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THE DAWN MILLS
CO. LTD.
85th ANNUAL REPORT
1997-98





The Dawn Mills Company Limited

BOARD OF DIRECTORS

SHRI BANSI S. MEHTA - Chairman

SHRI R. GOENKA

SHRI M. G. PITTIE

SHRI D.B. DHURUV

SHRI P.S. VAIDYA

SHRI N. P. JHUNJHUNWALA

SHRI C.H. MIRANI

SHRI S.K. JALAN

SHRI N. R. RUIA - Managing Director

SHRI R.V. RUIA - Executive Director

Secretary

SHRI S.P. GUPTA

Bankers

BANK OF BARODA

Auditors

CHANDRAKANT & SEVANTILAL
MUMBAI 400 023.

Solicitors

DHRU & CO.
MUMBAI 400 023.

Registered Office and Mills

GANPATRAO KADAM MARG
LOWER PAREL
MUMBAI 400 013.
Phone: 4964510-16
Fax: (91-22) 4939567



The Dawn Mills Company Limited

Retail Shops of the Company

1. 'Sukh Sagar', N.S. Patkar Marg, Mumbai 400 007
2. 395, Kalbadevi Road, Mumbai 400 002
3. Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013
4. Senapati Bapat Marg, Lower Parel, Mumbai 400 013
5. Super Shopping Centre, Swami Vivekanand Road, Andheri(W), Mumbai 400 058
6. Fancy Dresses, Pradhan's Building, Gokhale Road, Thane 1
7. Sandeep Stores, Station Road, Near Police Ground, Ramnagar, Dombivli (E), Thane Dist.
8. 712, Narayan Peth, Laxmi Road, Poona 30
9. Booty Estate, Variety Chowk, Sitabuldi, Nagpur 12
10. 144, Commercial Street, Bangalore 1





NOTICE

NOTICE IS HEREBY GIVEN that the Eighty-fifth Annual General Meeting of The Dawn Mills Company Limited will be held on Monday, the 10th August, 1998 at 3.30 p.m. at Jai Hind College Hall, 'A' Road, Churchgate, Mumbai 400 020 for the purpose of transacting the following business:

1. To receive, consider and adopt the Directors' Report and audited Profit and Loss Account of the Company for the year ended 31st March, 1998 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Shri Rajeev Goenka who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri M.G. Pittie who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Shri N.P. Jhunjhunwala who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors to hold Office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By Order of the Board of Directors

Registered Office:

Ganpatrao Kadam Marg,
Lower Parel,
Mumbai 400 013.

S.P. GUPTA
Secretary

Mumbai, 1st June, 1998.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 21st July, 1998 to Monday, the 10th August, 1998 (both days inclusive).

The Dawn Mills Company Limited

DIRECTORS' REPORT

To
The Members of
The Dawn Mills Company Limited

The Directors hereby present their Eighty-fifth Annual Report together with the audited Statement of Accounts for the year ended 31st March, 1998.

	1997-98 (Rupees)	1996-97 (Rupees)
2. Financial Results		
Gross Profit	1,95,61,990	1,75,17,867
Depreciation	(74,80,472)	(71,12,603)
Provision for taxation	(64,00,000)	(59,00,000)
Income tax in respect of earlier years	(6,84,447)	(5,55,566)
Debits/Credits relating to earlier years	8,03,382	31,407
Transfer from Investment Allowance (Utilised) Reserve	13,00,000	—
Provision for Doubtful Debts written back	95,419	30,354
Transfer from workmen's welfare reserve	1,74,048	—
Balance brought forward from last account	2,66,89,629	2,54,58,170
	<u>3,40,59,549</u>	<u>2,94,69,629</u>
Appropriation		
Transfer to General Reserve	5,55,000	3,05,000
Proposed Dividend @ 20%	25,00,000	22,50,000
Dividend Tax on Distributed Profits @ 10% of proposed Dividend	2,50,000	2,25,000
Balance carried to Balance Sheet	3,07,54,549	2,66,89,629
	<u>3,40,59,549</u>	<u>2,94,69,629</u>

As for the qualification in paragraph 2(d) of the Auditors Report attention is invited to the notes to which the Auditors have invited reference, which notes are self explanatory.

3. Dividend

The Directors recommend for your consideration payment of dividend for the year ended 31st March, 1998 at the rate of 20% (i.e. Rs. 10/- per share) on 2,50,000 Equity Shares of Rs.50/- each fully paid. If approved, dividends aggregating Rs. 25,00,000/- will be paid out of the Profits.

4. Performance

As a result of depressed consumer demand and continued financial liquidity problems, the overall market conditions remained sluggish during the year. The Powerloom Sector which is the main outlet for the Company's yarn also witnessed severe recession affecting the off-take of the Company's goods leading to a drop in gross turnover from Rs. 4984 lakhs during the preceding year to Rs. 4306 lakhs. Despite the fall in turnover, the margins on sales have improved as the management having anticipated these pressures had taken appropriate measures to combat the situation by improved realisations and strict control of overheads.

