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**THE DAWN MILLS
CO. LTD**

**87TH ANNUAL REPORT
1999-2000**



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-seventh Annual General Meeting of The Dawn Mills Company Limited will be held on Friday, the 28th July, 2000 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, 2000 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Shri R. Goenka who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri D.B. Dhruv who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Shri P.S. Vaidya 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.

V. Ravi
General Manager-Finance
& Company Secretary.

Mumbai, dated 20th April, 2000.

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 Wednesday, the 19th July, 2000 to Friday, the 28th July, 2000 (both days inclusive).



DIRECTORS' REPORT

To
The Members of
The Dawn Mills Company Limited

1. The Directors hereby present their Eighty-seventh Annual Report together with the audited Statement of Accounts for the year ended 31st March, 2000.

2. Financial Results	1999-2000 (Rupees)	1998-99 (Rupees)
Gross Profit	30,58,318	1,13,62,166
Depreciation	(79,02,331)	(84,42,054)
Provision for taxation	—	(14,00,000)
Income tax in respect of earlier years	(14,75,952)	8,67,459
Debits/Credits relating to earlier years	88,023	(58,966)
Balance brought forward from last account	<u>3,16,95,654</u>	<u>3,07,54,549</u>
	<u>2,54,63,712</u>	<u>3,30,83,154</u>
Appropriations		
Proposed Dividend @ 10% (Previous Year @ 10%)	12,50,000	12,50,000
Corporate Dividend Tax and Surcharge thereon	2,75,000	1,37,500
Balance carried to Balance Sheet	<u>2,39,38,712</u>	<u>3,16,95,654</u>
	<u>2,54,63,712</u>	<u>3,30,83,154</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

The Directors recommend for your consideration payment of dividend for the year ended 31st March, 2000 at the rate of 10 % (i.e. Rs.5.00 per share) 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 balance lying in the Profit & Loss Account.

4. Performance

Sales during the year had been marginally better compared to last year though the Textile Industry continues to face difficult situation created by many unfavourable factors. The gross sales during the period under review amounted to Rs.4265 lacs as against Rs.3943 lacs of last year, reflecting an increase of 8%. Despite the marginal increase in turnover, the margins of your Company have not improved due to increase in the prices of man made fibre by 14%, power tariff by 22%, fuel cost by 32% and also the wage index going up by around 6%. Due to lower demand of yarn, your Company was not able to pass on the increase in various input costs to its customers. There has also been a fall in the earnings from processing jobs owing to severe competition. All these factors adversely affected your Company's margins.

As regards the business of hosiery garments, it continued to face severe competition from smaller manufacturers, who enjoy the cost advantage as compared to your Company, and hence the resultant margins thereof were not very remunerative, during the year.

The prospects for the current year do not look encouraging. The recession in the industry still continues and the prices of man made fibre as well as power tariff and fuel cost have also increased during the current month. These factors will have direct bearing on the working results of the Company during the current year.

The Dawn Mills Company Limited

5. Modernisation:

The Company is continuing to modernise its manufacturing process. During the year, it undertook the installation of 4 Nos. of Schlafhorst Autoconers, a Classiklin Digital Yarn Clearing System and modification of top and bottom rollers in Doubling Frames. These have helped the Company in quality improvement, greater productivity and keeping it updated with latest modern technology in textile industry.

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, 2000 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 remained closed since last 2 years.

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. Goenka, Shri D.B. Dhruv and Shri P.S. Vaidya 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,

Bansi S. Mehta
Chairman

REGISTERED OFFICE:

Ganpatrao Kadam Marg
Lower Parel, Mumbai 400 013

Mumbai, dated, 20th April, 2000.



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:
- Reduction in consumption of power and water is an ongoing programme of the Company.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
- Further replacement of copper chokes by Electronic Ballasts on fluorescent fitting wherever possible is in process.
- (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 1999-2000	Previous Year 1998-99
A. Power and Fuel Consumption:		
1. Electricity:		
Purchase Unit (KWH in lacs)	155.65	133.67
Total Amount (Rs. in lacs)	513.57	361.35
Avg. Rate/Unit	3.30	2.70
2. Furnace Oil:		
Quantity (in KLS)	267.442	341.312
Total Cost (Rs. in lacs)	21.66	20.99
Avg. Rate (Rs. per KL)	8100.00	6150.00
B. Consumption per unit of Production:		
1. Electricity (KWH) - Yarn/Kg.	5.80	5.92
- Hos./Kg	11.93	3.16
2. Furnace Oil/LSHS(LTR) - Yarn/Kg.	0.065	0.099
- Hos./Kg	1.83	0.910

B. TECHNOLOGY ABSORPTION:

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

I. Research & Development:

- Specific area in which R & D carried out by the Company:
 - New products/process development.
 - Quality enhancement to achieve better standards. - Steps were taken to improve productivity and efficiency of winding by installing four Autoconers.
- Benefits derived as a result of the above R & D:
 - The above changes have helped in reducing cost per unit of production and maintaining better evenness in wound yarn.
- Further Plan of action:
 - The above activities shall continue and greater efforts in this direction will be made.
- Expenditure on R & D:
 - The expenditure is merged with various other heads of expenses.

