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**THE DAWN MILLS
CO. LTD.**

**86th ANNUAL REPORT
1998-99**



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

GM (Finance) & Secretary

SHRI V. RAVI

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

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

The Dawn Mills Company Limited

NOTICE

NOTICE IS HEREBY GIVEN that the Eighty-sixth Annual General Meeting of The Dawn Mills Company Limited will be held on Friday, the 30th July, 1999 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, 1999 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Shri R. V. Ruia who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri C. H. Mirani who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Shri S.K. Jalan 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.

Special Business

7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the Provisions of Sections 198, 269, 309 & 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended, the approval of the members be and is hereby accorded to the re-appointment of Shri Nirmalkumar Ramjiwas Ruia, as the Managing Director of the Company for a further period of 5 years with effect from 1st January, 2000 on the terms and conditions, including expressly the remuneration and perquisites payable to him as Managing Director and the minimum remuneration payable to him in case of absence or inadequacy of profits in any year, as set out in the draft Agreement between the Company and Shri N. R. Ruia produced at this meeting and, for the purpose of identification, initialled by the Chairman hereof."

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites etc. within such prescribed limits."

"AND RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this resolution."

8. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the Provisions of Sections 198, 269, 309 & 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended, the approval of the members be and is hereby accorded to the appointment of Shri Ravindrakumar Vinaykumar Ruia, as the Whole-time Director of the Company under the designation "Executive Director" for a period of further 5 years with effect from 1st July, 1999 on the terms and conditions, including expressly the remuneration payable to him as Whole-time Director and the minimum remuneration payable to him in case of absence or inadequacy of profits in any year, as set out in the draft Agreement between the



Company and Shri R.V. Ruia produced at this meeting and, for the purpose of identification, initialled by the Chairman hereof.

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites etc. within such prescribed limits."

"AND RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this resolution."

By Order of the Board of Directors

Registered Office :

Ganpatrao Kadam Marg,
Lower Parel,
Mumbai 400 013.

V. Ravi

General Manager-Finance
& Company Secretary

Mumbai, 24th May, 1999.

NOTES :

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business as set out under Items 7 & 8 above are annexed hereto.
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 Wednesday, the 14th July, 1999 to Friday, the 30th July, 1999 (both days inclusive).

ANNEXURE TO THE NOTICE

(Explanatory Statement)

As required by Section 173(2) of the Companies Act, 1956 the following Explanatory Statements set out all the material facts, relating to the Special Business mentioned in the accompanying Notice dated 24th May, 1999.

ITEM NO. 7 AND 8

The Board of Directors at their meeting held on 24th May, 1999 considered the reappointment of Shri N.R. Ruia as the Managing Director of the Company for a further period of five years with effect from 1st January, 2000 subject to the approval of the members of the Company.

Shri N.R. Ruia has been in office as Managing Director since 1st January, 1970. During the tenure of Shri N.R. Ruia, the Company has made considerable progress in all the spheres and has since acquired good name and reputation in business. The appointment of Shri N.R. Ruia is appropriate and in the best interest of the Company.

The Dawn Mills Company Limited

Shri R.V. Ruia has been the Executive Director of the Company since 25th June, 1994. Due to his commercial sense and participation in the overall conduct of business, the Company has been able to increase its market penetration and continue to retain its position in both yarn and hosiery business inspite of the presence of unorganised players in these segments. Shri R.V. Ruia has also contributed in streamlining and updating the production process.

The approval of the members is being sought to the terms, conditions and stipulations for the re-appointment of Shri N.R. Ruia as Managing Director and Shri R.V. Ruia as Executive Director and the remuneration payable to them. The material terms of appointment and remuneration as contained in the draft agreements are given below.

Remuneration and Perquisites payable to
Shri N.R. Ruia, Managing Director

- I. Salary**
Rs.38,000 per month in the scale of Rs.38000-3000-50000 inclusive of D.A., if any.
- II. Commission**
Subject to the overall limits laid down in Sections 198 & 309 of the Companies Act, 1956 such percentage of net profits of the Company or such quantum as may be decided by the Board of Directors for each financial year.
- III. Perquisites & Allowances**
 - (i) Housing**
Furnished/Unfurnished residential accommodation or house rent allowance at 60% of salary in lieu thereof. The expenditure incurred by the Company on gas, electricity water and furnishings shall be valued as per the Income Tax Rules 1962.
 - (ii) Medical Reimbursement**
Expenses incurred for self and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
 - (iii) Leave Travel Concession**
For him and his family, once in a year incurred in accordance with any rules specified by the Company
 - (iv) Club Fees**
Fees payable subject to a maximum of two clubs.
 - (v) Personal accident insurance**
Premium not to exceed Rs.4,000/- per annum.
 - (vi) Contribution to Provident Fund, Superannuation Fund or Annuity Fund** will not be included as perquisites to the extent these either singly or put together are not taxable under the Income-tax Act. Gratuity payable should not exceed half a month's salary for each completed year of service.