The prospects for the current year as well, do not look upbeat. The general market conditions have not yet fully recovered from recession. Even the portents in the economic front are not encouraging. The end of the Asian economic miracle and now threats of sanctions further dampen the business scenario. These factors together with the prices of raw materials and the monsoons will ultimately shape the year's results.

5. Modernisation:

During the year, your Company continued its efforts to modernise and upgrade its plant & machinery. In Blow Room, latest Trumac Synthetic Line and Filter Unit were installed. In Carding, 'Trutzschler' Cards with auto levellers along with new humidification system were installed.

To finance the cost of the aforesaid installations, your Company had availed of a Term Loan of Rs.120 lakhs from Bank of Baroda. These machines will help your Company to improve the quality of its products and as a result it would be able to keep itself abreast of market trends.



6. Subsidiary Company

Pursuant to the provisions of the Companies Act, 1956 the accounts together with Directors' Report of Dawn Apparels Limited for the year ended 31st March, 1998 are attached to the Balance Sheet of the Company. As reported in detail in the Directors' Report of the said Company annexed to these accounts, the factory of the subsidiary Company has been closed during the year on account of continued losses, recession and the workers agitation.

7. Public Deposits

At the end of the financial year there were 3 depositors who had not claimed their deposits aggregating Rs. 9,000/- which had matured. The deposits continue to be unclaimed.

8. Insurance

All the properties of the Company including building, machinery and plant, stocks, loss of profits and standing charges and liabilities are adequately insured.

9. Safety and Pollution Control

Your Company accords priority to the health and safety of its employees. It has been taking proper care in complying with all the statutory requirements relating to safety, environment and pollution control. Safety audit and environment audit reports are prepared and submitted to the prescribed authorities.

10. Personnel

The industrial relations during the year remained satisfactory. The Directors wish to place on record their appreciation of the valuable services rendered by the workmen, staff and officers at all levels.

11. Appreciation

The Directors acknowledge with gratitude the co-operation and assistance received by the Company from its Bankers who have been extending all possible help to the Company to meet its financial requirements.

12. Directors

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company, Shri Rajeev Goenka, Shri M.G. Pittie and Shri N.P. Jhunjhunwala retire from the Board of Directors by rotation and are eligible for reappointment.

13. Particulars of Employees

In compliance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, a statement giving the requisite information is annexed hereto and forms part of this report.

14. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information 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 is given in the annexure to the report.

15. Auditors

At the forthcoming Annual General Meeting the members will be required to appoint Auditors for the current year and to fix their remuneration.

For and on behalf of the Board of Directors

Registered Office:

Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013

BANSI S. MEHTA

Chairman

Mumbai, 1st June, 1998

The Dawn Mills Company Limited

ANNEXURE TO THE DIRECTORS' REPORT

Additional information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

- (a) Energy Conservation measures taken:
- Replacement of two old filter units by new Trumac Filter Units.
 - Replacement of 5500 old Ring Spindles by Energy Saving Spindles.
 - Replacement of Semi-Central Humidification Ducts B2 by two B6 in Carding Section.
 - Replacement of I.C. Lamps of 100 Watts by 13 watts energy saver lamps.
 - Replacement of Fluorescent Tubes Copper Chokes by Electronic Ballasts.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
- Providing glass windows for natural light to save energy.
 - Replacement of corroded G.I. Eliminator of Air Washer Plants by PVC Eliminator for better cooling effectiveness and efficiency.
- (c) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods:
- Overall saving in cost of energies, thereby saving in cost of production.
- (d) Total energy consumption and energy consumption per unit of production in prescribed Form 'A' are given as under:

	Current Year 1997-98	Previous Year 1996-97
A. Power and Fuel Consumption		
1. Electricity		
Purchased Unit (KWH in lacs)	134.85	146.97
Total Amount (Rs. in lacs)	391.63	419.66
Avg. Rate/Unit	2.90	2.86
2. Furnace oil		
Quantity (in KLS)	443.633	568.47
Total Cost (Rs. in lacs)	29.92	35.48
Avg. Rate (Rs.per KL)	6745.00	6241.00
B. Consumption per unit of Production		
1. Electricity (KWH) - Yarn/Kg.	5.52	5.38
- Hos./Kg.	2.31	3.25
2. Furnace Oil/LSHS (LTR) -Yarn/Kg.	0.118	0.138
- Hos./Kg.	0.876	1.093

B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form 'B' of the Annexure to the Rules.

I. Research & Development (R & D)

1. Specific areas in which R & D carried out by the Company.
 - (a) In preparatory & Spinning Department various trials were carried out like changes in speeds, setting & process etc.
2. Benefits derived as a result of the above R & D:
 - (a) Improvement in the quality and productivity of the existing products and reduction in cost of output.
3. Further Plan of action:

Efforts are continuing to develop new products and improve the quality and productivity.
4. Expenditure on R & D:
 - The expenditure is merged with various other heads of expenses.

II. Technology absorption, adaptation and innovation:

1. Efforts in brief, made towards technology absorption, adaptation and innovation:
 - (a) Addition of PK-1600 Drafting System at Speed Frames.
 - (b) Training programme in technical know how in modern machineries.
2. Benefits derived as a result of the above efforts:
 - (a) To produce best quality yarns.
 - (b) Upgradation of technical skills to technical staff.
3. Information regarding technology imported during the last 5 years.
 - Not Applicable.

