has entered into OTS with all the debenture holders and has settled accounts with all but one. Offers have also been made to all the banks, four of which have intimated their acceptance. Efforts for reaching OTS with other banks and FIs continue.

It is considered relevant to mention here that, in view of the Order of the Hon'ble Calcutta High Court restraining the Company from utilizing the proceeds from the sale of Kolkata assets without leave of the Court, the disposal of assets in Kolkata has been temporarily put on hold pending resolution of the matter.

Apart from the above changes that have come about in the financial condition of your Company, there has also been a considerable amount of change in the basic parameters within which the tyre and rubber products business is conducted relating to input costs, demand and supply position, market prices, etc. Further, the plant and equipment at the factories, which has not been maintained for the past four years, has deteriorated with each passing year. These factors have made it necessary to re-work and suitably update the DRS so as to provide a better researched and more reliable base on which to rebuild the revival plan of the Company.

While the DRS is being re-worked, your Management has considered it prudent to avail of the services of an outside professional consultant to make an independent study of the critical parameters involved in the revival of the Dunlop operations as well as the resources and requirement of funds etc, for reviving and running the Company as a long term profitable entity. To this end, the services of the National Productivity Council (a Government of India undertaking under the Ministry of Commerce and Industry) have been arranged to study the

operation in depth and to recommend a suitable Business Plan to turn your Company around. Your Company's Management will, obviously, attempt to incorporate as much relevant data from the NPC Study as it can into the revision of the DRS.

Your Directors are pleased to inform that the Central and West Bengal State Government had called for joint meetings with the Company's Representative and other concerned Authorities to take stock of the present state of revival of the Company and to discuss the way forward. Two meetings were held on 30th January, 2005 and 22nd February, 2005 at Kolkata. Your Company has submitted lists of reliefs, concessions and waivers it seeks from these Authorities.

Members will recall that your Company had decided to relocate its Registered cum Head Office from 'Dunlop House', 57B, Mirza Ghalib Street, Kolkata to 'King's Court', 46B, Chowringhee Road, Kolkata so that the former can be put up for sale through the Assets Sales Committee and the proceeds employed in the revival of the Company as envisaged in the DRS. This shift was, however, opposed by the Union who had restricted free movement of documentation to and from the office resulting in a severe backlog of important activities such as Provident Fund disbursement, payment of taxes and duties and other statutory actions. Following an agreement with the Union, the matter was sorted out and all documents were removed from the building and restored in the new location.

### DIVIDEND

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 their inability to recommend payment of dividend for the year under review.

### PUBLIC DEPOSIT

Fixed Deposits matured up to 31st March, 2005 but not paid amount to Rs.11,47,62,000/- out of which claim for repayment of Rs.10,03,80,000/- 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

With 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 P.K. Dutta, who was appointed as an Additional Director of the Company on 29th September, 2004, resigned from the Directorship on 28th January, 2005. Mr R.K.Sadhu ceased to be a Special Director nominated by Hon'ble BIFR on the Board of Directors of the Company w.e.f. 28th January, 2005. Mr. S.K. Kothari, Mr. Ram Gupta and Mr. T.S. Shettigar resigned from the Board w.e.f. 25th April, 2005, 6th June, 2005 and 26th July, 2005 respectively. The Board placed on record its deep appreciation for the valuable services rendered by all above Directors.





Mr. R.K. Sadhu, Mr. A.K. Kapur, Mr D. Chaudhuri and Mr. K.S. Kumar were appointed as an Additional Directors of the Company on 28th January, 2005, 29th April, 2005, 6th June, 2005 and 6th June, 2005 respectively by the Board. All these Directors will hold Office upto the date of ensuing Annual General Meeting and are eligible for re-appointment.

On 6th June, 2005, the Board appointed Mr. D. Chaudhuri as an Executive Director (being a Whole-time Director) of the Company for a period of 3 years from 6th June, 2005 till 5th June, 2008. Mr. P. Balakrishnan ceased to be Whole-time Director of the Company from 17th August, 2005.

In accordance with Article 103 of the Articles of Association of your Company and the applicable provisions of the Companies Act, 1956, Mr. P. Balakrishnan will retire from the Board by rotation at the ensuing Annual General Meeting and being eligible, offers himself 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 the 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, 2005, 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, 2005 were prepared on a "going concern" basis.

