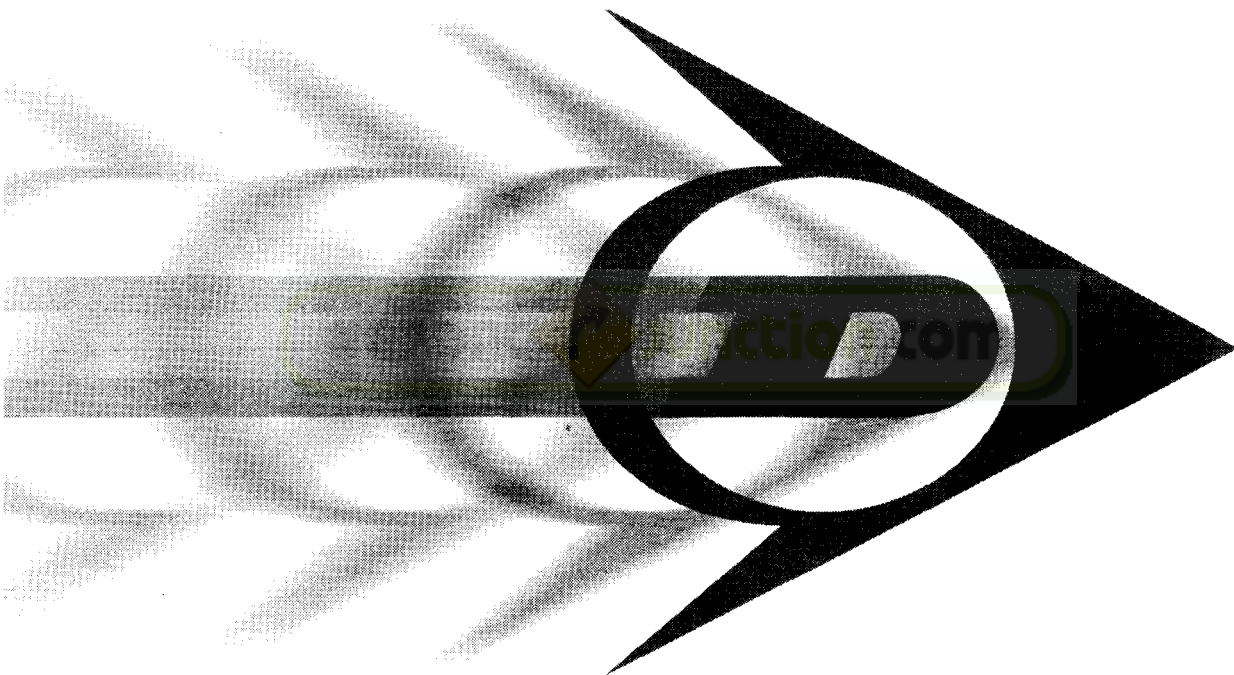


# ANNUAL REPORT

2005 - 2006



**DUNLOP INDIA LIMITED**

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

Mr. Pawan Kumar Ruia *Chairman*  
 Mr. Dipak Rudra  
 Mr. Narayan Prasad Agarwalla  
 Mr. Ram Krishen Sadhu  
 Mr. Sajjid Amir Khan  
 Mr. Mohan Lal *BIFR Nominee*  
 Mr. Samir Kumar Paul *Managing Director*  
 Mr. Ashok Kumar Jajodia *Whole-time Director*

**AUDIT COMMITTEE**

Mr. Ram Krishen Sadhu *Chairman*  
 Mr. Dipak Rudra *Alternate Chairman*  
 Mr. Ashok Kumar Jajodia  
 Mr. Narayan Prasad Agarwalla

**SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE**

Mr. Narayan Prasad Agarwalla *Chairman*  
 Mr. Ashok Kumar Jajodia  
 Mr. Dipak Rudra  
 Mr. Ram Krishen Sadhu

**REMUNERATION COMMITTEE**

Mr. Narayan Prasad Agarwalla *Chairman*  
 Mr. Dipak Rudra  
 Mr. Ram Krishen Sadhu

**VICE PRESIDENT - LEGAL & COMPANY SECRETARY**

Mr. Ashok Kumar Agarwal

**REGISTERED OFFICE**

"King's Court", Flat Nos.14 & 18,  
 46B, Chowringhee Road,  
 Kolkata - 700 071.  
 E-mail : [info@dunlop.co.in](mailto:info@dunlop.co.in)

**CORPORATE OFFICE**

'Ruia Centre'  
 46, Syed Amir Ali Avenue,  
 4th Floor,  
 Kolkata - 700 017.  
 Telephone : (033) 22894747  
 Fax : (033) 22893433  
 E-mail : [info@dunlop.co.in](mailto:info@dunlop.co.in)

**BANKERS**

Deutsche Bank AG  
 IDBI Bank  
 UTI Bank  
 State Bank of India

**REGISTRAR AND SHARE TRANSFER AGENT**

CB Management Services (P) Limited  
 P-22, Bondel Road, Kolkata - 700 019  
 Telephone : (033) 22806692-94 / 2486 / 2937  
 Fax : (033) 22870263  
 E-mail : [cbmsl1@cal2.vsnl.net.in](mailto:cbmsl1@cal2.vsnl.net.in)

