



**93RD ANNUAL REPORT
2005 - 2006**

THE DAWN MILLS COMPANY LIMITED**BOARD OF DIRECTORS****Ms Urvi A Piramal***Chairperson***Mr Rajeev A Piramal****Mr Jaydev Mody****Mr Kamal M Tibrewala****Ms Alpana Chinai****Mr Chetan Nage***Company Secretary***AUDITORS :****M/s Chandrakant & Sevantilal***Chartered Accountants***BANKERS :****HDFC Bank Limited****REGISTERED OFFICE :**

106, Peninsula Centre,
Dr S S Rao Road,
Parel, Mumbai - 400 012

SHARE TRANSFER AGENT**Nasik Processing Unit****Amtrac Management Services Limited**

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Mumbai Administrative Office**Amtrac Management Services Limited**

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Annual General Meeting of the Company will be held on **Wednesday, the 17th January, 2007 at 3.00 p.m.** at Walchand Hirachand Hall, Indian Merchants' Chambers Building, Churchgate, Mumbai - 400 020

THE DAWN MILLS COMPANY LIMITED

NOTICE

Notice is hereby given that the Ninety-third Annual General Meeting of the members of The Dawn Mills Company Limited will be held on Wednesday, the 17th day of January, 2007 at 3.00 p.m. at Walchand Hirachand Hall, Indian Merchants' Chambers Building, Churchgate, Mumbai - 400 020 for the purpose of transacting the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 30th June, 2006 and the Profit and Loss Account for the 15 months period ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

3. To consider and, if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Ms Urvi A Piramal, who was appointed as an Additional Director of the Company on 13th March, 2006 under Section 260 of the Companies Act, 1956 and as per Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company."

4. To consider and, if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr Rajeev A Piramal, who was appointed as an Additional Director of the Company on 13th March, 2006 under Section 260 of the Companies Act, 1956 and as per Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company."

5. To consider and, if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr Jaydev Mody, who was appointed as an Additional Director of the Company on 13th March, 2006 under Section 260 of the Companies Act, 1956 and as per Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company."

6. To consider and, if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Ms Alpana Chinai, who was appointed as an Additional Director of the Company

on 14th March, 2006 under Section 260 of the Companies Act, 1956 and as per Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company."

7. To consider and, if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr Kamal Tibrewala, who was appointed as an Additional Director of the Company on 14th March, 2006 under Section 260 of the Companies Act, 1956 and as per Articles of Association of the Company and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 10th January, 2007 to Wednesday, 17th January, 2007 (both days inclusive).
4. Unpaid / unclaimed dividend for the financial year ended 31st March, 2000 will be due for transfer to the Investor Education and Protection Fund on 14th September, 2007 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 31st March, 2000 or any subsequent year(s) are requested to claim the dividend(s) by writing to the Registrar and Share Transfer Agents, Amtrac Management Services Limited. No separate intimation will be sent to the individual shareholders in this regard.
5. Pursuant to Section 205C of the Companies Act, 1956, unclaimed dividend for the financial year ended 31st March, 1999 has been transferred to Investor Education and Protection Fund.
6. Section 109A of the Companies Act, 1956 permits nomination by shareholders of the Company in the prescribed Form No 2B. Shareholders are requested



to avail this facility. The duly filled in and signed Form No 2B should be sent to the Share Transfer Agents of the Company at their Nasik address.

7. In order to render better and efficient services, we request you to consolidate the multiple folios which are in the same names and in identical order. Consolidation of folios does not amount to transfer of shares and therefore no stamp duty or other expenses are payable by you. In case you decide to consolidate your folios, you are requested to forward your share certificates to the Share Transfer Agents of the Company at their Nasik address.
8. Members holding shares in physical form are requested to immediately intimate to the Company/ Share Transfer Agents, changes, if any, in their registered addresses alongwith the pin code number. Members holding shares in dematerialised mode are requested to forward intimation for change of address, if any, to their respective depository participants.
9. Trading in the Company's shares through stock exchange is permitted only in dematerialised/ electronic form. The equity shares of the Company have been inducted in both National Securities Depository Limited as well as Central Depository Services (India) Limited to enable shareholders to hold and trade the securities in dematerialised / electronic form. In view of the numerous advantages offered by the Depository System, members holding shares of the Company in physical form are requested to avail of the facility of dematerialisation.
10. **Appointment of Directors**

Approval of the shareholders is being sought for the appointment of Ms Urvi A Piramal, Mr Rajeev A Piramal, Mr Jaydev Mody, Ms Alpana Chinai and Mr Kamal Tibrewala as Directors of the Company.

By Order of the Board

Chetan Nage
Company Secretary

Registered Office:
106 Peninsula Centre,
Dr S S Rao Road,
Parel, Mumbai 400 012.
Mumbai : 11th December, 2006

EXPLANATORY STATEMENT

Explanatory statement under Section 173(2) of the Companies Act, 1956.

