



**DUNLOP**

**DUNLOP INDIA LIMITED**

# RHYTHM IN MOTION



ANNUAL  
REPORT  
**10 • 11**

# DUNLOP INDIA LIMITED



## BOARD OF DIRECTORS

Mr. Pawan Kumar Rula  
Mr. Ram Krishen Sadhu  
Mr. Dipak Rudra  
Mr. Mohan Lali Chauhan  
Mr. Virendra Kumar Agrawal  
Mr. Damodar Prasad Dani

## BANKERS

Central Bank of India  
ICICI Bank  
Indusind Bank  
State Bank of India

## VICE PRESIDENT- LEGAL & COMPANY SECRETARY

Mr. Ashok Kumar Agarwal

## REGISTERED OFFICE

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

## REGISTRAR AND SHARE TRANSFER AGENT

CB Management Services (P) Limited  
P-22, Bondel Road, Kolkata - 700 019  
Telephone : (033) 22806692/6693/6694/2486  
(033) 40116700  
Fax : (033) 22870263  
E-mail : rta@cbmsl.com

## CORPORATE OFFICE

'Rula Centre'  
46, Syed Amir Ali Avenue  
Kolkata - 700 017.  
Telephone : (033) 22894747  
Fax : (033) 22893433  
E-mail : info@dunlop.co.in  
Web-site : www.dunlop.co.in

## AUDITORS

M/s. K. N. Gutgutia & Co.  
Chartered Accountants, Kolkata

## SOLICITORS

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

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## TEN YEAR SUMMARY

|                            |           | 2010-11   | 2009-10   | 2008-09   | 2007-08   | 2006-07   | 2005-06   | 2004-05   | 2003-04   | 2002-03   | 2001-02   |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                            |           | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months |
| Income                     | Rs Crores | 174.53    | 180.70    | 183.01    | 122.16    | 341.42    | 4.06      | 37.16     | 9.19      | 28.68     | 6.08      |
| Operating Profit/(Loss)    | Rs Crores | 9.09      | 5.63      | 9.75      | 7.36      | 335.99    | (6.09)    | 14.08     | (10.99)   | (0.26)    | (41.89)   |
| Profit before Tax          | Rs Crores | 2.02      | 1.27      | 1.36      | 4.85      | 489.01    | 71.93     | (5.46)    | 32.67     | (39.23)   | (88.57)   |
| Profit after Tax           | Rs Crores | 2.02      | 1.27      | 1.36      | 4.85      | 488.81    | 71.88     | (5.46)    | 32.67     | (39.23)   | (88.57)   |
| Earnings per Equity share  | Rs.       | 0.28      | 0.18      | 0.19      | 0.69      | 108.65    | 15.98     | (1.21)    | 7.26      | -         | -         |
| Dividends per Equity share | Rs.       | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Net Worth per Equity share | Rs.       | 152.59    | 157.68    | 158.06    | 182.52    | 302.02    | (58.05)   | (73.56)   | (63.05)   | (68.99)   | (47.96)   |
| Net Assets employed        | Rs Crores | 1445.94   | 1409.27   | 1342.67   | 1499.44   | 1632.12   | (98.42)   | (160.25)  | (115.14)  | (83.55)   | (21.71)   |
| Shareholder's Funds        | Rs Crores | 1098.37   | 1135.02   | 1137.74   | 1312.73   | 1358.77   | (261.16)  | (330.92)  | (283.65)  | (310.36)  | (215.75)  |
| Gearing                    | %         | 31.64     | 24.16     | 17.73     | 14.22     | 20.12     | 108.76    | 112.46    | 87.05     | 111.79    | 75.13     |



**DUNLOP INDIA LIMITED**

Registered Office :  
"King's Court", Flat Nos. 14 & 18,  
46B, Chowringhee Road, Kolkata - 700 071  
Corporate Office :  
'Ruia Centre'  
46, Syed Amir Ali Avenue, Kolkata - 700 017

18th June, 2011

Dear Shareholder

Re : 1) Request to furnish / register your e-mail address; and  
2) to convert your shareholding in dematerialized form

1. The Ministry of Corporate Affairs, Government of India, New Delhi ("MCA"), in pursuance of "Green Initiative in the Corporate Governance" has issued Circular Nos. 17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011 stating therein that the service of documents by a Company to its Shareholders can be made through electronic mode. Serving of documents to Shareholders through electronic mode ensures receipt of notices / documents etc timely, promptly and without any loss in postal transit by the Shareholders.