#### CORPORATE GOVERNANCE

In accordance with the Provisions under Clause 49 of the Listing Agreement with the Stock Exchanges, a separate Report on Corporate Governance along with the Auditors' Certificate on its compliance as per Annexure - I and Management Discussion and Analysis Report are annexed to this Report.

#### PERSONNEL

Your Company continues to nurture a positive organizational atmosphere and has plans of recruiting fresh talents to strengthen its human resources to meet future requirements upon re-commencement of operations in accordance with 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

Place: Kolkata  
Date : 17th August, 2005

**D. Chaudhuri**  
Executive Director

**A. K. Kapur**  
Director

#### ANNEXURE TO THE DIRECTORS' REPORT DATED 17th AUGUST, 2005 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

Place: Kolkata  
Date : 17th August, 2005

**D. Chaudhuri**  
Executive Director

**A. K. Kapur**  
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, 2005.

#### A. Conservation of Energy and Technology Absorption :

There was no commercial production in the factories for the year under review. However, as declared earlier in the refurbishment exercise planned for both

the Factories prior to commencement of production, the Company has deliberately sought to strengthen all such areas related to energy conservation.

#### B. Foreign Exchange Earnings and Outgo :

Earnings	-	Rs. NIL
Outgo	-	Rs. NIL



## FORM A

## DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Unit		31.03.2005 Total	31.03.2004 Total	Unit		31.03.2005 Total	31.03.2004 Total
<b>A. Power and Fuel Consumption</b>				<b>3.b) Furnace Oil (Boiler)</b>			
<b>1. Electricity</b>				Qty TON Nil Nil			
<b>a) Purchased :</b>				Total Amount RS/LAC Nil Nil			
Unit	MWH	3409.52	3764.85	Avg. Rate RS/KG Nil Nil			
Total Amount	RS/ LAC	312.54	173.85	<b>4. Others/Int. Gen (D. Oil)</b>			
Rate/Unit	RS/KWH	9.17	4.62	Qty KLTR Nil Nil			
<b>b) Own Generation :</b>				Total Amount RS/LAC Nil Nil			
(i) Diesel Gen Unit	MWH	Nil	Nil	Rate / Unit RS/LTR Nil Nil			
Unit/Ltr. of D. Oil	KWH/LTR	Nil	Nil	<b>B. Consumption/Ton of Production</b>			
Cost/Unit	RS/KWH	Nil	Nil	Purchased MWH 3409.52 3764.85			
(ii) F. Oil Gen. Unit	MWH	Nil	Nil	Generated MWH Nil Nil			
Unit/Kg. of F. Oil	KWH/KG	Nil	Nil	Electricity KWH/TON Nil Nil			
Cost/Unit	RS/KWH	Nil	Nil	F. Oil (Elec. Gen) Qty TON Nil Nil			
<b>2. Coal</b>				F. Oil (Elec. Gen) KG/TON Nil Nil			
Qty	TON	Nil	Nil	F. Oil (Steam Gen) Qty TON Nil Nil			
Total Cost	RS/LAC	Nil	Nil	F. Oil (Steam Gen) KG/TON Nil Nil			
Avg. Rate	RS/TON	Nil	Nil	Coal (Steam Gen) Qty TON Nil Nil			
<b>3.a) Furnace Oil (Generator)</b>				Coal (Steam Gen) KG/TON Nil Nil			
Qty	TON	Nil	Nil	D. Oil (Elec. Gen) Qty KLTR Nil Nil			
Total Amount	RS/LAC	Nil	Nil	D. Oil (Elec. Gen) Qty LTR/TON Nil Nil			
Avg. Rate	RS/KG	Nil	Nil				

## HOLDING OF EQUITY SHARES

Category	As on 31.03.2005 Equity Shares		As on 31.03.2004 Equity Shares	
	(Nos.)	(%)	(Nos.)	(%)
<b>Promoters' Holding</b>				
Foreign Promoters	7515229	16.70	7515229	16.70
Promoters' Associates (Persons acting in concert)	26893068	59.78	26892568	59.78
<b>Sub Total</b>	<b>34408297</b>	<b>76.48</b>	<b>34407797</b>	<b>76.48</b>
<b>Non-Promoters' Holding</b>				
Financial Institutions, Insurance Companies, Mutual Funds, Banks etc.	6335706	14.08	6342391	14.10
Non-Residents	43754	0.10	43914	0.10
Private Corporate Bodies	257754	0.57	292042	0.65
Indian Public	3943786	8.77	3903153	8.67
<b>Sub Total</b>	<b>10581000</b>	<b>23.52</b>	<b>10581500</b>	<b>23.52</b>
<b>Grand Total</b>	<b>44989297</b>	<b>100.00</b>	<b>44989297</b>	<b>100.00</b>



