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No 7076

13th

ANNUAL REPORT

1997-1998



DEWAN

RUBBER INDUSTRIES LIMITED

1997



1998

1999

DEWAN

RUBBER INDUSTRIES LIMITED**BOARD OF DIRECTORS**

SHRI J.C. DEWAN
 SHRI V.S. DEWAN
 SHRI R.K. DEWAN
 SHRI K.L. DEWAN
 SHRI ANIL KUMAR DEWAN
 SHRI A.C. SHETH
 SHRI O.P. SAPRA
 SHRI S.K. VERMA
 SHRI K.R. GUPTA
 SHRI DEVENDER SINGH Nominee PICUP

BANKERS

BANK OF BARODA
 PUNJAB NATIONAL BANK
 STATE BANK OF PATIALA
 UTI BANK LTD.

AUDITORS

ASHOK & COMPANY
 CHARTERED ACCOUNTANTS

REGISTERED OFFICE

POST BOX NO. 143,
 VILLAGE RITHANI,
 DELHI-MEERUT ROAD,
 MEERUT-250001 (U.P.)

MARKETING & ADMN. OFFICE

- i) 131, MITTAL COURT B-WING,
NARIMAN POINT, MUMBAI-400021.
- ii) SURYA PLAZA, 1ST FLOOR, SARAI JULENA,
NEW FRIENDS COLONY, NEW DELHI-110025.

UNITS

- i) CYCLE TYRE & TUBE UNIT,
VILLAGE RITHANI,
DISTT. MEERUT (U.P.)
- ii) RECLAIM RUBBER UNIT
A-3, INDUSTRIAL AREA,
DISTT. GHAZIABAD (U.P.)
- iii) CALCIUM CARBONATE UNIT
BYE-PASS ROAD,
PARTAPUR,
DISTT. MEERUT (U.P.)
- iv) 100% EOU TYRE & TUBE UNIT,
VILLAGE RITHANI,
DISTT. MEERUT (U.P.)
- v) 100% EOU COTTON YARN UNIT,
VILLAGE DAURALA,
DISTT. MEERUT (U.P.)



DIRECTORS' REPORT

To,
The Members,
Dewan Rubber Industries Ltd.
Meerut.

The Directors of your Company have pleasure in presenting their Annual Report and Audited Statement of Accounts of the Company for the year ended 30th June, 1998 together with the Auditor's Report thereon.

FINANCIAL RESULTS:

PARTICULARS	CURRENT YEAR As at 30.06.98 (Rs.in lacs)	PREVIOUS YEAR As at 30.06.97 (Rs.in lacs)
Profit Before Interest Depreciation & Tax	3080.95	3574.99
Profit Before Tax	305.29	1148.33
Prior Period Previous Year Adjustments	-	0.44
Profit After Tax available for Appropriation	305.29	1107.39
Add : Carried Forward Balance of last year	2485.69	2062.25
TOTAL RS.	2790.98	3169.64
APPROPRIATIONS :		
Transfer to General Reserve	-	200.00
Debenture Redemption Reserve	230.00	230.00
Proposed Dividend on Equity Shares	-	253.95
Balance Carried over to Next Year	2560.98	2485.69
TOTAL RS.	2790.98.	3169.64

OPERATIONS:

During the year under review the Company has achieved turnover of Rs.20595.76 lacs as compared to Rs.21516.79 lacs achieved in 1996-97. Net Profit is Rs.305.29 lacs as against Rs.1107.39 lacs for Previous year. The decline is mainly on account of recessionary trend in the industry and increase in the prices of Raw Materials, Power and Loss due to fire at Textile unit etc.

The company has achieved Export turnover of Rs.5053.69 lacs during the year as against Rs.6746.69 lacs of Previous year 1996-97. The decline is mainly due to two major accident in 100% EOU Textile unit of the Company.

UTILISATION OF FUNDS:

The company made a Rights Issue of Equity Shares vide letter of offer dated 23rd May, 1995 and allotted 10570003 shares on 17.08.95. The proceeds of Rights Issue have been deployed for the working of the company.

Dewan RUBBER INDUSTRIES LIMITED

PROFITABILITY:

The projections of profitability which the Company reported in the Letter of Offer dated 23rd May 1995 and the profitability that the Company achieved are given below:-

<u>Particulars</u>	<u>Projections as per Letter of Offer</u>	<u>Actual Performance</u>
Total Income (Rs.)	24765.00 lacs	20874.62 lacs
Profit After Tax (Rs.)	2444.00 lacs	305.29 lacs
E.P.S. (Rs.)	11.55	1.44

The downfall in the actual operations and profitability in comparison with the projections has been mainly due to the following reasons :

- i. The EPS for the current year has been affected due to heavy recession in the domestic and international market, resulting in longer credit period, which increased the interest cost.
- ii. Increase in prices of petrolium product based Raw Materials.
- iii. Two major accidents at 100% EOU Cotton Yarn division during the year adversely affected the performance & profitability of the unit.

DIVIDEND:

The company has not made substantial profit during the year under review, therefore directors are not recommending any dividend for the year ending 30th June, 1998. Further, keeping in view of the liquidity crises which the company has been facing, the Board of Directors have recommended for the revocation of Dividend declared for the year 1996-97.

FIXED DEPOSITS:

The amount of the Fixed Deposit accepted from the public during the year under review is within prescribed limits. 26 Fixed Deposits aggregating Rs.2,98,400/-were unclaimed at the end of the year. Subsequently 13 Fixed deposits aggregating Rs.1,60,000/- have been repaid. The 8 Fixed deposits amounting of Rs.80,84,250/- were claimed but not paid as at 30-06-1998, out of which 6 Fixed deposits aggregating Rs.74,250/- have been paid till date.