Keeping in view of the above Circulars, the Company proposes that henceforth documents like Notice of the Annual General Meeting, Annual Reports, Directors' Report, Auditors' Report and other Shareholder communication will be sent to the Shareholders electronically to their e-mail address provided by them to the Company or its RTA.

In case of availability of e-mail address of Shareholders, the Company will also be able to send its various schemes and offers to the Shareholders at their e-mail addresses from time to time in future which will be advantageous to the Shareholders.

You are therefore requested to furnish / register your e-mail address immediately either by sending letter to us at our Corporate Office Address at "Ruia Centre", 46 Syed Amir Ali Avenue, Kolkata 700017 or by e-mail to us at our E-mail Id : ashok.agarwal@dunlop.co.in or by sending letter to our Registrar & Share Transfer Agent (RTA) – M/s CB Management Services (P) Limited, P-22, Bondel Road, Kolkata – 700019 or by e-mail to our RTA at their E-mail Id : rta@cbmsl.com so that all aforesaid communications / documents can be sent to you electronically at your e-mail address.

2. The Members, who are still holding the Company's equity shares in physical form and have not converted their shareholding in dematerialized form, are once again requested to convert their equity shares from physical form to dematerialized form as the same will provide adequate facility in trading in the Company's scrip at Stock Exchange in future.

Yours faithfully  
For Dunlop India Limited

A. K. Agarwal  
VP-Legal & Company Secretary

**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 **Eighty Fourth Annual General Meeting of the Members of Dunlop India Limited** will be held at The Ballroom, The Oberoi Grand, 15, Jawaharlal Nehru Road, Kolkata - 700 013 on Saturday, 10th September, 2011 at 11:30 a.m. to transact the following business :

**ORDINARY BUSINESS**

1. To consider and adopt the Profit & Loss Account for the year ended 31<sup>st</sup> March, 2011 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. Dipak Rudra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Mohan Lal Chauhan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Messers K. N. Gutgutia & 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 Special 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. Shiv Narayan Maheshwari as the Executive Director (being the Whole-time Director) of the Company for the period commencing from 11<sup>th</sup> August, 2010 till 16<sup>th</sup> June, 2011 on the terms and conditions including the remuneration and perquisites as are set out in the Agreement already been entered into between the Company and Mr. Shiv Narayan Maheshwari on 11<sup>th</sup> August, 2010, original of which is placed before this Meeting."

"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  
**Ashok Kumar Agarwal**  
Vice President - Legal &  
Company Secretary

Place : Kolkata

Date : 18th June, 2011

**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 1st September, 2011 to 10th September, 2011 (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.
5. The Members, who are still holding the Company's equity shares in physical form and have not converted their shareholding in dematerialized form, are once again requested to convert their equity shares from physical form to dematerialized form as the same will provide adequate facility in trading in the Company's scrip at Stock Exchange in future.
6. In view of the Central Government's Circular Nos. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 in pursuance of "Green Initiative in the Corporate Governance", the Members are hereby requested to furnish and register their e-mail addresses either with the Company or its RTA to enable the Company to send the Notice / Documents / Communication in future to the Members directly at their registered e-mail addresses through electronic mode instead of sending the printed / hard copies of the same by post. Serving of documents to the Members through electronic mode ensures receipt of the Notice / Documents / Communication timely, promptly and without any loss in postal transit by them.

