



14th

ANNUAL REPORT

1998-99

DEWAN
RUBBER INDUSTRIES LIMITED

DEWAN RUBBER INDUSTRIES LIMITED

BOARD OF DIRECTORS

SHRI J.C. DEWAN
 SHRI V.S. DEWAN
 SHRI R.K. DEWAN
 SHRI K.L. DEWAN
 SHRI A.C. SHETH
 SHRI O.P. SAPRA
 SHRI S.K. VERMA
 SHRI K.R. GUPTA
 SHRI DEVENDER SINGH
 SHRI KAMAL KISHORE
 SHRI H.N. DHYANI

Nominee PICUP
 Nominee IFCI
 Addl. Director

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) CHAMBER NO.A, A TO Z BUSINESS CHAMBERS,
 30, TAMARIND LANE, FORT,
 MUMBAI - 400 023
- ii) SURYA PLAZA, 1ST FLOOR, SARAI JULENA,
 NEW FRIENDS COLONY, NEW DELHI-110025.

UNITS

- i) CYCLE TYRE & TUBE UNIT,
 VILLAGE RITHANI,
 MEERUT (U.P.)
- ii) RECLAIM RUBBER UNIT
 A-3, INDUSTRIAL AREA, DELHI ROAD,
 GHAZIABAD (U.P.)
- iii) CALCIUM CARBONATE UNIT
 BYE-PASS ROAD,
 PARTAPUR,
 MEERUT (U.P.)
- iv) 100% EOU TYRE & TUBE UNIT,
 RITHANI,
 MEERUT (U.P.)
- v) 100% EOU COTTON YARN UNIT,
 DAURALA,
 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, 1999 together with the Auditor's Report thereon.

FINANCIAL RESULTS:

PARTICULARS	CURRENT YEAR As at 30.06.99 (Rs.in lacs)	PREVIOUS YEAR As at 30.06.98 (Rs.in lacs)
Profit Before Interest Depreciation & Tax	101.46	3080.95
(Loss)/Profit Before Tax	(2944.17)	305.29
Prior Period Previous Year Adjustments	6.98	-
(Loss)/Profit After Tax available for Appropriation	(2937.19)	305.29
Add : Carried Forward Balance of last year	2560.98	2485.69
TOTAL RS.	(376.21)	2790.98
APPROPRIATIONS :		
Advance Licence & Export Incentive w/o	2396.71	-
Provision for Doubtful Debts	230.00	-
Debenture Redemption Reserve	-	230.00
Earlier year provisions for dividend	(279.34)	-
Balance Carried over to Profit & Loss A/c	(2723.58)	2560.98
TOTAL RS.	(376.21)	2790.98

OPERATIONS:

The turnover of the company has been low during the year under consideration due to lower capacity utilisation in the main unit where Bicycle/Rickshaw tyres & tubes are being manufactured. A No. of manufacturers have entered in the domestic market from the unorganised sector and thus there is a tough competition in the domestic market. Moreover, they have also reduced their product value and also giving long credit period to the customers and this has affected the sales in the domestic market badly.

During the year under consideration the performance in export market has also affected and could achieved only Rs.47.57 Crores as against Rs.50.54 Crores in the previous year, though the quantity is higher then the previous year. This drastic export fall is due to devaluation of currency in South East Asian Countries.

Due to the poor industrial scenario through out the country, tough competition, fall in product price in the domestic as well as international market, hike in raw material prices and in adequate working capital, the company could not maintain the track record of its profitability and thus incurred losses in the year under review.

DEWAN RUBBER INDUSTRIES LIMITED

DIVIDEND:

In view of the losses and adverse condition of industrial scenario, no dividend is being recommended for this year.

TECHNOLOGICAL UPGRADATION AND MODERNISATION :

The year 1998-99 was identified for technology upgradation and modernisation in order to improve the working performance and profitability of the company in the future.

The company has accordingly submitted its requests with the institutions for the analysis of the various components and to approve the reschedulment / restructuring of the dues and product mix to improve the liquidity and the profitability for the revival of the operational parameters.