**AUDITORS**

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

**SOLICITORS**

M/s. L. P. Agarwalla & Co., Kolkata  
 M/s. Mukherjee & Biswas, Kolkata

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**TEN YEAR SUMMARY**

		2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-2000	1998-99	1997	1996-97
		12 months	12 months	12 months	12 months	12 months	12 months	12 months	15 months	9 months	12 months
Income	Rs Crores	4.06	37.16	9.19	28.68	6.08	102.61	6.67	26.87	207.77	562.99
Operating Profit/(Loss)	Rs Crores	(6.09)	14.08	(10.99)	(0.26)	(41.89)	(58.93)	(33.31)	(78.38)	(44.06)	33.19
Profit before Tax	Rs Crores	71.93	(5.46)	32.67	(39.23)	(98.57)	(89.38)	(61.03)	(105.97)	(231.84)	5.80
Profit after Tax	Rs Crores	71.88	(5.46)	32.67	(39.23)	(98.57)	(89.38)	(61.03)	(105.97)	(231.84)	5.14
Earnings per Equity share	Rs.	15.98	(1.21)	7.26	-	-	-	-	-	-	1.67
Dividends per Equity share	Rs.	-	-	-	-	-	-	-	-	-	1.00
Net Worth per Equity share	Rs.	(58.05)	(73.56)	(63.05)	(68.99)	(47.96)	(55.14)	(1.40)	41.19	110.91	232.90
Net Assets employed	Rs Crores	(98.42)	(160.25)	(115.14)	(83.55)	(21.71)	59.05	141.69	192.10	294.90	532.85
Shareholder's Funds	Rs Crores	(261.16)	(330.92)	(283.65)	(310.36)	(215.75)	(104.71)	(2.66)	78.21	210.60	442.25
Gearing	%	108.76	112.46	87.05	111.79	75.13	58.33	49.20	36.36	24.34	20.49



# DUNLOP INDIA LIMITED

Registered Office :  
"King's Court", Flat Nos. 14 & 18  
46B, Chowringhee Road, Kolkata - 700 071

## NOTICE

NOTICE is hereby given that the **Seventy-Ninth** Annual General Meeting of the Members of **Dunlop India Limited** will be held at Crystal Hall, Hotel Taj Bengal, 34B, Belvedere Road, Kolkata - 700027 on **Wednesday, 20th December, 2006 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, 2006 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. Pawan Kumar Ruia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ram Krishen Sadhu, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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 :

#### 5. As an Ordinary Resolution :

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

#### 6. As an Ordinary Resolution :

"**RESOLVED THAT** Mr. Sajjid Amir Khan be and is hereby appointed a Director of the Company."

#### 7. As Ordinary Resolutions :

"**RESOLVED THAT** in accordance with and subject to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval of the Central Government, the consent of the Company be and is hereby accorded for the appointment of Mr. Ashok Kumar Jajodia as the Whole-time Director of the Company for a period of 3 (three) years w.e.f. 1st February, 2006 on the terms and conditions including the remuneration as are set out in the Agreement already been entered into between the Company and Mr. Ashok Kumar Jajodia, original of which is placed before this Meeting, which is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the aforesaid appointment and / or payment of remuneration and / or agreement subject to the condition that the said remuneration shall not exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendment thereto and as may be agreed to between the Board and Mr. Ashok Kumar Jajodia."

"**RESOLVED FURTHER THAT** where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay remuneration to Mr. Ashok Kumar Jajodia by way of salary, perquisites and allowances not exceeding the ceiling limit and subject to compliance of the conditions prescribed under Section II of Part II of Schedule XII to the Companies Act, 1956 as amended from time to time."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

#### 8. As Ordinary Resolutions :

"**RESOLVED THAT** in accordance with and subject to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval of the Central Government, the consent of the Company be and is hereby accorded for the appointment of Mr. Samir Kumar Paul as the Managing Director of the Company, not liable to retire by rotation, for a period of 3 (three) years w.e.f. 3rd August, 2006 on the terms and conditions including the remuneration as are set out in the Agreement already been entered into between the Company and Mr. Samir Kumar Paul, original of which is placed before this Meeting, which is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the aforesaid appointment and / or payment of remuneration and / or agreement subject to the condition that the said remuneration shall not exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendment thereto and as may be agreed to between the Board and Mr. Samir Kumar Paul."

"**RESOLVED FURTHER THAT** where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay remuneration to Mr. Samir Kumar Paul by way of salary, perquisites and allowances not exceeding the ceiling limit and subject to compliance of the conditions prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956 as amended from time to time."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By Order of the Board

Place : Kolkata  
Date : 12th November, 2006

**Ashok Kumar Agarwal**  
Vice President - Legal & 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 / CORPORATE 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 December, 2006 to 20th December, 2006 (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. 5 & 6.