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 5.**

Mr. Shiv Narayan Maheshwari was appointed as CEO of the Company w.e.f. 2<sup>nd</sup> August, 2010. The Board of Directors of the Company at its Meeting held on 11<sup>th</sup> August, 2010 has subsequently appointed Mr. Shiv Narayan Maheshwari as the Executive Director (being the Whole-time Director) of the Company for 3 years commencing from 11<sup>th</sup> August, 2010 till 10<sup>th</sup> August, 2013 subject to the approval of the Shareholders at the ensuing Annual General Meeting and subject to the approval of the Central Government.

Mr. Shiv Narayan Maheshwari has joined the Company as the Executive Director (being the Whole-time Director) of the Company on 11<sup>th</sup> August, 2010. Mr. Shiv Narayan Maheshwari ceased to be the Executive Director (being the Whole-time Director) of the Company w.e.f. 17<sup>th</sup> June, 2011.

The broad particulars of the terms and conditions of the appointment including the remuneration payable to Mr. Shiv Narayan Maheshwari are as under :

| Designation  | Period of Appointment                           | Salary (Rs.) per month | Perquisites, Allowances & Re-imbursements (Rs.) per month |
|--|---|------------------------|---|
| Executive Director (being the Whole-time Director) | Period commencing from 11.08.2010 to 16.06.2011 | 2,50,000/-             | 1,50,000/-  |

The perquisites and allowances payable to Mr. Shiv Narayan Maheshwari include house rent allowance, other allowance, various re-imbursements, LTA, ex-gratia etc. up to the amount specified above. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any Rule there under (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 appointment and payment of remuneration herein and / or in the Agreement, already been entered into between the Company and Mr. Shiv Narayan Maheshwari on 11<sup>th</sup> August, 2010. The Company, against its Application filed with the Central Government for approval of payment of gross remuneration of Rs.63,00,000/- p.a. to Mr. Shiv Narayan Maheshwari as per the Agreement dated 11<sup>th</sup> August, 2010, has received the Central Government's Approval for payment of remuneration of Rs. 48,00,000/- p.a. and reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company. Thus, the Company will

pay the remuneration to Mr. Shiv Narayan Maheshwari as per the Approval of the Central Government.

The Agreement may be terminated by either party (the Company or Mr. Shiv Narayan Maheshwari) by giving 45 days' prior notice in writing on other.

The Agreement entered into between the Company and Mr. Shiv Narayan Maheshwari on 11<sup>th</sup> August, 2010 and the Central Government's Approval Letter dated 9<sup>th</sup> March, 2011 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.

Above may also be treated as an abstract of the terms of the contract / agreement entered into between the Company and Mr. Shiv Narayan Maheshwari pursuant to Section 302 of the Companies Act, 1956.

Keeping in view the qualification and the experience possessed by Mr. Shiv Narayan Maheshwari, your Directors feel that Mr. Shiv Narayan Maheshwari's appointment as the Executive Director (being the Whole-time Director) of the Company for the aforesaid period was beneficial to the Company and accordingly, recommend the Special Resolutions set out in Item No. 5 of the Notice for your consideration and approval as Mr. Maheshwari's above appointment and payment of remuneration requires your approval.

None of the Directors of the Company except Mr. Shiv Narayan Maheshwari is interested or concerned in the Resolutions set out in Item No. 5 of the Notice.

By Order of the Board  
Ashok Kumar Agarwal  
Vice President - Legal &  
Company Secretary

Place : Kolkata  
Date : 18th June, 2011

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

- Name : Mr. Dipak Rudra.

Age : 70 Years.

Qualifications : B.A. (Hons. in Economics & Political Science), Retd. IAS Officer.

Expertise : Mr Rudra has 37 years of rich experience as IAS in handling various portfolios in Central & State Ministries, and 3 Years' experience in RBI as Banking Ombudsman and 3 Years' experience as the CMD of UCO Bank.

Date of Appointment : 25<sup>th</sup> January, 2006.

No. of Equity Shares held in the Co. : Nil.