Remuneration and Perquisites payable to
Shri R.V. Ruia, Executive Director

- I. Salary**
Rs.31000 per month in the scale of Rs. 31000-2000-39000 inclusive of D.A., if any.
- II. Commission**
Subject to the overall limits laid down in Sections 198 & 309 of the Companies Act, 1956 such percentage of net profits of the Company or such quantum as may be decided by the Board of Directors for each financial year.
- III. Perquisites & Allowances**
 - (i) Housing**
Furnished/Unfurnished residential accommodation or house rent allowance at 60% of salary in lieu thereof. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962.
 - (ii) Medical Reimbursement**
Expenses incurred for self and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
 - (iii) Leave Travel Concession**
For him and his family, once in a year incurred in accordance with any rules specified by the Company.
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(vii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

(viii) Provision of car and telephone for official use will not be considered as perquisites.

MINIMUM REMUNERATION

(Payable in case of inadequacy of profits in any financial year)

The Provisions of Schedule XIII of the Companies Act, 1956 shall apply.

(vii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

(viii) Provision of car and telephone for official use will not be considered as perquisites.

MINIMUM REMUNERATION

(Payable in case of inadequacy of profits in any financial year)

The provisions of Schedule XIII of the Companies Act, 1956 shall apply.

OTHER TERMS AND CONDITIONS

1. The Company shall reimburse actual entertainment and travelling expenses incurred by Shri N.R. Ruia and Shri R.V. Ruia in the course of the Company's business.
2. Entitlement to privilege leave for a period of one month for every year of service during the period of the respective Agreements with Shri N.R. Ruia and Shri R.V. Ruia, with full pay and perquisites. Entitlement to sick leave and casual leave benefits as per the rules of the Company.
3. Shri N.R. Ruia and Shri R.V. Ruia will not receive sitting fees for attending meetings of the Board of Directors of the Company.
4. Shri N.R. Ruia and Shri R.V. Ruia shall not, so long as they function as the Managing Director and Whole-time Director of the Company, become interested or otherwise concerned directly or through their respective wives or minor children in any selling agency of the Company without the prior approval of the Central Government.
5. In the event of any relaxation made by the Government in the guidelines or ceilings on managerial remuneration during the proposed terms of their appointments, the remuneration payable to Shri N.R. Ruia and Shri R.V. Ruia shall be increased as the Board may deem fit, in accordance with such guidelines or ceilings.

These explanations together with the accompanying Notice may also be regarded as the ABSTRACTS OF THE AGREEMENTS AND MEMORANDUMS OF INTEREST under Section 302 of the Companies Act, 1956.

Shri Nirmalkumar Ramniwas Ruia is interested in the Ordinary Resolution at item No.7 in respect of his re-appointment and to the extent of the remuneration proposed to be paid to him. Shri Ravindrakumar Vinaykumar Ruia is interested in the Ordinary Resolution at item No.8 in respect of his appointment and to the extent of the remuneration proposed to be paid to him. No other Director of the Company is interested in the said Resolutions.

The draft Agreements for the Managing Director's re-appointment referred to in the Ordinary Resolution at item No.7 and the Wholetime Director's re-appointment referred to in Ordinary Resolution at item No.8 of the Notice are available for inspection by the members at the Registered Office of the Company on any working day except Sundays and Holidays between 11.00 a.m. to 1.00 p.m.

By Order of the Board of Directors

V. Ravi
General Manager-Finance
& Company Secretary

Registered Office:

Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 0013

Mumbai, 24th May, 1999

The Dawn Mills Company Limited

DIRECTORS' REPORT

To
The Members of
The Dawn Mills Company Limited

- The Directors hereby present their Eighty-sixth Annual Report together with the audited Statement of Accounts for the year ended 31st March, 1999.