## ANNEXURE - I

## 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 shareholders' value over a sustained period of time.

## 2. Board of Directors

As on 31st March, 2005, your Board had five Directors comprised of one Whole-time Director and four 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 were held on the following dates -

29th April, 2004, 8th June, 2004, 21st July, 2004, 31st July, 2004, 29th September, 2004, 29th November, 2004 and 28th January, 2005.

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

The following table and the notes below the table give details of the 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 as on 31st March, 2005	Attendance Particulars from 01.04.2004 to 31.03.2005		No. of other Directorships & Committee Memberships/ Chairmanships as on 31.03.2005		
	Board Meetings	AGM Held on 29.09.04	Other Directorships	Committee Memberships	Committee Chairmanships
Mr T S Shettigar Independent Director	Nil	No	1	1	1
Mr R K Sadhu Independent Director	7	Yes	None	1	None
Mr P Balakrishnan Whole-time Director	6	Yes	None	1	None
Mr R Gupta Independent Director	6	Yes	2	3	1
Mr S K Kothari Independent Director	7	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 constituted by the Board of Directors of the respective Companies have been considered.*

During the year under review, Mr. T.C.Goel and Mrs. Komal C. Wazir resigned from the Board w.e.f. 29th April, 2004 and 20th May, 2004 respectively. Mr.S.K. Kothari was appointed as Director w.e.f. 29th April, 2004 in the casual vacancy caused by the resignation of Mr. T.C.Goel. Mr.P. Balakrishnan was appointed as a Whole-time Director w.e.f. 8th June, 2004 till 16th August, 2005 in place of Mr. T.C. Goel. Mr. P. K. Dutta, who was appointed as an Additional Director on 29th September, 2004, resigned from the Board on 28th January, 2005. Mr. R.K. Sadhu ceased to be a Special Director nominated by Hon'ble BIFR on the Board w.e.f. 28th January, 2005 and was appointed as an Additional Director on the Board on 28th January, 2005.

In between 1st April, 2005 and 17th August, 2005, Mr. S.K. Kothari, Mr. Ram Gupta and Mr. T.S. Shettigar resigned from the Board on 25th April, 2005, 6th June, 2005 and 26th July, 2005 respectively.

Mr. A.K. Kapur, Mr. D. Chaudhuri and Mr. K. S. Kumar were appointed as Additional Directors on 29th April, 2005, 6th June, 2005 and 6th June, 2005 respectively. On 6th June, 2005, Mr. D. Chaudhuri was appointed as an Executive Director (being a Whole-time Director) of the Company for a period of three years from 6th June, 2005 till 5th June, 2008 without any remuneration. Mr. P. Balakrishnan ceased to be Whole-time Director of the Company from 17th August, 2005 but continued to remain as Director of the Company.

## 3. Audit Committee

The Audit Committee constituted by the Board of Directors of the Company had four Non-Executive / Independent Directors as on 31st March, 2005.

During the financial year under review, the Audit Committee met on 29th April, 2004, 21st July, 2004, 31st July, 2004, 29th November, 2004 and 28th January, 2005 and considered various Financial and Audit related matters.

## Constitution of the Audit Committee and related information

Name of the Committee Members as on 31.03.2005	Category	No. of Meetings attended during the year under review
Mr T S Shettigar	Chairman and Non-Executive/ Independent Director	Nil
Mr S K Kothari	Alternate Chairman and Non-Executive / Independent Director	4
Mr R K Sadhu	Non-Executive / Independent Director	5
Mr R Gupta	Non-Executive / Independent Director	3

During the year under review, Mr. T.C.Goel and Mr. P. Balakrishnan ceased to be the Members of the Committee.

On 8th June, 2004, Mr. R. Gupta and Mr. S.K. Kothari were appointed as the Members on the Committee. Mr. S.K. Kothari was also appointed as an Alternate Chairman of the Committee w.e.f. 8th June, 2004.