Other Directorships :

## DUNLOP INDIA LIMITED



| <u>Name of the Public Ltd. Company</u>   | <u>Committee Memberships, if any, with position</u>  | <u>Other Directorships</u>  | <u>Name of the Public Ltd. Company</u> | <u>Committee Memberships, if any, with position</u>       |
|--|--|---|--|---|
| India Power Corporation Ltd.   | Audit Committee – Member.  |   | Jessop & Co. Ltd.                      | Audit Committee – Member.                                 |
| GTFS Multi Services Ltd.   | Audit Committee – Chairman.  |   |  | Share Transfer & Investors Grievance Committee – Chairman |
| Guinness Securities Ltd.   | Audit Committee – Member.  |   |  | Remuneration Committee – Member.                          |
| GTFS Training Services Ltd.  | None   |   |  |   |
| Shalimar Wires Industries Ltd.   | Audit Committee – Chairman.<br>Investors' Grievance Committee - Chairman<br>Remuneration Committee – Member. | 3. Name : Mr. Shiv Narayan Maheshwari.<br>Age : 56 Years.<br>Qualifications : M.Com., FCA.<br>Expertise : Mr. Maheshwari has over 31 years of experience in Finance, Capital Market, Treasury Management, Forex, Commercial and Logistics Operations in India and Thailand. |  |   |
| 2. Name : Mr. Mohan Lall Chauhan.  |  | Date of Appointment : 11 <sup>th</sup> August, 2010.  |  |   |
| Age : 66 Years.  |  | No. of Equity Shares held in the Co. : Nil.   |  |   |
| Qualifications : M.A. in Political Science, Retd. Civil Servant (IRS Officer).                                 |  | Other Directorships : None  |  |   |
| Expertise : Mr. Chauhan has 35 years of service in IRS looking after Indian Taxation, Fiscal Management & HRD. |  | <u>Name of the Public Ltd. Company</u>  |  | <u>Committee Memberships, if any, with position</u>       |
| Date of Appointment : 19 <sup>th</sup> August, 2008.   |  | None  |  | None  |
| No. of Equity Shares held in the Co. : Nil.  |  |   |  |   |

## HOLDING OF EQUITY SHARES

| Category  | As on 31.03.2011<br>Equity Shares |               | As on 31.03.2010<br>Equity Shares |               |
|---|-----------------------------------|---------------|-----------------------------------|---------------|
|   | (Nos.)                            | (%)           | (Nos.)                            | (%)           |
| <b>Promoters' Holding</b>   |                                   |               |                                   |               |
| Foreign Promoters   | 33515229                          | 46.56         | 33515229                          | 46.56         |
| Promoters' Associates<br>(Persons acting in concert)  | 20109137                          | 27.94         | 20109137                          | 27.94         |
| <b>Sub Total</b>  | <b>53624366</b>                   | <b>74.50</b>  | <b>53624366</b>                   | <b>74.50</b>  |
| <b>Non-Promoters' Holding</b>   |                                   |               |                                   |               |
| Financial Institutions,<br>Foreign Institutional Investors,<br>Insurance Companies,<br>Mutual Funds, Banks etc. | 8134855                           | 11.30         | 8452292                           | 11.74         |
| Non-Residents   | 86045                             | 0.12          | 46879                             | 0.06          |
| Private Corporate Bodies  | 5230619                           | 7.27          | 5246385                           | 7.29          |
| Indian Public   | 4906990                           | 6.81          | 4612953                           | 6.41          |
| <b>Sub Total</b>  | <b>18358509</b>                   | <b>25.50</b>  | <b>18358509</b>                   | <b>25.50</b>  |
| <b>Grand Total</b>  | <b>71982875</b>                   | <b>100.00</b> | <b>71982875</b>                   | <b>100.00</b> |

**REPORT OF THE DIRECTORS**

Your Directors present the 84th Annual Report of the Company together with the audited accounts for the financial year ended 31st March, 2011.