2. Financial Results

	1998-99 (Rupees)	1997-98 (Rupees)
Gross Profit	1,13,13,166	1,95,61,990
Depreciation	(84,42,054)	(74,80,472)
Provision for taxation	(14,00,000)	(64,00,000)
Income tax in respect of earlier years	8,67,459	(6,84,447)
Debits/Credits relating to earlier years	(58,966)	8,03,382
Transfer from Investment Allowance (utilised) reserve	—	13,00,000
Provision for Doubtful Debts written back	49,000	95,419
Transfer from workmen's welfare reserve	—	1,74,048
Balance brought forward from last account	3,07,54,549	2,66,89,629
	<u>3,30,83,154</u>	<u>3,40,59,549</u>

Appropriation

Transfer to General Reserve	—	5,55,000
Proposed Dividend @ 10%	12,50,000	25,00,000
Dividend Tax & Surcharge on proposed dividend	1,37,500	2,50,000
Balance carried to Balance Sheet	3,16,95,654	3,07,54,549
	<u>3,30,83,154</u>	<u>3,40,59,549</u>

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

3. Dividend

In spite of the low profits for the year under review coupled with the unfavourable market conditions and uncertain political scenario prevailing at present, the Directors recommend dividend for the year ended 31st March, 1999 at the rate of 10% on 2,50,000 Equity Shares of Rs.50/- each fully paid. If approved, dividend aggregating Rs.12,50,000/- will be paid out of the Profits.

4. Performance

It has been the third year in succession in which the Company like most of the other textile mills had to face a difficult situation which was created by many unfavourable factors. The period under review witnessed a severe demand recession, which in turn forced the Company to sell yarn at highly competitive rates to retain its market share leading to a drop in gross turnover from Rs.4306 lacs to Rs.3943 lacs. This factor combined with the severe financial stringency in the market affected the margins on sale. Viewed in the context of the crisis through which the textile industry passed during the year, the year's results can be considered as satisfactory.

The prospects for the current year, do not look encouraging. The markets have not yet fully recovered from stagnation whereas the prices of raw-materials like Polyester have been increased twice during the last 2 months. These factors will have a direct bearing on the working results of the Company during the year.



5. Modernisation

The Company continued to carry out its modernisation programme so as to keep up with the latest trends. Renovations and modifications in machineries and other equipments have helped the Company in achieving improvement in the quality products and also in getting better productivity.

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, 1999 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 remained closed during the year.

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 R.V. Ruia, Shri C.H. Mirani and Shri S.K. Jalan 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, there are no employees who were paid Rs.6,00,000/- or more if employed throughout the year or Rs.50,000/- per month or more if employed during a part of the year by way of remuneration.

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

N. R. Ruia
CHAIRMAN

Registered Office:

Ganpatrao Kadam Marg

Lower Parel

Mumbai 400 013

Mumbai, dated 24th May, 1999.

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 I.C. Lamps of 100 Watts by 13 watts energy saver lamps.
 - Replacement of Fluorescent Tubes Copper Chokes by Electronic Ballasts.
 - Providing glass windows for natural light to save energy.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL
- (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 1998-99	Previous Year 1997-98
A. Power and Fuel Consumption		
1. Electricity		
Purchase Unit (KWH in lacs)	133.67	134.85
Total Amount (Rs. in lacs)	361.35	391.63
Avg. Rate/Unit	2.70	2.90
2. Furnace Oil		
Quantity (in KLS)	341.312	443.633
Total Cost (Rs. in lacs)	20.99	29.92
Avg. Rate (Rs. per KL)	6150.00	6745.00
B. Consumption per unit of Production		
1. Electricity (KWH) - Yarn/Kg.	5.92	5.52
- Hos./Kg.	3.16	2.31
2. Furnace Oil/LSHS(LTR) - Yarn/Kg.	0.099	0.118
- Hos./Kg.	0.910	0.876

B. TECHNOLOGY ABSORPTION

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

I. Research & Development

1. Specific area in which R & D carried out by the Company:
Steps were taken to improve productivity of Draw Frames & Inter Frames.
2. Benefits derived as a result of the above R & D:
The above changes have helped in reducing cost per unit of production.
3. Further Plan of action:
The above activities shall continue and greater efforts in this direction will be made.
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) The use of Computer technology in analysing yarn faults in spinning & winding.
 - (b) Training programme in technical knowhow in modern machineries.
 - 2. Benefits derived as a results of the above efforts:
 - (a) The quality of the yarn can be observed immediately on production and help in improving the quality of yarn.
 - (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:

Rs. in lacs

- Total Foreign Exchange Used	5.09
- Total Foreign Exchange Earnings	-

For and on behalf of the Board of Directors

N. R. Ruia
CHAIRMAN

Registered Office:
Ganpatrao Kadam Marg,
Lower Parel
Mumbai - 400 013

Mumbai, 24th May, 1999

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