Mr. Ashok Kumar Jajodia and Mr. Sajjid Amir Khan were appointed as Additional Directors of the Company on 25th November, 2005 and 25th January, 2006 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 up to the date of this Annual

# DUNLOP INDIA LIMITED



General Meeting. The Company has received Notices from two 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. 5 & 6 of the Notice for your consideration and approval.

None of the Directors of the Company except Mr. Ashok Kumar Jajodia and Mr. Sajid Amir Khan are interested or concerned in the Resolutions set out in Item Nos. 5 & 6 of the Notice.

## Item Nos. 7 & 8.

The Board of Directors of the Company at its Meeting held on 25th January, 2006 and on 3rd August, 2006 has appointed Mr. Ashok Kumar Jajodia as the Whole-time Director of the Company and Mr. Samir Kumar Paul as the Managing Director of the Company respectively subject to the approval of the Shareholders at the ensuing Annual General Meeting and the approval of the Central Government for which the requisite applications have already been submitted by the Company to the Central Government.

The broad particulars of the terms and conditions of the appointments including the remuneration payable to the aforesaid managerial personnel are as under:

Name & Designation	Period of Appointment	Salary (Rs.) per month	Perquisites, Allowances & Re-imbursements (Rs.) per month
01 Mr. Samir Kumar Paul Managing Director	3 (three) Years from 03.08.2006 to 02.08.2009	2,50,000/-	1,66,666/-
02 Mr. Ashok Kumar Jajodia Whole-time Director	3 (three) Years from 01.02.2006 to 31.01.2009	2,00,000/-	1,50,000/-

The perquisites and allowances payable to the aforesaid Directors include house rent allowance; allowances/re-imbursement for motor car running, conveyance, education, refreshment, uniforms, books and periodicals etc; medical re-imbursement and insurance for self and family; and leave travel concession for self and family up to the amount specified above, subject to over all ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any Rule thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force).

The terms and conditions set out for the above appointments and payment of remuneration herein / or in the respective Agreements, already been entered into between the Company and the aforesaid Directors, may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion, deem fit.

The Board is also entitled to revise the salary, perquisites, allowances and re-imbursements payable to the said Managing Director and Whole-time Director of the Company or any one of them at any time, provided that the overall yearly remuneration payable to the said Managing Director and Whole-time Director shall not exceed the limits / ceiling in terms of the provisions of the Companies Act, 1956.

The respective Agreements may be terminated by either party (the Company or the concerned Managing Director or Whole-time Director) by giving 3 months' prior notice in writing on other.

The Agreements entered into between the Company and concerned Managing Director and Whole-time Director on 3rd August, 2006 and on 1st February, 2006 respectively incorporating the above particulars of remuneration, are

available for inspection at the Corporate Office of the Company on all working days up to the date of the ensuing Annual General Meeting between 11:00 a.m. and 1:00 p.m.

The above may also be treated as an abstract of the terms of the contract / agreement entered into between the Company and Mr. Samir Kumar Paul and Mr. Ashok Kumar Jajodia respectively pursuant to Section 302 of the Companies Act, 1956.

Keeping in view the qualifications and the experience possessed by Mr. Samir Kumar Paul and Mr. Ashok Kumar Jajodia, your Directors feel that their appointments as the Managing Director and Whole-time Director of the Company will be beneficial to your Company and accordingly, recommend the Resolutions set out in Item Nos. 7 & 8 of the Notice for your consideration and approval.

None of the Directors of the Company except Mr. Samir Kumar Paul and Mr. Ashok Kumar Jajodia are interested or concerned in the Resolutions set out in Item Nos. 7 & 8 of the Notice.

By Order of the Board

**Ashok Kumar Agarwal**

Vice President - Legal & Company Secretary

Place : Kolkata

Date : 12th November, 2006

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

- Name : Mr. Pawan Kumar Ruia

Age : 47 Years

Qualifications : B.Com (Hons.), AICWA, FCA, LL.B., AASM, MIIA (USA).

Expertise : Mr. Ruia has 21 years of rich experience in running business and industries.

Date of Appointment : 25th January, 2006.

Other Directorships :

Name of the Public Ltd. Company : Committee Memberships, if any, with position

Jessop & Co. Ltd. : Share Transfer & Investors' Grievance Committee - Member

Falcon Tyres Ltd. : None

Kamalapur Sugar & Industries Ltd. : None
- Name : Mr. Ram Krishen Sadhu

Age : 69 Years

Qualifications : M.A.

Expertise : Mr. Sadhu has over 41 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 : Committee Memberships, if any, with position

None : None
- Name : Mr. Ashok Kumar Jajodia

Age : 68 Years

Qualifications : B.Sc (Engg.) - USA.

Expertise : Mr. Jajodia has rich experience of 42 years in finance, corporate strategy, planning and running of industries/companies.

Date of Appointment : 25th November, 2005.