**SUMMARIZED FINANCIAL RESULTS**

|  | Rs. in Lacs |          |
|--|-------------|----------|
|  | 2010-11     | 2009-10  |
| Sales & other Income                       | 17452.61    | 18070.21 |
| Profit before Depreciation, Interest & Tax | 909.34      | 563.47   |
| Financial Charges                          | 574.21      | 281.47   |
| Depreciation                               | 143.88      | 140.72   |
| Profit before Exceptional Items            | 191.25      | 141.28   |
| Exceptional Item                           | -           | -        |
| Prior Period Adjustment                    | 10.44       | (14.57)  |
| Profit before Tax                          | 201.69      | 126.71   |
| Profit after Tax                           | 201.69      | 126.71   |

**OPERATIONS**

During the year, there was unprecedented increase in the price of natural rubber and other key raw materials coupled with stiff competition from domestic and Chinese suppliers of truck / bus tyres. The manufacturing operations at Sahaganj and Ambattur Plant partly effected due to non remunerative selling price remained in second half of the year. We expect auto industry to continue to grow and your Company proposes further consolidation in the tyre market along with re-introduction of two-three wheeler tyre manufacture. This is a growing segment and we plan to create the requisite infrastructure to enter this market.

**DIVIDEND**

Your Directors have decided to retain the internal accruals and therefore do not recommend any dividend for the financial year 2010-11.

**PUBLIC DEPOSIT**

During the year under review, the Company repaid fixed deposits amounting to Rs. 89,69,000/-. Fixed Deposits matured up to September, 2000 but not repaid up to 31st March, 2011 stand at Rs. 8,02,45,000/-.

**DIRECTORS**

During the year under review, Mr. Virendra Kumar Agrawal and Mr. Damodar Prasad Dani were appointed as Additional Directors of the Company w.e.f. 11th May, 2010 whose re-appointments were subsequently approved at the Company's 83rd AGM held on 15th June, 2010.

Mr. Rakesh Kumar Budhiraja resigned from the Directorship w.e.f. 11th May, 2010. Mr. Rakesh Kumar Budhiraja also ceased to be the Executive Director (being the Whole-time Director) & CEO of the Company w.e.f. 11th May, 2010. The Board placed on record its deep appreciation for the valuable services rendered by Mr. Rakesh Kumar Budhiraja.

Mr. Shiv Narayan Maheshwari was appointed as CEO of the Company w.e.f. 2nd August, 2010. Mr. Shiv Narayan Maheshwari was appointed as Additional Director of the Company w.e.f. 11th August, 2010 by the Board who will hold Office upto the date of the 84th Annual General Meeting and is eligible for re-appointment. Mr. Shiv Narayan Maheshwari was also appointed as the Executive Director (being the Whole-time Director) of the Company for 3 years w.e.f. 11th August, 2010 till 10th August, 2013.

In accordance with Article 103 of the Articles of Association of your Company and the applicable provisions of the Companies Act, 1956, Mr. Dipak Rudra and Mr. Mohan Lall Chauhan will retire from the Board by rotation at the 84th Annual General Meeting and being eligible, offer themselves for re-appointment.

**AUDITORS**

M/s. K. N. Gutgutia & Co., Chartered Accountants, Kolkata, Auditors of your Company, will hold office until the conclusion of 84th 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.

**COST AUDIT**

The Board of Directors have appointed M/s. Mani & Co., Cost Accountants, Kolkata to carry out audit of the cost accounts of the Company relating to the manufacture of tyres and tubes products for the financial year ended 31st March, 2011 in compliance with the Central Government's Order in this regard. The due date of filing of Cost Audit Report for the financial year ended 31st March, 2011 is within 180 days from the date of close of the Company's financial year and the same will be filed within the due date.

**INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956**

The Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are attached to this Report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- That in the preparation of the Accounts for the Financial Year ended 31st March, 2011, the applicable Accounting Standards have been followed and proper explanations have been provided for material departures, wherever applicable;
- 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;
- 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
- That the Accounts for the Financial Year ended 31st March, 2011 have been prepared on a "going concern" basis.

**CORPORATE GOVERNANCE**

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

**PERSONNEL**

The Management of the Company and its Unions have cordial and healthy relationship at both the Company's Factories at Sahaganj, Hooghly, West Bengal and Ambattur, Chennai, Tamil Nadu.