Item Nos. 3 to 7

The following Directors were appointed as Additional Directors of the Company under Section 260 of the Companies Act, 1956 and as per the Articles of Association of the Company and they hold office upto the date of this Annual General Meeting :

Name of the Director	Date of appointment
Ms Urvi A Piramal	13th March, 2006
Mr Rajeev A Piramal	13th March, 2006
Mr Jaydev Mody	13th March, 2006
Ms Alpana Chinai	14th March, 2006
Mr Kamal Tibrewala	14th March, 2006

The Company has received a joint notice alongwith deposit under Section 257 of the Companies Act, 1956 from a member proposing the candidature of the above mentioned persons as Directors of the Company.

The Directors, therefore, recommend the resolutions appearing under the item nos 3 to 7 of the accompanying Notice for your approval.

The Directors interested in the above resolutions are:

Item No.	Name of the Director(s) Interested
3	Ms Urvi A Piramal, Mr Rajeev A Piramal, Mr Jaydev Mody
4	Ms Urvi A Piramal, Mr Rajeev A Piramal
5	Ms Urvi A Piramal, Mr Jaydev Mody
6	Ms Alpana Chinai
7	Mr Kamal Tibrewala

By Order of the Board

Chetan Nage
Company Secretary

Registered Office:
106 Peninsula Centre,
Dr S S Rao Road,
Parel, Mumbai 400 012.
Mumbai : 11th December, 2006

THE DAWN MILLS COMPANY LIMITED

DIRECTORS' REPORT

Dear Shareholders

The Directors present their Ninety Third Annual Report on the business and operations of the Company together with the Audited Accounts for the period ended 30th June 2006.

Financial Results

The Company has changed its financial year ending from 31st March, 2006 to 30th June, 2006 and hence the financial performance presented below is for a period of 15 months from 1st April, 2005 to 30th June, 2006:

Particulars	Period ended 30th June 2006 (15 months)	Rupees Year ended 31st March 2005 (12 months)
Income From Operations	150172257	344158202
Profit before Extraordinary & Prior Period Items	4445163	16581015
Less : Extraordinary & Prior Period Items	30288877	7788046
Profit / (Loss) before Tax	(25843714)	8792969
Less : Tax	(12682408)	1165192
Profit / (Loss) after Tax	(38526122)	7627777
Balance brought forward from previous year	50580335	46378183
Net Profit available for Appropriations	12054213	54005960
Appropriations :		
Transferred to General Reserve	—	575000
Proposed Dividend (Previous year @ 20%)	—	2500000
Corporate Dividend Tax	—	350625
Balance Carried to Balance Sheet	12054213	50580335

Dividend

In view of the losses incurred by the Company, your Directors do not recommend any dividend for the period under review.

Operations of the Company

For the 15 months period ended 30th June, 2006, the Company registered total revenue of Rs. 1501.72 lacs as

against Rs. 3441.58 lacs in previous financial year. The drop in revenue was on account of suspension of manufacturing operations from August, 2005, post successful implementation of a Voluntary Retirement Scheme.

Subsidiary Company

Consequent to the sale of 100% stake in Dawn Apparels Limited, its ceases to be a subsidiary of the Company. The Company does not have any other subsidiary.

Registered Office

The Company shifted its Registered Office from The Dawn Mills premises, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013 to 106, Peninsula Centre, Dr S S Rao Road, Parel, Mumbai 400 012 with effect from 17th April, 2006.

Takeover and Change of Management

During the period under review, 72.60% shares of the Company were acquired by Alltime Mercantile Company Private Limited, Superplaza Mercantile Company Private Limited, Newzone Mercantile Company Private Limited and Seastar Trading Company Private Limited (including 20% under the SEBI (Substantial Acquisition of Shares) Regulation, 1997), pursuant to open offer.

Amalgamation of the Company with Peninsula Land Limited

The Shareholders of the Company and of Peninsula Land Limited have approved the Scheme of Amalgamation of the Company with Peninsula Land Limited and the same is awaiting approval of the Hon'ble High Court of Mumbai.

Fixed Deposits

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975.

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

A statement showing particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, read with Section 217(1)(e) of the Companies Act, 1956, is given in the annexure to the report.

Particulars of Employees

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

Directors

Mr D B Dhruv, Director passed away on 9th January, 2006. He was on the Board of the Company since



22nd July, 1984. The Directors place on record their appreciation to the services rendered by Mr Dhruv during his association with the Company.

Mr N R Ruia resigned as Managing Director of the Company with effect from 24th November, 2005. Mr Banshi Mehta, Mr Rajeev Goenka, Mr M G Pittie, Mr N P Jhunjhunwala, Mr S K Jalan and Mr R V Ruia resigned as Directors with effect from 13th March, 2006. The Directors place on record their appreciation for the services rendered by them during their tenure as Directors of the Company.