In between 1st April, 2005 and 17th August, 2005, Mr. S.K. Kothari, Mr. R. Gupta and Mr. T.S. Shettigar ceased to be the Members of the Committee on 25th April,



**DUNLOP INDIA LIMITED**

005, 6th June, 2005 and 26th July, 2005 respectively.

Mr. A. K. Kapur and Mr. K.S. Kumar, both Non-Executive / Independent Director, were appointed as the Members of the Committee on 6th June, 2005. The Board, on 26th July, 2005, appointed Mr. A.K. Kapur as the Chairman and Mr. K.S. Kumar as an Alternate Chairman of the Committee.

Terms of Reference of the Audit Committee constituted by the Board of Directors are as under -

To review Quarterly, Half Yearly and Annual Financial Results of the Company.

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 due compliance.

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

#### **Remuneration Committee (non-mandatory)**

In view of your Company being a 'Sick Industrial Company' and none of its Directors, whether Executive or Non-Executive, drawing any remuneration, your Company has not constituted a Remuneration Committee.

During the year under review, Mr. R.K. Sadhu, Non-Executive/ Independent Director, had been paid Sitting Fees of Rs.30,000/-, being sitting fee of Rs.2,000/- for every Board and Committee Meeting. In view of the Company's financial position, the remaining Independent / Non-Executive Directors have decided to forego their Sitting Fees.

#### **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 / Fixed Deposits related issues and to redress the grievances of Shareholders / Debentureholders / Fixed Depositors / Investors. As on 31st March, 2005, the committee had three Members :

- r. R. Gupta - Chairman and Independent Director
- r. S.K. Kothari - Non-Executive / Independent Director
- r. P. Balakrishnan - Whole-time Director

Due to the reconstitution made in the Committee by the Board of Directors on 6th June, 2005, the Committee now has the following Members :

- r. K.S. Kumar - Chairman and Independent Director
- r. D. Chaudhuri - Executive Director
- r. A. K. Kapur - Non-Executive / Independent Director
- r. P. Balakrishnan - Non-Executive / Independent Director

Pursuant to the Orders passed by the Division Bench of Hon'ble Calcutta High Court from time to time including the Order passed on 19th March, 2004 as also terms of Settlement entered with Dunlop India Ltd. Employees' Union at Kolkata, the Company was able to bring statutory and other relevant records to the extent available and accessible from its erstwhile Registered Office at 'Dunlop House', Kolkata in August, 2004.

The Company and its Registrar and Share Transfer Agent (RTA) - M/s. C B Management Services (P) Ltd., Kolkata (appointed w.e.f. 1st December, 2004) are able to clear a substantial part of pending share related cases/ grievances and as on 31st March, 2005, there were only 136 nos. of old cases pending for redressal which have already been resolved / cleared by the Company's RTA within 30th June, 2005. As on 30th June, 2005 there were no grievances / complaints pending for redressal.

In terms of Clause 47 of the Listing Agreement of the Stock Exchanges, Mr. Ashok Kumar Agarwal, Vice President - Legal & Company Secretary of the Company, is the Compliance Officer.

#### **6. General Body Meetings:**

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

AGM	YEAR	VENUE	DATE	TIME
75th	2001-2002	'Mini Auditorium', Science City, JBS Haldane Avenue Kolkata-700 046	23.12.2002	10.30 a.m.
76th	2002-2003	'Mini Auditorium', Science City, JBS Haldane Avenue Kolkata-700 046	29.09.2003	10.30 a.m.
77th	2003-2004	'Mini Auditorium', Science City, JBS Haldane Avenue Kolkata-700 046	29.09.2004	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 32 of the Notes on Accounts appearing in Schedule 17 to the Accounts of the Company for the Financial Year ended 31st March, 2005.

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 a 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 : 26th September, 2005
- Venue and Time : At 'Mini Auditorium', Science City, JBS Haldane Avenue, Kolkata - 700 046 at 10.30 a.m.

##### **ii) Financial Calendar : 1st April to 31st March**

###### **Financial Reporting for the Financial Year 2005 - 2006 :**

- First Quarter Results - on 26th July, 2005
- Second Quarter and Half Yearly Results - end of November, 2005
- Third Quarter Results - end of January, 2006
- Fourth Quarter and Yearly Results - end of April, 2006

##### **iii) Dates of Book Closure :**

- : from 16th September, 2005 to 26th September, 2005 (both days inclusive)

##### **iv) Proposed Date of Dividend Payment : N.A.**

**DUNLOP INDIA LIMITED****v) Listing of Equity Shares on Stock Exchanges :**

Equity Shares of the face value of Rs.18.99 crores of the Company are already listed at the Stock Exchanges at Calcutta, Mumbai, New Delhi, Chennai and Ahmedabad. The Company's Application for enlistment of its equity shares of the face value of Rs.26 crores (issued w.e.f. 1st January, 2002) are under consideration of all aforesaid five Stock Exchanges.