**ACKNOWLEDGEMENT**

Your Directors placed on record their appreciation to the Governments of West Bengal and Tamil Nadu for providing support from time to time for the revival of Dunlop, its Bankers and Employees and above all to its Shareholders.

**SUBSIDIARY COMPANY**

As required under Section 212 of the Companies Act, 1956, the Reports and Accounts of the Subsidiary of your Company, M/s. Ebony Commercials Private Limited are attached.

For and on behalf of the Board

Place : Kolkata

S. N. Maheshwari

Virendra Agrawal

Date : 21st May, 2011

Executive Director & CEO

Director



ANNEXURE TO THE DIRECTORS' REPORT DATED 21ST MAY, 2011 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(d), 11 and 12 of Schedule 20B to the Accounts, which are self explanatory.

Place : Kolkata  
Date : 21st May, 2011

For and on behalf of the Board  
S. N. Maheshwari  
Executive Director & CEO

Virendra Agrawal  
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, 2011.

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

During the year under review, your Company has installed energy efficient drives and new capacitors to improve power factor and reduction in power consumption.

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

Earnings - Rs. Nil  
Outgo - Rs. Nil

For and on behalf of the Board

Place : Kolkata  
Date : 21st May, 2011

S. N. Maheshwari  
Executive Director & CEO

Virendra Agrawal  
Director

**FORM A**  
**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

|                                      | Unit      | 31.03.2011<br>Total | 31.03.2010<br>Total |   | Unit      | 31.03.2011<br>Total | 31.03.2010<br>Total |
|--------------------------------------|-----------|---------------------|---------------------|---|-----------|---------------------|---------------------|
| <b>A. Power and Fuel Consumption</b> |           |                     |                     | <b>b) Furnace Oil (Boiler)</b>            |           |                     |                     |
| <b>1 Electricity</b>                 |           |                     |                     | Qty                                       | TON       | 392.57              | 148.50              |
| a) Purchased :                       |           |                     |                     | Total Amount                              | RS / LACS | 138.70              | 45.26               |
| Unit                                 | MWH       | 9256.759            | 5007.14             | Average Rate                              | RS / KG   | 35.33               | 30.48               |
| Total Amount                         | RS / LACS | 650.01              | 308.43              |   |           |                     |                     |
| Rate / Unit                          | RS / KWH  | 7.02                | 6.16                |   |           |                     |                     |
| b) Own Generation :                  |           |                     |                     | <b>4 Others/Int.Gen (D.Oil)</b>           |           |                     |                     |
| (i) Diesel Gen Unit                  | MWH       | 38.69               | 13.59               | Qty                                       | KLTR      | 21.304              | 47.55               |
| Unit / Ltr of D.Oil                  | KWH / LTR | 1.83                | 3.18                | Total Amount                              | RS / LACS | 8.81                | 16.91               |
| Cost / Unit                          | RS / KWH  | 22.93               | 35.02               | Rate/Unit                                 | RS / LTR  | 41.35               | 35.56               |
| (ii) F.Oil Gen. Unit                 | MWH       | NA                  | NA                  |   |           |                     |                     |
| Unit / Kg. of F.Oil                  | KWH / KG  | NA                  | NA                  |   |           |                     |                     |
| Cost / Unit                          | RS / KWH  | NA                  | NA                  |   |           |                     |                     |
| <b>2 Coal</b>                        |           |                     |                     | <b>B. Consumption / Ton of Production</b> |           |                     |                     |
| Qty                                  | TON       | 2200.80             | 1619.50             | Purchased                                 | MWH       | 9256.759            | 5007.14             |
| Total Cost                           | RS / LACS | 90.74               | 72.88               | Generated                                 | MWH       | 38.689              | 13.59               |
| Average Rate                         | RS / TON  | 4123.16             | 4500.15             | Electricity                               | KWH / TON | 7048.58             | 3759.07             |
| <b>3 a) Furnace Oil (Generator)</b>  |           |                     |                     | F.Oil (Elec. Gen) Qty                     | TON       | NA                  | NA                  |
| Qty                                  | TON       | NA                  | NA                  | F.Oil (Elec. Gen)                         | KG / TON  | NA                  | NA                  |
| Total Amount                         | RS / LACS | NA                  | NA                  | F.Oil (Steam Gen) Qty                     | TON       | 392.57              | 148.50              |
| Average Rate                         | RS / KG   | NA                  | NA                  | F.Oil (Steam Gen)                         | KG / TON  | Nil                 | Nil                 |
|                                      |           |                     |                     | Coal (Steam Gen) Qty                      | TON       | 2200.80             | 1619.50             |
|                                      |           |                     |                     | Coal (Steam Gen)                          | KG / TON  | 2665.89             | 2696.83             |
|                                      |           |                     |                     | D. Oil (Elec. Gen) Qty                    | KLTR      | 21.30               | 47.55               |
|                                      |           |                     |                     | 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 March 31, 2011.

