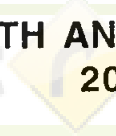




**THE DAWN MILLS
CO. LTD**

**89TH ANNUAL REPORT
2001-2002**

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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 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 400 001

Solicitors

DHRU & CO., MUMBAI 400 001

Registered Office and Mills

GANPATRAO KADAM MARG

LOWER PAREL, MUMBAI 400 013

Phone: 4964510-16, Fax:(91-22) 4939567

E-mail : dawnmill@vsnl.com

Registrar and Share Transfer Agent

R & D Consultants Ltd.

610, Dalamal Tower, 6th Floor

211, Nariman Point, Mumbai 400 021

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. 712, Narayan Peth, Laxmi Road, Poona 411 030
7. Booty Estate, Variety Chowk, Sitabuldi, Nagpur 440 012.

The Dawn Mills Company Limited

NOTICE

Notice is hereby given that the Eighty-ninth Annual General Meeting of The Dawn Mills Company Limited will be held on Wednesday, the 24th July, 2002 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 & Loss Account of the Company for the year ended 31.03.2002 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Mr. R. Goenka who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. D.B. Dhruv who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. C.H. Mirani 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.
7. To consider and if thought fit, to pass with or without modification the following resolution as Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions if any, of the Companies Act, 1956 and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies the following Clauses in the Articles of Association of the Company be and are hereby altered in the following manner:"

Insert the following heading and Article alongwith marginal notes as Article 61 (A) after Article 61.

Dematerialisation of Securities:

For the purpose of this Article, unless the context otherwise requires:

A. Definitions:

Beneficial Owner:

Beneficial Owner means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

Bye-Laws:

Bye-laws means Bye- laws made by a Depository under Section 26 of the Depositories Act, 1996.

Depositories Act:

Depositories Act means the Depositories Act, 1996, and any statutory modification or re-enactment thereof for the time being in force.

Depository:

Depository means a Company formed and registered under the Companies Act, 1956 (1 of 1956) ("the Act") and which has been granted a certificate of registration under Sub- Section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).

**Record:**

Record includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI.

Regulation:

Regulation means the regulation made by SEBI.

SEBI:

SEBI means the Securities and Exchange Board of India.

Shareholder or Member:

Shareholder or Member means the duly registered holder, from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also every person holding Equity Shares of the Company as also one whose name is entered as a beneficial owner of the shares in the records of a Depository.

Participant:

Participant means a person registered as such under Section 12 (1A) of the Securities and Exchange Board of India Act, 1992.

Security:

Security means such security as may be specified by the SEBI.

Words importing the singular number include the plural number and vice versa according to the context.

Words importing persons include Corporations.

Words and expressions used and not defined in the Act but defined in the Depositories Act shall have the same meanings respectively assigned to them in that Act.

B. Company to recognise interest in dematerialised Securities under Depositories Act:

Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.

C. Dematerialisation of Securities:

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, (both existing and future) held by it with the Depository and to offer its shares for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any.

D. Option for Investors:

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates

The Dawn Mills Company Limited

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- of securities. Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.
- E. Securities in Depositories to be in fungible form:
- All Securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.
- F. Rights of Depositories and Beneficial owners:
- i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;
 - ii) Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it;
 - iii) Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.
- G. Beneficial Owner deemed as absolute Owner:
- Except as ordered by a court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the register of members as the holder of any share or where the name appears as the beneficial owner of shares in the records of the depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by this Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.
- H. Depository to furnish information:
- Notwithstanding anything to the contrary contained in the Act or these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies and discs.
- I. Cancellation of Certificates upon surrendered by a person:
- Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.
- J. Option to opt out in respect of any Security:
- If a beneficial owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall in respect of information as
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above make appropriate entries in its records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial Owner or the transferee as the case may be.

K. Service of documents:

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or disks.

L. Provisions of Articles to apply to shares held in Depository:

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act.

M. Allotment of Securities dealt with by a depository:

Notwithstanding anything in the Act, or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

N. Distinctive number of Securities held in a depository:

The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner herein before mentioned, no share shall be subdivided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

O. Register and index of Beneficial Owner:

The Company shall cause to be kept a Register and Index of Members in accordance with Section 151 of the Act respectively, and the Depositories Act, with details of shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owner maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Shareholders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or Country outside India a branch Register of Members resident in that State of country.

P. Register of Transfers:

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.

Q. Sections 83 & 108 of the Act, not to apply:

Notwithstanding anything to the contrary contained in the Articles -

- i) Section 83 of the Act shall not apply to the shares with a Depository.
- ii) Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

The Dawn Mills Company Limited

R. Stamp duty on securities held in dematerialised form:

No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.

S. Applicability of the Depositories Act:

In case of transfer of shares and other marketable securities, where the Company has not issued any certificate and where such shares are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

T. Company to recognise the Rights of Registered holders as also the beneficial owners in the records of the depository:

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

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 29th April, 2002.