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II. Technology absorption, adaptation and innovation:

1. Efforts in brief, made towards technology absorption, adaptation and innovation:
 - (a) Integrated Software System for Office and Spinning.
 - (b) Modification of electronic yarn clearer.
2. Benefits derived as a results of the above efforts:
 - (a) Technology upgradation.
 - (b) Reduction in the level of faults in outgoing yarn on cones.
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	52.00
- Total Foreign Exchange Earnings	—

For and on behalf of the Board of Directors,

Bansi S. Mehta
Chairman

REGISTERED OFFICE:

Ganpatrao Kadam Marg,
Lower Parel, Mumbai - 400 013
Mumbai, 20th April, 2000.

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, 2000.

Employed throughout the Financial Year under review and were in receipt of remuneration for that Financial Year in aggregate of not less than Rs. 6,00,000/- per annum or Rs. 50,000/- 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	60	40	01.01.70	7,31,890	—

- Notes: 1. The nature of employment of Managing Director is contractual for 5 years.
 2. Remuneration figures include Salary, H.R.A., Company's contribution to PF, 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.

For and on behalf of the Board of Directors

Bansi S. Mehta
Chairman

Mumbai, dated 20th April, 2000



AUDITORS' REPORT

We have audited the attached Balance sheet of THE DAWN MILLS COMPANY LIMITED, Mumbai as at 31st March, 2000 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 (Auditor's 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) Subject to non-provision of liability in respect of gratuity payable for the period prior to 1st July, 1988, as required under the standard on " Accounting for Retirement benefit in the Financial Statement of Employers" issued by the Institute of Chartered Accountants of India, in our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, in so far as they apply to the Company.
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to :
 - (1) non provision of :
 - i) Gratuity liability amounting to Rs. 1,46,70,778/- in respect of past years (see Note 6);
 - ii) Diminution in value of investment Rs. 1,50,150/- (see Note 7(a));
 - iii) Losses on account of investments in (including the Loans to) the subsidiary company (see Note 7(b)), to which extent the liabilities of the Company are understated and the Reserves are overstated; and
 - (2) non disclosure of amount(s) owed to Small Scale Industrial Undertakings (See Note 10), 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, 2000, and
 - (b) in the case of Profit & Loss Account, of the Loss of the Company for the year ended on that date.

Mumbai:
Dated : 21st April, 2000.

For CHANDRAKANT AND SEVANTILAL
Chartered Accountants
PRADEEP S. SHAH
Partner

The Dawn Mills Company Limited

ANNEXURE TO THE AUDITORS' REPORT ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2000 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 fixed assets as from the year 1964-65. 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 verification is reasonable.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, stores, 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 preceeding 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.
8. The Company has not granted any loans, secured or unsecured, to Companies, Firms, or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, except to its subsidiary, which is interest free. In our opinion terms and conditions thereof are not prima facie prejudicial to the interest of the Company. 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.
9. The parties to whom the loans or advances in the nature of loans are given are re-paying the principal amount as stipulated together with interest, wherever applicable.
10. In our opinion, and according to the information and explanations given to us, during the year under audit there are adequate internal control procedures commensurate with the size of the Company and nature of it's business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and also for sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions for purchase of goods and materials, and sale of goods and materials made in pursuance of contracts or arrangements entered in Register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market price for such goods and material at which transactions for similar goods or materials have been made with other parties.
12. As explained to us, the Company has a regular procedure to determine items of unserviceable or damaged stores, raw materials and finished goods. Adequate provision by way of estimated ad hoc deduction has been made in accounts for the loss that may arise on the items so determined.



13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder with regard to the deposits accepted from the public.
14. According to the information and explanations given to us, saleable scraps of insignificant value are generated during the manufacturing process and hence no records have been maintained in this respect. However, the company has in our opinion maintained reasonable records for sale and disposal of realisable by-products i.e. cotton waste.
15. The internal audit system, in our opinion, is adequate and commensurate with the size and nature of Company's business.
16. We have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that *prima facie* the prescribed accounts and records have been maintained.
17. According to the information and explanations given to us, and records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited with the appropriate authorities.
18. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income-tax, Wealth-Tax, Sales Tax, Customs Duty and Excise Duty which have remained outstanding as at 31st March, 2000 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses of employees or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning clause (0) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of the trading activities of the Company, damaged goods have been determined and provision has been made for the loss.
22. In respect of service activity of the Company i.e. processing work carried out on behalf of outside parties, we are informed that such processing jobs having been carried out together with overall process of manufacture of Company's products and it being not practicable to have specific authorisation and allocation of stores and man hours for relative jobs, the Company does not have such system in force. However, in our opinion and according to the information and explanations given to us, there is reasonable system of internal control in this regard.

Mumbai :
Dated : 21st April, 2000.

FOR CHANDRAKANT & SEVANTILAL
Chartered Accountants
PRADEEP S. SHAH
Partner