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**THE DAWN MILLS
CO. LTD.
91ST ANNUAL REPORT
2003-2004**



The Dawn Mills Company Limited

BOARD OF DIRECTORS

SHRI BANSI S. MEHTA - *CHAIRMAN*
SHRI RAJEEV GOENKA
SHRI M.G. PITTIE
SHRI D.B. DHRUV
SHRI N.P. JHUNJHUNWALA
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

M/S.CHANDRAKANT & SEVANTILAL, MUMBAI 400 001

Solicitors

M/S. DHURU & CO., MUMBAI 400 001

Registered Office and Mills

GANPATRAO KADAM MARG
LOWER PAREL, MUMBAI 400 013
Phone:24964510-16, Fax:24939567
E-mail:dawnmill@vsnl.com

Registrar and Share Transfer Agent

BIGSHARE SERVICES PVT.LTD.
E-2/3, ANSA INDUSTRIAL ESTATE
SAKIVIHAR ROAD, SAKI NAKA
ANDHERI (E), MUMBAI 400 072
Phone:28523474/28560652/53
Fax :28525207
E-mail:bigshare@bom7.vsnl.net.in

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. Super Shopping Centre, Swami Vivekanand Road, Andheri (W), Mumbai 400 058
5. 712, Narayan Peth, Laxmi Road, Poona 411 030
6. Booty Estate, Variety Chowk, Sitabuldi, Nagpur 440 012.

The Dawn Mills Company Limited

NOTICE

Notice is hereby given that the Ninety-first Annual General Meeting of The Dawn Mills Company Limited will be held on Friday, the 23rd July, 2004 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 31st March, 2004 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. M.G. Pittie, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. D.B. Dhruv, 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 modification, 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 Ramniwas Ruia, as the Managing Director of the Company for a further period of 5 years with effect from 1st January, 2005 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 Nirmalkumar Ramniwas Ruia produced at this meeting and, for the purpose of identification, initialed 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 further period of 5 years with effect from 1st July, 2004 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 Ravindrakumar Vinaykumar Ruia produced at this meeting and, for the purpose of identification, initialed 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.

Mumbai, dated 23rd April, 2004.

V. Ravi
General Manager-Finance
& Company Secretary.

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 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.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 7th July, 2004 to Friday, the 23rd July, 2004 (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 in any working days except Sundays and holidays between 11.00 a.m. & 12.30 p.m. upto the date of the Annual General Meeting.
6. The shareholders can contact or write to the Company's Registrar and Share Transfer Agent M/s. Bigshare Services Pvt.Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai 400 072 regarding change of address or transfer of shares or demat facilities, if any.
7. Unpaid/unclaimed dividend for 1996-97 will be due for transfer to the Investor Education & Protection Fund of the Central Government on the 31st August, 2004 pursuant to the provisions of Section 205A of the Companies Act, 1956. Members who have not yet encashed their dividend warrants for the financial year ended 31.03.1997 or any subsequent year(s) are requested to claim the dividend(s) by writing to the Share Department at Registered Office of the Company. No separate intimation will be sent to the individual shareholders in this regard.
8. Unclaimed dividends for the year 1995-96 were transferred to the Investor Education and Protection Fund during 2003 pursuant to Section 205A read with 205C of The Companies Act, 1956.
9. Shareholders are requested to bring the Annual Report at the time of the Annual General Meeting.

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 23rd April, 2004.

ITEM No.7 AND 8

The Board of Directors at their meeting held on 23rd April, 2004 considered the re-appointment of Shri N.R.Ruia as the Managing Director of the Company for a further period of five years with effect from 1st January, 2005 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 the 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 reappointment 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.50,000 per month in the scale of Rs.50000-3000-62000 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 & Allowance
 - 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
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.39,000 per month in the scale of Rs.39000-2000-47000 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 & Allowance
 - 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
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.



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 ceiling 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 the 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. & 12.30 p.m.

By order of the Board of Directors

Regd. Office:

Ganpatrao Kadam Marg
Lower Parel

Mumbai 400 013

Mumbai, dated 23rd April, 2004

V. Ravi
General Manager-Finance
& Company Secretary

The Dawn Mills Company Limited

DIRECTORS' REPORT

To

The Members of
The Dawn Mills Company Limited

- The Directors hereby present their Ninety-first Annual Report together with audited Statement of Accounts for the year ended 31st March, 2004.