Ms Urvi A Piramal, Mr Rajeev A Piramal and Mr Jaydev Mody were appointed as Additional Directors of the Company with effect from 13th March, 2006. Ms Alpana Chinai and Mr Kamal Tibrewala were appointed as Additional Directors of the Company with effect from 14th March, 2006. Pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, they vacate office and are eligible for appointment.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, ('the Act') your Directors state that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures, if any.

2. Your Directors have 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 for the period ended 30th June, 2006 and its loss for the period ended on that date.
3. Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. Your Directors have prepared the Annual Accounts for the period ended 30th June, 2006 on a going concern basis.

Auditors

The Auditors, M/s Chandrakant & Sevantilal, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Board recommends their re-appointment.

Acknowledgement

We would like to thank all the stakeholders for their continued support to the Company.

By Order of the Board

Urvi A Piramal
Chairperson

Mumbai : 11th December, 2006

THE DAWN MILLS COMPANY LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Additional information as required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988.

Conservation of Energy and Technology Absorption:

- (a) Energy Conservation measure 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:

	Period ended 30th June 2006 (15 months)	Year ended 31st March 2005 (12 months)
a. Power and Fuel Consumption		
1. Electricity:		
Purchase Unit (KWH in lacs)	38.86	122.54
Total Amount (Rs. In lacs)	158.21	501.16
Avg. Rate/ Unit	4.07	4.08
2. Furnace Oil		
Quantity (in Kls)	17.70	61.67
Total Cost (Rs. In lacs)	2.50	8.10
Avg. Rate (Rs. per KL)	1414.70	13197.77
b. Consumption per unit of Production		
1. Electricity (KWH) - Yarn/Kg.	5.59	5.60
2. Furnace Oil/ LSHS (LTR) Yarn/Kg.	0.03	0.03

Foreign Exchange Earnings and Outgo:

	Rs. In Lacs
- Total Foreign Exchange used	NIL
- Total Foreign Exchange Earnings	NIL



AUDITORS' REPORT

AUDITORS' REPORT TO THE MEMBERS OF THE DAWN MILLS COMPANY LIMITED

1. We have audited the attached Balance Sheet of **THE DAWN MILLS COMPANY LIMITED**, Mumbai as at **30th June, 2006** and the related Profit and Loss Account and the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further and subject to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (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, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on 30th June, 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2006;
 - (b) in the case of Profit and Loss Account, of the **Loss** of the Company for the period ended on that date; and
 - (c) in the case of cash flow statement, of the cash flow for the period ended on that date.

For CHANDRAKANT & SEVANTILAL
Chartered Accountants

PRADEEP S. SHAH
Partner
M. No. 30632

Mumbai : 11th December, 2006

THE DAWN MILLS COMPANY LIMITED

ANNEXURE TO THE AUDITORS' REPORT ON THE ACCOUNTS FOR THE PERIOD ENDED 30TH JUNE, 2006 OF THE DAWN MILLS COMPANY LIMITED

(Referred to in paragraph 3 thereof)

1. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets as from the year 1964-65.
 (b) As explained to us, certain items of fixed assets were physically verified by the management once during the year which, in our opinion, is reasonable. No material discrepancies were observed on such verification.
 (c) During the year the Company has disposed off substantial part of Plant and Machinery. However, as explained in Note No.6 in Schedule 13, the Company is treated as 'going concern' in view of the development stated in the said note.
 2. (a) The inventory, have been physically verified by the management at the end of the accounting period. In our opinion, the frequency of verification is reasonable.
 (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the 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.
 3. (a) During the period, the Company has received repayment of loan of Rs.2.9 crores given during the earlier year to a company covered in the register maintained u/s.301 of the Companies Act, 1956. Except for the said loan, the company has not granted any loans to companies, firms or other parties registered u/s.301 of the Companies Act, 1956.
 (b) In our opinion, the rate of interest and other terms and conditions thereof were not *prima facie* prejudicial to the interest of the Company. The said Company was regular in repayment of principal amount as well as interest.
 (c) During the period the Company has taken loans from two Companies covered in the register maintained u/s.301 of the Companies Act, 1956.
- The maximum amount involved during the period and the year-end balance of such loan aggregates Rs.18.68 Cr. and Rs.6.70 Cr. respectively.
- (d) In our opinion, the rate of interest and other terms and conditions of the said loans taken are not *prima facie* prejudicial to the interest of the Company.
 - (e) The Company is regular in repayment of principal amount and interest on the said loans taken.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
 5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that contracts or arrangements that need to be entered in the register maintained under section 301 of the Act have been so entered.
 (b) The Company has not purchased or sold during the period any goods or materials exceeding rupees five lakh in value from / to any of the parties mentioned in the register maintained u/s.301 of the Companies Act, 1956.
 6. During the year the Company has not accepted any deposits to which provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder would apply.
 7. The internal audit system, in our opinion, is adequate and commensurate with the size and nature of Company's business.
 8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. The said records are maintained till the continuation of the manufacturing operations upto 25th August, 2005. We have not, however, made a detailed examination of the said records.