The institutions led by IFCI have approved the restructuring for the implementation of energy conservation cum product mix upgradation scheme to reduce the cost of power and steam generation and to produce the latest product mix to fight the competition in the near future and also suggested various cost effective measures for the reduction in the cost of factory overheads, selling and administrative expenses alongwith the rescheduling of outstanding debts and funding of interest for the strengthen the liquidity of the company.

PROSPECTS FOR THE CURRENT YEAR :

Your company plans to introduce new varieties of low weight tyres and tubes and fine counts of cotton yarn in the domestic & international market for the better realisation, to strengthen its market position and complements its existing products portfolio.

DISCLOSURE OF INFORMATION PURSUANT TO PROVISIONS OF LISTING AGREEMENT WITH STOCK EXCHANGE :

The equity shares of the company are listed on Kanpur, New Delhi, Calcutta, Mumbai and Ahmedabad Stock Exchanges and the Annual listing fee has been paid to the aforesaid five stock exchanges except as mentioned hereunder :

S.No.	NAME OF THE STOCK EXCHANGE	AMOUNT FOR THE YEAR 1998-99 (Rs.)	AMOUNT FOR THE YEAR 1999-2000 (Rs.)
1.	The U.P.Stock Exchange Association Ltd.,	-	60000
2.	The Delhi Stock Exchange Association Ltd.,	-	30000
3.	The Calcutta Stock Exchange Association Ltd.,	26250	26250
4.	The Stock Exchange Mumbai,	-	20750
5.	The Stock Exchange Ahmedabad,	30000	30000

Moreover, the trading of the shares of the company at Delhi Stock Exchange has been suspended.

Y2K COMPATIBILITY :

The company has taken adequate steps to upgrade all its Systems, Software and equipments including computers to make it Y2K compatible. The company does not expect major expenditure on this account. Besides, most of the systems have already been made Y2K compatible and remaining task is expected to be completed in time and hence company does not expect any risk or substantial expenditure on Y2K preparedness.

**FIXED DEPOSITS:**

37 Fixed Deposits aggregating Rs.4,00,700/-were unclaimed at the end of the year. Subsequently 14 Fixed deposits aggregating Rs.2,05,000/- have been repaid. 68 Fixed deposits amounting of Rs.1,40,30,000/- were claimed but not paid as at 30-06-1999, out of which 16 Fixed deposits aggregating Rs.12,73,952/- have been paid till date and also two deposits aggregating Rs.1,30,50,000/- have been deferred..

DIRECTORS:

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

Shri Kamal Kishore, a nominee of IFCL has been appointed w.e.f. 28/01/99.

Shri Anil Kumar Dewan ceased to be Director w.e.f. 24/04/99.

Shri H.N.Dhyani has been appointed as an additional Director.

In accordance with the provisions of The Companies Act, 1956 and the companies Articles of Association, of the company **Shri K.L. Dewan, Shri R.K. Dewan,** and **Shri K.R.Gupta** 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.

ACKNOWLEDGMENT:

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.

On Behalf of the Board of Directors

PLACE : **MEERUT**

DATE : **24-11-1999**

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 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 30.06.99	PREVIOUS YEAR ENDED 30.06.98
1. POWER:		
a) Purchased: Units (Lacs)	58.61	130.49
Total Amount (Rs.in lacs)	269.01	560.19
Rate/Unit (Rs.)	4.59	4.29
b) Own Generation:		
Through Diesel Generator (Units in lacs)	177.52	153.44
Units Per Liter of Diesel Oil	3.30	3.37
Cost/Unit	3.10	3.09



PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	ENDED 30.06.99	ENDED 30.06.98
2. Coal: Quantity (Tonnes)	4682.02	10774.63
Total Cost (Rs. in lacs)	149.82	323.24
Average Rate/Tonne	3200.00	3000.00
3. Furnace Oil: Quantity (Kilo Liter)	324.72	719.16
Total Amount (Rs. in lacs)	32.73	51.25
Average Rate (Rs./Kilo Liter)	10.08	7.13

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 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	YEARS	(RS. IN LACS)	
		(1998-99)	(1997-98)
i) Foreign Exchange earned including direct and indirect Exports.		4756.99	5053.69
ii) Foreign Exchange used.		146.39	280.33

On Behalf of the Board of Directors

Sd/-

PLACE : MEERUT
DATE : 24-11-1999

(V.S. DEWAN)
Chairman