Other Directorships :

Name of the Public Ltd. Company : Committee Memberships, if any, with position

Lynx Machineries & Commercials Ltd : None

Dunlop Investments Ltd. : None

Ruia Cotex Ltd. : None

India Tyre & Rubber Co. (India) Ltd. : None


**DUNLOP INDIA LIMITED**

4. Name : Mr. Sajjid Amir Khan  
 Age : 48 Years  
 Qualifications : B.Com.  
 Expertise : Mr. Khan is an industrialist with vast and varied experience over the past 25 years in the industry.  
 Date of Appointment : 25th January, 2006.

Other Directorships :  
Name of the Public Ltd. Company : Committee Memberships, if any, with position  
 Jessop & Co. Ltd None

5. Name : Mr. Samir Kumar Paul  
 Age : 62 Years  
 Qualifications : M.Com., FCA  
 Expertise : Mr. Paul has 30 years of rich experience in finance, audit and treasury, corporate strategy and planning, and turn around management of sick companies.

Date of Appointment : 3rd August, 2006.  
 Other Directorships :  
Name of the Public Ltd. Company : Committee Memberships, if any, with position  
 Chemcrown Exports Ltd None

**HOLDING OF EQUITY SHARES**

Category	As on 31.03.2006 Equity Shares		As on 31.03.2005 Equity Shares	
	(Nos.)	(%)	(Nos.)	(%)
<b>Promoters' Holding</b>				
Foreign Promoters	33515229	74.49	7515229	16.70
Promoters' Associates (Persons acting in concert)	Nil	Nil	26893068	59.78
<b>Sub Total</b>	<b>33515229</b>	<b>74.49</b>	<b>34408297</b>	<b>76.48</b>
<b>Non-Promoters' Holding</b>				
Financial Institutions, Insurance Companies, Mutual Funds, Banks etc.	6324669	14.06	6335706	14.08
Non-Residents	43954	0.10	43754	0.10
Private Corporate Bodies	1150792	2.56	257754	0.57
Indian Public	3954653	8.79	3943786	8.77
<b>Sub Total</b>	<b>11474068</b>	<b>25.51</b>	<b>10581000</b>	<b>23.52</b>
<b>Grand Total</b>	<b>44989297</b>	<b>100.00</b>	<b>44989297</b>	<b>100.00</b>



**DUNLOP INDIA LIMITED****REPORT OF THE DIRECTORS**

Your Directors present the 79th Annual Report of the Company together with the audited accounts for the financial year ended 31st March, 2006.

**SUMMARIZED FINANCIAL RESULTS**

	Rs. in Crores
Gross Profit / (Loss)	(6.09)
Financial Charges	1.39
Depreciation	0.99
Profit / (Loss) before Exceptional Item	(8.47)
Exceptional Item	80.53
Prior Period Adjustments	(0.13)
Profit / (Loss) after Exceptional Item before Tax	71.93
Provision for Fringe Benefit Tax	0.05
Profit / (Loss) after Tax	71.88

**CURRENT STATUS**

The control over the management of the Company was taken over by Wealth Sea Pte. Ltd., Singapore from Jumbo World Holdings Ltd. which was unanimously approved by the Shareholders of the Company at the Extra Ordinary General Meeting held on January 25, 2006. DIL Rim and Wheel Corporation Ltd. continues to be the holding company of Dunlop India Ltd.

After the change in management, your Company has taken all necessary steps for an early re-opening of both its manufacturing units and revival of the Company.

The Company has already started trial runs in both the plants at Ambattur, Chennai, Tamilnadu and at Sahaganj, Hooghly, West Bengal after having signed the settlement agreement with the Workmen's Union and refurbishment of plants. The commercial production of the Company will start very soon.

Lot of sundry creditors are being negotiated and being settled. Secured debts of the Company are being looked into. Lots of efforts are being taken to crystallize the statutory liabilities of the Company and to formulate the Scheme from Hon'ble Board for Industrial and Financial Reconstructions (BIFR). The detail Rehabilitation Scheme has already been submitted with Hon'ble BIFR. Once the rehabilitation scheme is approved, this will help to reschedule the liabilities of the Company. The Company also expects to get reliefs and concessions by an order of the Hon'ble BIFR.

**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 September, 2000 but not paid up to 31st March, 2006 amount to Rs.11,45,33,000/- out of which claim for repayment of Rs.10,01,51,000/- 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 rehabilitation scheme submitted by the Company to Hon'ble BIFR and repayment shall be made in accordance with and in terms of approval of the Hon'ble BIFR.

**AUDITORS' REPORT**

The operation at the factories and the depots have remained suspended for more than five years. As a result retrieval of information record, documents, details etc., so as to compile the accounts and reconcile various balances with the primary and secondary books of the Company was not possible. Due to non-availability of records and details, particularly for the period prior

to the change of management, the balances of various assets and liabilities as given in accounts have been compiled as far as identified on estimated basis and/or the amount at which such transactions/balances are ultimately expected to be settled.

The Auditors have reserved their opinion on the Accounts due to the aforesaid reason and your directors are taking necessary steps to overcome the issues.

With regard to the reservations/qualifications/adverse remarks in the Auditors' Report, the information/explanations are given in the relevant notes on the accounts which are self-explanatory.