| Sl. No. | Name of the Employee     | Designation              | Remuneration (Rs.) | Qualification      | Experience | Date of Commencement of Employment | Age (in years) | Last Employment held |
|---------|--------------------------|--------------------------|--------------------|--------------------|------------|------------------------------------|----------------|----------------------|
| 1.      | Rakesh Kumar Budhiraja*  | Executive Director & CEO | 555,267            | FCA, FCS, MBA, LLB | 29 yrs     | 28th December, 2009                | 56             | Escorts Ltd.         |
| 2.      | Shiv Narayan Maheshwari* | Executive Director & CEO | 3,350,435          | M.Com, FCA         | 31 yrs     | 2nd August, 2010                   | 56             | Indoworth India Ltd. |

\* Part employment during the financial year.


**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.

Your company has already implemented the revised provisions of Clause 49 of the Listing Agreement. 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-IA 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, 2011, your board had seven directors comprised of one director (being the promoter), two non-executive directors, one executive director (being the whole-time director) and three 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 company, in which they are directors.

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, five meetings of the board of directors were held on the following dates – 22<sup>nd</sup> April, 2010, 15<sup>th</sup> June, 2010, 11<sup>th</sup> August, 2010, 11<sup>th</sup> November, 2010 and 31<sup>st</sup> January, 2011.

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 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, 2011 | No. of other Directorships & Committee Memberships/ Chairmanships as on 31.03.2011 |                       |                         |
|---|--|-----------------------|-------------------------|
|   | Other Directorships  | Committee Memberships | Committee Chairmanships |
| Mr. P. K. Ruia<br>Non-executive Director                      | 1  | None                  | None                    |
| Mr.R.K.Sadhu ,<br>Independent Director                        | None   | 2                     | 1                       |
| Mr. D. Rudra<br>Independent Director                          | 5  | 7                     | 4                       |
| Mr. M. L. Chauhan<br>Independent Director                     | 1  | 3                     | 1                       |
| Mr. V. K. Agrawal<br>Non-Executive Director                   | 2  | 1                     | None                    |
| Mr. D. P. Dani<br>Non-Executive Director                      | 1  | None                  | None                    |
| Mr. S. N. Maheshwari<br>Executive Director & CEO              | None   | None                  | None                    |

**Note :**

- Directorship in Private Limited Companies, Foreign Companies and Companies registered under Section 25 of the Companies Act, 1956 have not been considered.
- Only the audit committee and shareholders' / investors' grievances committee constituted by the board of directors of the respective companies have been considered.

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

| Name of the Directors                                 | Attendance Particulars from 01.04.2010 to 31.03.2011         |  |                                    |
|---|--|--|------------------------------------|
|   | 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 15.06.2010 |
| Mr. P. K. Ruia  | 5  | 4  | Yes                                |
| Mr. R.K.Sadhu   | 5  | 5  | Yes                                |
| Mr. D. Rudra  | 5  | 5  | Yes                                |
| Mr. M. L. Chauhan                                     | 5  | 5  | Yes                                |
| Mr. R. K. Budhiraja<br>(resigned w.e.f. 11.05.2010)   | 1  | –  | NA                                 |
| Mr. V. K. Agrawal<br>(appointed w.e.f. 11.05.2010)    | 4  | 4  | Yes                                |
| Mr. D. P. Dani<br>(appointed w.e.f. 11.05.2010)       | 4  | 3  | No                                 |
| Mr. S. N. Maheshwari<br>(appointed w.e.f. 11.08.2010) | 3  | 3  | NA                                 |



During the year under review, Mr. V. K. Agrawal and Mr. D. P. Dani were appointed as the additional directors of the company w.e.f. 11<sup>th</sup> May, 2010.