2. Financial Results

	2003-04 (Rupees)	2002-03 (Rupees)
Gross Profit	3,13,92,031	1,50,92,979
Depreciation	(90,39,560)	(92,79,458)
Credits relating to earlier years	2,68,478	6,09,630
Provision for taxation	(1,11,00,000)	(15,00,000)
Deferred Tax	61,25,462	3,16,743
Income tax in respect of earlier years	-	(2,38,228)
Excess provision of Income Tax written back	14,57,475	-
Balance brought forward from last account	3,15,29,610	2,83,50,132
	5,06,33,496	3,33,51,798
Appropriations		
Transfer to General Reserve	14,35,000	1,30,000
Proposed Dividend @ 20% (Previous Year @ 12%)	25,00,000	15,00,000
Corporate Dividend Tax	3,20,313	1,92,188
Balance carried to Balance Sheet	4,63,78,183	3,15,29,610
	5,06,33,496	3,33,51,798

As regards the qualification in the Auditors' Report concerning non-provision in respect of gratuity liability upto the year ended on 30.06.1988, the details given in the Directors' Report to the Members for the year ended 31st March, 2003 stand unchanged and therefore, is still to be provided for.

As for the qualifications in paragraph 4(f) of the Auditors' Report regarding the diminution/losses in the amount of investment, 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, 2004 at the rate of 20% (i.e. Rs.10/- per share) on 2,50,000 Equity Shares of Rs. 50/- each, fully paid. If approved, dividend aggregating Rs.25,00,000/- will be paid out of the Profits.

4. Performance

The Directors are pleased to report that inspite of increase in prices of raw materials and continuous rise in cost of stores, wages, dearness allowance and other inputs, the working results of your Company for the



year under report have shown marked improvements. The gross sales amounted to Rs.4977 lacs as against 4502 lacs in the preceding year, thereby resulting in an increase by 10.55%. The factors which have contributed in turning out a better performance have been a good monsoon, increased consumer demand, better realisations and improvement and efficiency in production resulting from modernisation coupled with appropriate changes in product mix. Also, the management's sustained efforts in effecting economy and controlling costs at all levels have gone a long way in nullifying the adverse effects of cost increases.

5. 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, 2004 are attached to the Balance Sheet of the Company. As reported in the Directors' Report of the said Company annexed to these accounts, the subsidiary Company continued with the trading activities of ladies undergarments during the year.

6. Public Deposits

The Company has not accepted any Fixed Deposits within the meaning of Section 58A of The Companies Act, 1956 and the rules framed thereunder.

7. Insurance

All the properties of the Company including building, plant and machinery, stocks, loss of profits and standing charges are adequately insured.

8. 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.

9. 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.

10. 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.

11. Directors

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company, Shri R.G. Goenka, Shri M.G. Pittie and Shri D.B. Dhruv retire from the Board of Directors by rotation and are eligible for reappointment.

12. Particulars of Employees

None of the employees is in receipt of remuneration for the year, which in aggregate was more than the limit prescribed under Section 217(2A) of The Companies Act, 1956, and rules made thereunder.

13. Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors state as under :

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

The Dawn Mills Company Limited

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- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
 - (iv) that the directors had prepared the annual accounts on a going concern basis.

14. Dematerialisation of Shares:

As on 31.03.2004, 70,985 Shares of the Company stand dematerialised.

15. 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.

16. 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

Regd. Office:

Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013

Mumbai, dated, 23rd April, 2004.





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 thermal, water and electricity energy consumption is an ongoing programme of the Company.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: Nil
- (c) Impact of measures at (a) 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 2003-04	Previous Year 2002-03
A. Power and Fuel Consumption:		
1. Electricity:		
Purchase Unit (KWH in lacs)	167.05	162.17
Total Amount (Rs. in lacs)	628.84	667.69
Avg. Rate/Unit	3.76	4.12
2. Furnace Oil:		
Quantity (in KLS)	70.030	153.833
Total Cost (Rs. in lacs)	8.83	18.32
Avg. Rate (Rs. per KL)	12601.91	11912.12
B. Consumption per unit of Production:		
1. Electricity (KWH)		
- Yarn/Kg.	5.65	6.20
- Hos./Kg	—	5.37
2. Furnace Oil/LSHS(LTR)		
- Yarn/Kg.	0.02	0.06
- Hos./Kg	—	1.12

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:
 - New products/process development.
2. Benefits derived as a result of the above R & D:
 - Quality enhancement to achieve better standards.
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.