**DIRECTORS**

Mr. P. Balakrishnan, Mr. A. K. Kapur and Mr. D. Chaudhuri resigned from the Board w.e.f. 9th December, 2005. Mr. D. Chaudhuri ceased to be an Executive Director (being a Whole-time Director) of the Company w.e.f. 9th December, 2005. Mr. K. S. Kumar also resigned from the Board w.e.f. 25th January, 2006. The Board placed on record its deep appreciation for the valuable services rendered by all above Directors.

Mr. Ashok K. Jajodia and Mr. Sajjid A. Khan were appointed as Additional Directors of the Company on 25th November, 2005 and 25th January, 2006 respectively by the Board, who will hold Office up to the date of ensuing Annual General Meeting and are eligible for re-appointment. The Board also appointed Mr. Ashok K. Jajodia as the Whole-time Director of the Company for a period of 3 years w.e.f. 1st February, 2006 till 31st January, 2009.

Mr. P. K. Ruia, Mr. D. Rudra and Mr. N. P. Agarwalla were appointed as the Directors of the Company by the Board w.e.f. 25th January, 2006 in the casual vacancies caused due to the resignations of Mr. P. Balakrishnan, Mr. D. Chaudhuri and Mr. A. K. Kapur from the Board. Mr. P. K. Ruia was also elected as the Chairman of the Board of Directors of the Company by the Board w.e.f. 25th January, 2006.

On 3rd August, 2006, the Board appointed Mr. S. K. Paul as a Director, not liable to retire by rotation and also the Managing Director of the Company for a period of 3 years from 3rd August, 2006 till 2nd August, 2009.

Mr. Mohan Lall, who was inducted as a Special Director on the Board by Hon'ble BIFR, was appointed as a Director not liable to retire by rotation w.e.f. 31st October, 2006.

In accordance with Article 103 of the Articles of Association of your Company and the applicable provisions of the Companies Act, 1956, Mr. P. K. Ruia 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 re-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 and Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are attached to this Report.

**DUNLOP INDIA LIMITED****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, 2006, 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, 2006 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 recruited fresh talents to strengthen its human resources to meet requirements of operations since been re-commenced recently.

**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 : 12th November, 2006

**Ashok Jajodia** S. K. Paul  
Whole-time Director Managing 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, 2006.**

**A Conservation of Energy and Technology Absorption :**

There was no commercial production in the Factories for the year under review. However, the refurbishment exercise partly undertaken and planned for both the Factories prior to re-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		31.03.2006 Total	31.03.2005 Total	Unit		31.03.2006 Total	31.03.2005 Total
<b>A. Power and Fuel Consumption</b>				<b>b) Furnace Oil (Boiler)</b>			
<b>1. Electricity</b>				<b>Qty</b>			
a) Purchased :				Total Amount	TON	Nil	Nil
Unit	MWH	Nil	3409.52	Avg. Rate	RS/LAC	Nil	Nil
Total Amount	RS/LAC	Nil	312.54		RS/KG	Nil	Nil
Rate/Unit	RS/KWH	Nil	9.17	<b>4. a) Others/Int. Gen (D. Oil)</b>			
<b>b) Own Generation :</b>				Qty	KLTR	Nil	Nil
(i) Diesel Gen Unit	MWH	Nil	Nil	Total Amount	RS/LAC	Nil	Nil
Unit/Ltr of D. Oil	KWH/LTR	Nil	Nil	Rate / Unit	RS/LTR	Nil	Nil
Cost/Unit	RS/KWH	Nil	Nil	<b>B. Consumption/Ton of Production</b>			
(ii) F. Oil Gen. Unit	MWH	Nil	Nil	Purchase	MWH	Nil	3409.52
Unit/Kg. of F. Oil	KWH/KG	Nil	Nil	Generated	MWH	Nil	Nil
Cost/Unit	RS/KWH	Nil	Nil	Electricity	KWH/TON	Nil	Nil
<b>2. Coal</b>				F.Oil (Elec. Gen) Qty	TON	Nil	Nil
Qty	TON	Nil	Nil	F.Oil (Elec. Gen)	KG/TON	Nil	Nil
Total Cost	RS/LAC	Nil	Nil	F.Oil (Steam Gen) Qty	TON	Nil	Nil
Avg. Rate	RS/TON	Nil	Nil	F.Oil (Steam Gen)	KG/TON	Nil	Nil
<b>3. a) Furnace Oil (Generator)</b>				Coal (Steam Gen) Qty	TON	Nil	Nil
Qty	TON	Nil	Nil	Coal (Steam Gen)	KG/TON	Nil	Nil
Total Amount	RS/LAC	Nil	Nil	D.Oil (Elec. Gen) Qty	KLTR	Nil	Nil
Avg. Rate	RS/KG	Nil	Nil	D.Oil (Elec. Gen) Qty	LTR/TON	Nil	Nil

**Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended 31st March, 2006**

Sl. No.	Name of the Employee	Designation	Remuneration (Rs.)	Qualification and Experience	Date of Commencement of Employment	Age (in years)	Last Employment held
* 1	Mr. Ashok K. Jajodia	Whole-time Director	7,00,000/-	B.Sc (Engg.) - USA 42 Years	01.02.2006	68	Jessop & Co. Ltd.