The Company, despite its severe financial constraints, has paid outstanding listing fees to Mumbai Stock Exchange upto 31st March, 2006, to Calcutta Stock Exchange upto 31st March, 2004 and to Chennai Stock Exchange upto 31st March, 2005. The Company will soon pay listing fees to Calcutta Stock Exchange due from 1st April, 2004, to Chennai Stock Exchange due from 1st April, 2005, to Delhi Stock Exchange due from 1st April, 1999 and to Ahmedabad Stock Exchange due from 1st April, 1999.

**vi) Address for Correspondence:****Registrar and Share Transfer Agent :**

C B Management Services (P) Ltd.  
P-22, Bondel Road, Kolkata - 700019  
Telephone : (033) 22806692-94 / 2486 / 2937  
Fax : (033) 22870263  
E-mail : cbmsl1@cal2.vsnl.net.in

**Registered Office** : "King's Court", Flat Nos. 14 & 18,  
46B, Chowringhee Road, Kolkata - 700 071  
Tel: (033) 2282-1773  
Fax: (033) 2282-1551  
E-mail: dildmipr@vsnl.net

Any communication or paper for the share related work may please be sent either directly to the Company's aforesaid Registrar and Share Transfer Agent or to the Company at their aforesaid address.

**vii) Stock Market Price Data :**

Trading of the Company's shares on the Stock Exchanges remains suspended and as such there are no high and low quotations of your Company's Shares.

**viii) Distribution of Equity Shareholding as on 31st March, 2005**

Range of Shares	No. of Shareholders	%	Number of Shares	%
Upto 500	33926	97.04	2853242	6.34
501-1000	691	1.98	521791	1.16
1001-2000	217	0.62	298659	0.66
2001-3000	43	0.12	104345	0.23
3001-4000	29	0.08	101142	0.23
4001-5000	7	0.02	32577	0.07
5001-10000	24	0.07	166244	0.37
Above 10000	24	0.07	40911297	90.94
	<b>34961</b>	<b>100.00</b>	<b>44989297</b>	<b>100.00</b>

**ix) Geographical Distribution of Shareholding as on 31st March, 2005**

Sl. No.	City / Location	No. of Folios	%
1	Kolkata & Adjacent places	7,569	21.65
2	Mumbai	9,192	26.29
3	Delhi	2,332	6.67
4	Chennai	1,549	4.43
5	Bangalore	963	2.75
6	Ahmedabad	1,625	4.65
7	Hyderabad	545	1.56
8	Places other than above	11,186	32.00
	<b>TOTAL</b>	<b>34,961</b>	<b>100.00</b>

**x) Shareholding Pattern as on 31st March, 2005, in terms of Clause 35 of the Listing Agreement with Stock Exchanges**

Category	Nos.	%
<b>Promoters' Holding</b>		
• Foreign Promoters	7515229	16.70
• Promoters' Associates (Persons Acting in Concert)	26893068	59.78
<b>Sub-total</b>	<b>34408297</b>	<b>76.48</b>
<b>Non-Promoters' Holding</b>		
• Financial Institutions, Insurance Companies, Mutual Funds, Banks etc.	6335706	14.08
• Others (including Bodies Corporate, Non-Residents & Indian Public)	4245294	9.44
<b>Sub-total</b>	<b>10581000</b>	<b>23.52</b>
<b>GRAND TOTAL</b>	<b>44989297</b>	<b>100.00</b>

**xi) Dematerialisation of Equity Shares:**

The Company's Applications for obtaining International Securities Identification Number (ISIN), being permission required for providing dematerialized trading facilities on the Company's equity shares to the Shareholders / Investors, are under consideration of both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Securities (India) Limited (CDSL).

NSDL has already accorded its in-principle approval for allotment of ISIN to the Company upon receipt of listing confirmations from five Stock Exchanges (Calcutta, Mumbai, Delhi, Ahmedabad and Chennai) where the Company's equity shares are listed.

**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.