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. Explanatory Statement as required u/s.173(2) of the Companies Act, 1956 in respect of the above items is annexed hereto and forms part of the Notice.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 9th July, 2002 to Wednesday, the 24th July, 2002 (both days inclusive).
4. Members, who hold shares in dematerialised form are requested to bring their client ID and DPID numbers for easier identification of attendance at the meeting.
5. All documents referred to in the accompanying Notice and the explanatory statement are open for inspection at the Registered Office of the Company during Office Hours on all working days between 11.00 a.m. to 12.30 p.m. upto the date of the Annual General Meeting.
6. The shareholders can contact or write to the Company's Registrars and Share Transfer Agents M/s. R & D Consultants Ltd., 610, Dalamal Towers, 6th Floor, 211, Nariman Point, Mumbai 400 021.
7. Consequent upon the amendment to Section 205A and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed or unpaid for



a period of seven years shall be transferred to Investor Education and Protection Fund established by the Central Government and no claim thereof shall lie against this Fund or the Company on the expiry of the said period of seven years.

Members are requested to send unclaimed/unpaid dividend warrants, if any, for the years 1995-96 to 2000-01 to the Registered Office of the Company at their earliest, for payment in lieu thereof.

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 Resolution mentioned in the accompanying Notice dated 29th April, 2002.

Item No.7

The Securities & Exchange Board of India (SEBI) has made it compulsory to dematerialise the trading of Company Securities by all classes of investors consequent to the enactment of the Depository Act, 1996 by the Parliament. Your Company has entered into separate agreements with National Security Depository Limited (NSDL) and Central Depository Services (India) Ltd (CDSL) for admitting your Company's Securities to be traded in dematerialised form. The Depository's Act 1996 amended some of the provisions of the Companies Act 1956 particularly on matters relating to issue, holding transfer, transmission and dealing in Shares and other Securities and also issue of relevant Share Certificates thereof so as to facilitate the introduction and implementation of the Depository System.

In order to give effect to the above provisions under the enactments, it has become necessary to alter the Articles of Association of the Company by incorporating the Clauses as contained in the Special Resolution under Item No.7. The Directors of your company commend the Resolution for approval of the members. None of the Directors of the Company is concerned or interested in the said resolution. A copy of the Memorandum and Articles of Association of the Company together with proposed alterations is available for inspection by the members of the Company at its Registered Office during working hours between 11.00 a.m. to 12.30 p.m. or any working day prior to the date of the meeting.

By order of the Board of Directors

V.Ravi
General Manager-Finance
& Company Secretary

Regd.Office:
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013

Mumbai, dated 29th April, 2002

The Dawn Mills Company Limited

DIRECTORS' REPORT

To
The Members of
The Dawn Mills Company Limited

- The Directors hereby present their Eighty-ninth Annual Report together with the audited Statement of Accounts for the year ended 31st March, 2002.

2. Financial Results	2001-02 (Rupees)	2000-01 (Rupees)
Gross Profit	1,28,69,741	1,16,88,158
Depreciation	(95,26,741)	(85,47,930)
Provision for doubtful debts/advances no longer required	1,37,923	22,06,992
(Debits)/Credits relating to earlier years	(33,866)	2,98,119
Provision for taxation	—	(10,00,000)
Deferred Tax	(9,44,153)	—
Income tax in respect of earlier years	(24,97,760)	(3,76,063)
Transfer from Investment Allowance (Utilised) Reserve	5,00,000	30,00,000
Balance brought forward from last account	2,93,69,988	2,39,38,712
	<u>2,98,75,132</u>	<u>3,12,07,988</u>
Appropriations		
Transfer to General Reserve	25,000	1,85,000
Proposed Dividend @ 12% (Previous Year @ 12%)	15,00,000	15,00,000
Corporate Dividend Tax and		
Surcharge thereon	—	1,53,000
Balance carried to Balance Sheet	2,83,50,132	2,93,69,988
	<u>2,98,75,132</u>	<u>3,12,07,988</u>

As for the qualification in paragraph 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, 2002 at the rate of 12% (i.e. Rs. 6/- per share) on 2,50,000 Equity Shares of Rs. 50/- each, fully paid. If approved, dividend aggregating Rs.15,00,000/- will be paid out of the Profits.

4. Performance

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.4648 lacs during the preceding year to Rs.3708 lacs.

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 is continuing to modernise its manufacturing process. During the year, it undertook replacement of 4 L.R. Drawing Frames by 3 LRSB 851 Drawing Frames with Auto Levellers. The Company also replaced 18 NMM Super Spinner Mark I by a set of 9 LRS/6 Long Length Ring Frames. It also installed a new Spindle Oil Lubrication Machine and Injection Slub Motion Attachment Unit.

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, 2002 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 4 years. However, the management has been able to start trading activities of ladies undergarments a few months back.

7. Public Deposits

The Company has not accepted any Fixed Deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules framed thereunder. (The unclaimed deposits aggregating to Rs.9,000/- have been credited to Investor Education and Protection Fund as per sub-section (1) of Section 205C of the Companies Act, 1956).

8. Insurance

All the properties of the Company including building, plant and machinery, stocks, loss of profits and standing charges 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, D.B. Dhruv and C.H. Mirani 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