Mr. R. K. Budhiraja resigned from the directorship w.e.f. 11<sup>th</sup> May, 2010. Mr. R. K. Budhiraja also ceased to be the executive director (being the whole-time director) & CEO of the company w.e.f. 11<sup>th</sup> May, 2010.

Mr. S. N. Maheshwari was appointed as CEO of the company w.e.f. 2<sup>nd</sup> August, 2010. Mr. S. N. Maheshwari was appointed as an additional director of the company w.e.f. 11<sup>th</sup> August, 2010 and also as the executive director (being the whole-time director) of the company for 3 Years w.e.f. 11<sup>th</sup> August, 2010 till 10<sup>th</sup> August, 2013.

### 3. Audit Committee

The audit committee constituted by the board of directors of the company had three non-executive / independent directors as on 31<sup>st</sup> March, 2011.

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, 2011 | Category                            |
|--|-------------------------------------|
| Mr. R. K. Sadhu, Chairman                            | Non-Executive/ Independent Director |
| Mr. D. Rudra, Alternate Chairman                     | Non-Executive/Independent Director  |
| Mr. M. L. Chauhan, Member                            | Non-Executive/Independent Director  |

During the year under review, four meetings of the audit committee were held. The committee met on 22<sup>nd</sup> April, 2010, 11<sup>th</sup> August, 2010, 11<sup>th</sup> November, 2010 and 31<sup>st</sup> January, 2011 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 01.04.2010 to 31.03.2011                 |  |
|--------------------|--|--|
|                    | 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. R. K. Sadhu    | 4  | 4  |
| Mr. D. Rudra       | 4  | 4  |
| Mr. M. L. Chauhan  | 4  | 4  |

### 4. Remuneration Committee

The remuneration committee constituted by the board of directors of the company had three non-executive / independent directors for consideration of the appointment of managerial personnel and payment of remuneration to such managerial personnel and various matters as required under Clause 49 of the Listing Agreement.

During the year under review, one meeting of the remuneration committee was held. The committee met on 11<sup>th</sup> August, 2010 and considered appointment of a managerial personnel and payment of remuneration to such managerial personnel 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, 2011 | Category                             | No. of Meetings attended during the year under review |
|--|--------------------------------------|---|
| Mr. M. L. Chauhan, Chairman                          | Non-Executive / Independent Director | 1   |
| Mr. D. Rudra, Member                                 | Non-Executive / Independent Director | 1   |
| Mr. R. K. Sadhu, Member                              | Non-Executive / Independent Director | 1   |

During the year under review, Mr. Rakesh Kumar Budhiraja resigned as the executive director (being the whole-time director) & CEO of the company w.e.f. 11<sup>th</sup> May, 2010. Mr. Shiv Narayan Maheshwari was appointed as the executive director (being the whole-time director) of the company for 3 years from 11<sup>th</sup> August, 2010 to 10<sup>th</sup> August, 2013.

Aforesaid managerial appointments and payment of remuneration to above managerial personnel had been determined considering the prevalent remuneration for managerial personnel of the companies of similar size and stature as approved by the board of directors subject to the approval of the shareholders and the central government. The Company has already filed Form No. 25A within time to the central government seeking their approval for the appointment and payment of remuneration to the aforesaid managerial personnel.

Independent directors and non-executive directors of the company do not receive any remuneration from the company except the sitting fees for the board and committee meetings @ Rs. 5,000/- for every meeting. However, no sitting fees were paid to Mr. V. K. Agrawal and Mr. D. P. Dani, non-executive directors, for the board and committee meetings who are in the employment with Ruia Group of Companies.