\* Employed for part of the year.

# DUNLOP INDIA LIMITED



## REPORT ON CORPORATE GOVERNANCE

In Compliance with the provisions of Clause 49 of the Listing Agreement, 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. The committees such as audit, shareholders' / investors' grievances and remuneration meet regularly to consider aspects relevant to each committee. Your directors are happy to inform you that your company's existing practices and policies are in conformity with the requirements stipulated by Securities and Exchange Board of India (SEBI). Your company is committed to achieving international standards of corporate governance.

SEBI revised the Clause 49 of the Listing Agreement that deals with the corporate governance and made the same applicable from 1<sup>st</sup> January, 2006. Your company has already started implementing the revised provisions of Clause 49. Your board has adopted a code of conduct and made it applicable to all the members of the board and to the senior management.

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

In terms of the company's corporate governance policy, all statutory and other significant and material information including information mentioned in Annexure-I of Clause 49 of the Listing Agreement are placed before the board on regular basis to enable it to discharge its responsibilities of strategic supervision of your company and as the trustees of stakeholders.

As on 31st March, 2006, your board had six directors comprised of one non-executive chairman, 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.

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 tables and the notes below the tables 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, 2006	No. of other Directorships & Committee Memberships/ Chairmanships as on 31.03.2006		
	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. P. K. Ruia Non-executive Chairman	3	1	None
Mr. Ashok K. Jajodia Whole-time Director	4	2	None
Mr. R. K. Sadhu Independent Director	None	2	1
Mr. D. Rudra Independent Director	3	4	None
Mr. N. P. Agarwalla Independent Director	2	2	1
Mr. S. A. Khan Independent Director	1	None	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 and shareholders' / investors' grievances committee constituted by the board of directors of the respective companies have been considered.

The board meets at least once in a quarter inter-alia to review the company's performance and financial results and more often, if considered necessary, to transact other business.

During the financial year under review, eight meetings of the board of directors were held on the following dates –

29th April, 2005, 6th June, 2005, 26th July, 2005, 17th August, 2005, 25th November, 2005, 28th November, 2005, 9th December, 2005 and 25th January, 2006.

Attendance of each director at the board meetings and at the last annual general meeting :

Name of the Directors	Attendance Particulars from 01.04.2005 to 31.03.2006		
	No. of Board Meetings held during the tenure of the Director	No. of Board Meetings attended during the tenure of the Director	in the last AGM held on 26.09.05
Mr. T.S.Shettigar	2	None	No
Mr. P.Balakrishnan	6	None	Yes
Mr. R. Gupta	2	2	No
Mr. S.K.Kothari	None	None	No
Mr. R.K.Sadhu	8	6	Yes
Mr. A.K.Kapur	6	4	Yes
Mr. D Chaudhuri	5	5	No
Mr. K.S.Kumar	6	4	Yes
Mr. P. K. Ruia	1	1	No
Mr. Ashok K. Jajodia	4	2	No
Mr. D. Rudra	1	1	No
Mr.N.P.Agarwalla	1	1	No
Mr S. A. Khan	1	None	No

During the year under review, Mr. A. K. Kapur, Mr. D. Chaudhuri, Mr. K. S. Kumar, Mr. Ashok K. Jajodia and Mr. S. A. Khan were appointed as additional Directors on 29th April, 2005, 6th June, 2005, 6th June, 2005, 25th November, 2005 and 25th January, 2006 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.

On 25th January, 2006, Mr. P.K.Ruia, Mr. D.Rudra and Mr. N.P.Agarwalla were appointed as directors in the casual vacancies caused by the resignations of Mr. P.Balakrishnan, Mr. D.Chuadhuri and Mr. A.K.Kapur respectively. Mr. P.K.Ruia was also elected as the chairman of the board of directors w.e.f. 25th Januray, 2006. Mr. Ashok K. Jajodia was appointed as the Whole-time director for a period of 3 years w.e.f. 1st February, 2006 till 31st January, 2009.

In between 1st April, 2006 and 12th November, 2006, Mr. S. K.Paul and Mr. M. Lall (inducted as a special director on the board by Hon'ble BiFR) were appointed as the Directors, not liable to retire by rotation, by the Board on 3rd August, 2006 and 31st October, 2006 respectively. Mr. S.K.Paul was also appointed as the managing director of the company for a period of three years from 3rd August, 2006 till 2nd August, 2009.



**DUNLOP INDIA LIMITED**

The following directors resigned from the board during the year 2005-06 :

Name of the Director	Date of Resignation
Mr. S.K.Kothari	25th April, 2005
Mr. R.Gupta	6th June, 2005
Mr. T.S.Shettigar	26th July, 2005
Mr. P.Balakrishnan	9th December, 2005
Mr.D.Chaudhuri	9th December, 2005
Mr A.K.Kapur	9th December, 2005
Mr. K.S.Kumar	25th January, 2006

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 until he resigned from the directorship w.e.f. 9th December, 2005. Mr. D.Chaudhuri also ceased to be an executive director (being a whole-time director) of the company from 9th December, 2005 upon his resignation as a director.