**C. FOREIGN EXCHANGE EARNING AND OUTGO:**

- Activities, relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.
- Owing to adverse export market conditions relating to the Company's products, the exports during the year remained low. Existing exports are of knitted garments and efforts are being made to develop such exports through all possible means.

	Rs. in lacs
- Total Foreign Exchange Used	9.63
- Total Foreign Exchange Earnings	5.11

For and on behalf of the Board of Directors

Registered Office:

Ganpatrao Kadam Marg,
Lower Parel,
Mumbai 400 013,

Mumbai, 1st June, 1998.

BANSI S. MEHTA
Chairman

Statement of particulars under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ending 31st March, 1998.

(A) Employed throughout the Financial Year under review and were in receipt of remuneration for that Financial Year in aggregate of not less than Rs.3,00,000/- per annum or Rs. 25,000/- per month.

Sr. No.	Name	Designation/ Nature of duties	Qualification	Age (Yrs.)	Experience (in years including previous experience)	Date of commencement of employment	Remuneration received/ receivable (Rupees)	Last employment including designation and period of service
1	2	3	4	5	6	7	8	9
1.	Mr. Ruia N.R.	Managing Director	Senior Cambridge Trained in U.K. & Germany for Business Management	58	38	01.01.70	10,74,721	—
2.	Mr. Ruia R.V.	Executive Director	B.Com.	37	4	01.07.94	4,27,774	—
3.	Mr. Nevatia S.R.	General Manager	B.A.	65	42	01.06.68	3,36,823	—
4.	Mr. Gupta S.P.	Company Secretary	B.Com.,LL.B. F.C.S.	66	44	01.12.74	3,17,686	Garware Nylons Ltd.Secretarial Executive, 1 Yr
5.	Mr. Garg R.K.	General Manager-Tech.	B.Sc. (Text.)	53	30	04.08.86	3,38,384	Indian Rayon Corpn.Ltd. Unit Jayashree Tex. Prodn. Manager. 10 years
(B) Employed for part of the year and were in receipt of remuneration at the rate of not less than Rs.25,000/- per month.								
1.	Mr. Ganguli A.	Vice-President Garments	B.A. (Hons)	51	31	26.8.1996	98,355	Solar Group of Companies Chief Executive 5 Months

- Notes:** (1) The nature of employment of Managing Director & Executive Director in each case is contractual for 5 years.
 (2) Remuneration figures include Salary, H.R.A., Company's contribution to P.F., Medical Reimbursement, commission, Gratuity as per actuarial valuation and also monetary value of perquisites calculated in accordance with the provisions of Income-tax Act, 1961 and the rules made thereunder.
 (3) None of the employees mentioned above is related to any Director of the Company.

For and on behalf of the Board of Directors

BANSI S. MEHTA
Chairman

Mumbai, 1st June, 1998.

The Dawn Mills Company Limited

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of The Dawn Mills Company Limited, Mumbai as at 31st March, 1998 and also the Profit and Loss Account for the year ended on that date annexed thereto and report that :-

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and in terms of the information and explanation given to us and on the basis of such checks as we considered appropriate, we enclose in an Annexure hereto a statement on the matters referred to in para 4 and 5 of the said order.
2. Further and subject to our comments in the Annexure referred to in paragraph 1 above:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of the books.
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, and to the best of our information and according to the explanations given to us the said accounts subject to non provision of:
 - i) Gratuity liability amounting to Rs.1,46,70,778/- in respect of past years (See Note 8)
 - ii) Diminution in value of unquoted investment Rs.1,50,150/- [See Note 9(a)]
 - iii) Losses on account of investments in (including the Loans to) the subsidiary company [See Note 9(b)] to which extent the liabilities of the Company are understated and the Reserves are overstated and read with other Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - (a) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1998; and
 - (b) in the case of the Profit and Loss Account of the "Profit" of the Company for the year ended on that date.

For CHANDRAKANT & SEVANTILAL
Chartered Accountants
PRADEEP S. SHAH
Partner

Mumbai, 3rd June, 1998.

Annexure to the Auditors' Report of the accounts for the year ended 31st March, 1998 of the Dawn Mills Company Limited (Referred to in Paragraph 1 thereof.)

1. The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets as from the year 1964-65 except in respect of recent additions. As explained to us, certain items of fixed assets were physically verified by the management once during the year. No material discrepancies were observed on such verification. In our opinion, the frequency of physical verification should be at reasonable intervals.
2. None of the fixed assets have been revalued during the year.
3. The Stocks of finished goods, spare parts and raw materials, other than those lying with outside parties and in bonded warehouse have been physically verified by the management at reasonable intervals.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
5. According to the records produced to us discrepancies noticed on verification of physical stocks and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
6. In our opinion and on the basis of our examination of stocks, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has during the year not taken any loan from companies and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As explained to us, there are no Companies under the same management as this company within the meaning of Section 370 (1B) of the Companies Act, 1956.