DIRECTORS:

Since the last Annual General Meeting, the following changes have taken place in the Board of Directors of your Company.

In accordance with the provisions of The Companies Act, 1956 and the Articles of Association, of the company **Shri S.K. Verma**, **Shri O.P. Sapra**, and **Shri Anil Kumar Dewan** retire by rotation and being eligible offer themselves for re-appointment.

**AUDITORS:**

M/s ASHOK & COMPANY, Chartered Accountants, Meerut, Auditors of the Company will retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished a certificate to the effect that the re-appointment, if made, will be in accordance with Sub section (1B) of Section 224 of the Companies Act, 1956.

HUMAN RELATIONS :

A harmonious industrial relations climate continued to prevail in the organisation, strengthening the well established traditions of the future growth of employees through sustained growth of the company.

PARTICULARS OF EMPLOYEES :

As per Section 217(2A) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) rules 1975 vide GSR No. 752(E) dated 17.10.94 regarding employees, is not given as there are no employees covered under the said provisions.

OTHER INFORMATION:

The information required under Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 given in Annexure which forms part of the Directors' Report.

ACKNOWLEDGEMENT :

Your Directors place on record their great appreciation and gratitude to the company's members for their continued support and confidence.

Your Directors wish to thank and deeply acknowledge the co-operation and assistance extended by the Bankers, Government authorities, Financial Institutions and other business associates. The Board would also like to take this opportunity to commend the employees of the company at all levels for their contribution to the success of the company.

On Behalf of the Board of Directors

PLACE : **MEERUT**
DATE : **30-10-1998**

Sd/-
(V.S. DEWAN)
Chairman

DEWAN RUBBER INDUSTRIES LIMITED

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY :

Energy conservation measures taken:

- a) Energy conservation is receiving high priority, and major steps towards energy conservation are being taken by the Company on a continuous basis.
 1. Closely monitors energy consuming equipments.
 2. Maintains close liaison between energy generating centers and consuming points.
 3. Makes optimum use of steam.
- b) Additional investments and proposals are being implemented for reduction of consumption of energy. The Management endeavours to reduce consumption of energy and explorations/research in new areas for reduction in energy consumption.
- c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production.
The measures taken above for reduction in energy consumption and help to reduce the dependency on State Supplied power and stabilisation of production with the reduction in cost of production.
- d) Total energy consumption and energy consumption per unit of production as per Form A of the ANNEXURE to the Rules.

FORM "A"

FORM FOR THE DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSUMPTION OF ENERGY

A. POWER & FUEL CONSUMPTION:

PARTICULARS	CURRENT YEAR ENDED 30.06.98	PREVIOUS YEAR ENDED 30.06.97
1. POWER:		
a) Purchased: Units (Lacs)	130.49	128.17
Total Amount (Rs.in lacs)	560.19	457.09
Rate/Unit (Rs.)	4.29	3.56
b) Own Generation:		
Through Diesel Generator (Units in lacs)	153.44	174.12
Units Per Liter of Diesel Oil	3.37	3.23
Cost/Unit	3.09	2.67



PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	ENDED 30.06.98	ENDED 30.06.97
2. Coal: Quantity (Tonnes)	10774.63	10483.90
Total Cost (Rs. in lacs)	323.24	325.00
Average Rate/Tonne	3000.00	3100.00
3. Furnace Oil: Quantity (Kilo Liter)	719.16	1273.88
Total Amount (Rs.in lacs)	51.25	96.56
Average Rate (Rs./Kilo Liter)	7.13	7.58

B. CONSUMPTION PER UNIT OF PRODUCTION:

There is no specific standard for the per unit consumption of electricity, as the consumption per unit depends on the production.

FORM "B"

1. RESEARCH & DEVELOPMENT :

i) Specific areas in which R&D carried out by the Company :

The Company has installed proper laboratories at its various plants for the better study of its products quality.

ii) Benefits derived as a result of above R&D :

Reduction in cost of out put, improvement of quality, better marketability.

iii) Future plan of action :

The above activities shall continue and more efforts in this direction will be made.

iv). Expenditure on R & D :

No System of separate maintainance of R & D records has yet developed.
The expenditure is merged with various other heads of expenses.

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

i). THE EFFORTS IN BRIEF TOWARDS TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION. THE PLANTS ARE BASED ON INDIGENOUS TECHNOLOGY. EVERY EFFORT IS BEING MADE TO KNOW THE LATEST DEVELOPMENT IN TECHNOLOGY IN INDIA AS WELL AS ABROAD.

ii). BENIFITS DERIVED AS A RESULT OF THE ABOVE EFFORTS E.G. OUTPUT IMPROVEMENT, COST REDUCTION, PRODUCT DEVELOPMENT, IMPORT SUBSTITUTION.

IT HAS HELPED THE COMPANY TO IMPROVE THE QUALITY OF PRODUCTS ACCORDING TO THE NEED OF THE MARKET.

iii). DETAILS OF IMPORTED TECHNOLOGY : NOT APPLICABLE.

3. FOREIGN EXCHANGE USED AND EARNED:

PARTICULARS	(RS. IN LACS)	
	YEARS (1997-98)	(1996-97)
i) Foreign Exchange earned including direct and indirect Exports.	5053.69	6746.69
ii) Foreign Exchange used.	280.33	448.31

On Behalf of the Board of Directors

Sd/-

(V.S. DEWAN)

Chairman

PLACE : MEERUT

DATE : 30-10-1998