### 3. Audit Committee

The Audit Committee constituted by the board of directors of the company had three non-executive / independent directors and one whole-time director as on 31st March, 2006.

The Terms of Reference of the Audit Committee are comprehensive and are in conformity with the matters specified in the Stock Exchange Listing Agreement and under Section 292A of the Companies Act, 1956. The Company Secretary is the Secretary of the Audit Committee.

### Constitution of the Audit Committee and related information

Name of the Committee Members as on 31st March, 2006	Category
Mr. R. K. Sadhu	Chairman and Non-Executive/ Independent Director
Mr. D. Rudra	Alternate Chairman and Non-Executive / Independent Director
Mr. N. P. Agarwalla	Non- Executive / Independent Director
Mr. Ashok K. Jajodia	Whole-time Director

During the financial year under review, the audit committee met on 24th April, 2005, 26th July, 2005, 17th August, 2005, 28th November, 2005 and 25th January, 2006 and considered various financial and audit related matters and other matters as required under Clause 49 of the Listing Agreement.

Attendance of the members at the audit committee meetings :

Name of the Member	Attendance Particulars from 01.04.2005 to 31.03.2006	
	No. of Audit Committee Meetings held during the tenure of the Member	No. of Audit Committee Meetings attended during the tenure of the Member
Mr. T.S.Shettigar	2	1
Mr. S.K.Kothari	1	1
Mr. R.K.Sadhu	5	4
Mr. R.Gupta	1	None
Mr. A.K.Kapur	3	3
Mr. K.S.Kumar	4	2
Mr. Ashok K. Jajodia	1	1

During the year under review, Mr. A.K.Kapur, Mr. K.S.Kumar and Mr. Ashok K.Jajodia were appointed as the members of the committee on 6th June, 2005, 6th June, 2005 and 9th December, 2005 respectively.

Mr. A.K.Kapur, who was appointed as an alternate chairman of the committee on 6th June, 2005 in place of Mr. S.K.Kothari, was subsequently appointed as the chairman of the committee on 26th July, 2005 in place of Mr. T. S. Shettigar and Mr. K.S.Kumar was appointed as an alternate chairman of the committee on 26th July, 2005.

Mr. S.K. Kothari, Mr. R. Gupta, Mr. T.S. Shettigar, Mr. A.K.Kapur and Mr. K.S.Kumar ceased to be the Members of the committee on 25th April, 2005, 6th June, 2005, 26th July, 2005, 9th December, 2005 and 25th January, 2006 respectively.

Mr. R.K.Sadhu was appointed as chairman of the committee on 9th December, 2005 in place of Mr. A. K. Kapur. Mr. K. S. Kumar ceased to be an alternate chairman of the committee w.e.f. 9th December, 2005.

On 25th January, 2006, Mr. D. Rudra and Mr. N.P. Agarwalla were appointed as the members on the committee. Mr. D.Rudra was also appointed as an alternate chairman of the committee w.e.f. 25th January, 2006.

### 4. Remuneration Committee

The remuneration committee was constituted by the board of directors of the company on 25th January, 2006. Since then, the committee had three non-executive / independent directors.

During the financial year under review, no meeting of the remuneration committee was held. The committee met on 14th May, 2006 and 3rd August, 2006 and considered appointment of managerial personnel / senior executives and payment of remuneration to such managerial personnel / senior executives and various matters as required under Clause 49 of the Listing Agreement.

### Constitution of the Remuneration Committee and related information

Name of the Committee Members as on 31st March, 2006	Category	No. of Meetings attended during the year under review
Mr. N. P. Agarwalla	Chairman and Non-Executive/ Independent Director	Nil
Mr. D. Rudra	Non-Executive / Independent Director	Nil
Mr. R. K. Sadhu	Non- Executive / Independent Director	Nil

During the year under review, Mr. P. K. Ruia, non-executive chairman, Mr. D.Rudra, Mr. N. P. Agarwalla and Mr. R. K. Sadhu, non-executive / independent directors had been paid sitting fees of Rs. 2,000/-, Rs. 2,000/-, Rs. 2,000/- and Rs. 22,000/- respectively, being sitting fee of Rs.2,000/- for every board and committee meetings. In view of the Company's financial position, the remaining independent / non-executive directors had decided to forego their sitting fees.

Mr. Ashok K. Jajodia, whole-time director of the company was paid managerial remuneration of Rs 7,00,000/- (basic salary Rs. 4,00,000/- and perquisites Rs. 3,00,000/-) for a period of two months from 1st February, 2006 to 31st March, 2006. The service contract may be terminated by the company or by Mr. Ashok Kumar Jajodia by giving not less than 3 (three) months prior notice in writing by either party on other.

Mr. Jajodia's appointment and payment of remuneration to him had been determined considering the prevalent remuneration for managerial personnel of companies of similar size and stature and was approved by the board of directors and is subject to approval by the shareholders at the ensuing annual general meeting and the central government. The company has filed Form 25A to the central government seeking approval for aforesaid appointment and payment of remuneration.

The company has not entered into any pecuniary relationship or transactions with the non-executive directors. The company has so far not issued any stock options to any of its directors including its executive directors. None of the directors of the company hold any equity share in the company.

**DUNLOP INDIA LIMITED****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 and investors' related issues and to redress their grievances.

The committee had three non-executive / independent directors and one whole-time director as on 31st March, 2006.

**Constitution of the Shareholders' / Investors' Grievances Committee and related information :**

Name of the Committee Members as on 31st March, 2006	Category
Mr. N. P. Agarwalla	Chairman and Non-Executive/Independent Director
Mr. D. Rudra	Non-Executive/Independent Director
Mr. R. K. Sadhu	Non- Executive/Independent Director
Mr. Ashok K. Jajodia	Whole-time Director

The committee is headed by Mr. N. P. Agarwalla. The committee meets to consider, inter-alia, shareholders'/investors' complaints etc.

At the beginning of the year (i.e. on 1st April, 2005), there were 136 nos. of complaints pending for redressal which were resolved within the first quarter of the financial year 2005-06. Besides above complaints, 72 complaints were received from the shareholders during the year and all such complaints were resolved by the company's Registrar and Share Transfer Agent (RTA) – M/s. C B Management Services (P) Ltd., Kolkata on time. As on 31st March, 2006, there were no transfer pending for registration and also no grievances/complaints pending for redressal by the company's RTA.

There are no outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

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
76th	2002-2003	'Mini Auditorium', Science City, J.B.S.Halden Avenue Kolkata - 700 046	29.09.2003	10.30 a.m.
77th	2003-2004	'Mini Auditorium', Science City, J.B.S.Halden Avenue Kolkata - 700 046	29.09.2004	10.30 a.m.
78th	2004-2005	'Mini Auditorium', Science City, J.B.S.Halden Avenue Kolkata - 700 046	26.09.2005	10.30 a.m.

During the year under review, the company has obtained the approval from its members for indirect acquisition and change in control of the company by the Acquirer, Wealth Sea Pte. Ltd, Singapore from Jumbo World Holdings Ltd, British Virgin Island through Postal Ballot in accordance with the procedures laid down under the applicable laws. Hon'ble Justice Ajit Kumar Sengupta (former Judge of Calcutta High Court) was appointed as Scrutinizer. On 25th January, 2006, the Special Resolution was carried by 99.99% votes polled which was more than the requisite majority.

**7. Disclosures :**

The disclosures on materially significant related party transactions as compiled by the management and relied upon by the Auditors is given in Note 22 of the Notes on Accounts appearing in Schedule 17 to the accounts of the company for the financial year ended 31st March, 2006.

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 normally published either in 'Business Standard' or in 'The Financial Express' in English Newspaper and either in 'Dainik Statesman' or in 'Aajkal' in Bengali Newspaper, 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.

No presentations were made to the institutional investors or to an analyst other than the published information/press releases. A Report on Management Discussion & Analysis has been attached to this Annual Report.

**9. General Shareholders' Information :****i) Annual General Meeting :**

Date of AGM : : Wednesday, 20th December, 2006  
Venue and Time : : At Crystal Hall, Hotel Taj Bengal, 34B, Belvedere Road, Kolkata – 700027 at 10.30 a.m.

**ii) Financial Calendar : 1st April to 31st March.****Financial Reporting for the Financial Year 2006 – 2007 :**

First Quarter Results - on 3rd August, 2006  
Second Quarter and Half Yearly Results - on 12th November, 2006  
Third Quarter Results - end of January, 2007  
Fourth Quarter and Yearly Results - end of April, 2007

**iii) Dates of Book Closure : from 16th December, 2006 to 20th December, 2006 (both days inclusive).****iv) Proposed Date of Dividend Payment : N.A.****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 Bombay, Calcutta, Delhi, Madras and Ahmedabad. However, all above stock exchanges have suspended trading on the company's equity shares at the exchanges. 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 lying with the aforesaid five stock exchanges. The Company has filed a Writ Petition on 18th April, 2006 in the Hon'ble Calcutta High Court for restoration of trading of the Company's equity shares at all aforesaid stock exchanges and the matter is before the Hon'ble Bench.

The company, despite its severe financial constraints, has paid outstanding listing fees to Bombay Stock Exchange upto 31st March, 2006, to Calcutta Stock Exchange upto 31st March, 2006, to Delhi Stock Exchange upto 31st March, 2006, Ahmedabad Stock Exchange upto 31st March, 2006 and to Madras Stock Exchange upto 31st March, 2005. The company is yet to pay listing fees to Madras Stock Exchange from 1st April, 2005 and to other four Stock Exchanges from 1st April, 2006.

**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