



MD	✓		BKC	✓
CS	MA		DPY	MA
RO	✓		DIV	✓
TRA	MA		AG	✓
AGM	✓	✓	LI	✓
YE	✓	✓		✓

**THE
DHAR TEXTILE
MILLS LTD.**

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14th Annual Report 1997-98

BOARD OF DIRECTORS	:	Shri Y.K. Jajoo,	Chairman
	:	Shri Pankaj Jajoo,	Managing Director
	:	Shri Manish Jajoo,	Director
	:	Shri Bhikabhai Patel,	Director
BANKERS	:	State Bank of India	
		State Bank of Indore	
		State Bank of Saurashtra	
AUDITORS	:	B.Bansal & Co.	
		Chartered Accountants,	
		E-1, Ratlam Kothi, INDORE	
REGISTERED OFFICE AND SHAREHOLDERS DEPARTMENT	:	C-1/A Low Land Area, Pologround,	
		Industrial Estate, INDORE (M.P.)	
		Ph. : +91 (731) 423456	
		Fax : +91 (731) 421940	
		Gram : IMPELLERS	
BRANCHES	:	Bangalore	
		Calcutta	
		Delhi	
		Mumbai	
WORKS	:	YARN DIVISION :	
		188, Sector I, Pithampur,	
		Dist. Dhar (M.P.)	
		Ph. : + 91 (7292) 32093	
		FABRIC DIVISION :	
		C-1/A, Low Land Area,	
		Pologround, Industrial Estate,	
		INDORE	
		E-mail : dhartexl@bom4.vsnl.net.in	

The Dhar Textile Mills Limited**NOTICE**

Notice is hereby given that Fourteenth Annual General Meeting of the Members of the Company will be held on Wednesday the 30th September, 1998 at 4 P.M. at the Registered office of the Company at C-1/A, Low Land Area, Pologround Industrial Estate, Indore, Madhya Pradesh to transact the following business :

ORDINARY BUSINESS :

1. To consider, approve and adopt the Balance Sheet as on 31st March, 1998 and the Profit and Loss Account for the year ended on that date and Auditors' Report thereon.
2. To declare dividend on the Equity shares of the Company.
3. To appoint a director in place of Shri Manish Jajoo, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s B.Bansal & Co., Chartered Accountants, Indore as Statutory Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General meeting and to fix their remuneration.

SPECIAL BUSINESS :**5. AUTHORITY TO THE BOARD FOR CREATION OF MORTGAGE :-**

To consider and if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT in terms of Provisions of Section 293 (1) (a) and other applicable provisions of the Companies Act, 1956 the approval of the Members of the Company be and is hereby granted to the creation by the Board of Directors of the Company of such mortgages and charges in addition to the existing mortgages and charges and hypothecation created by the Company, as the Board may decide, on the assets of the Company, whether movable or immovable, both present and future in favour of Industrial Development Bank of India (hereinafter called 'IDBI') for their working capital loan to the extent of Rs.650 lacs (Rs.Six Hundred Fifty Lacs), together with interest thereon at the respective agreed rates, compound interest, liquidated damages, commitment charges, premium on pre-payment, or on redemption, and all other monies payable by the Company to IDBI in terms of Agreements entered/to be entered into between the Company and IDBI;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with IDBI agreements and other documents, if any, necessary for creating mortgages and/or charges as aforesaid and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt which may arise in relation thereto or otherwise considered by the Board of Directors to be in the interest of the Company ;

RESOLVED FURTHER THAT mortgages and charges already created/to be created in favour of IDBI and actions taken by the Board/Company in respect of above facilities be and are hereby ratified and confirmed."

6. DE-LISTING OF SHARES :-

To consider and if thought fit to pass with or without modification the following resolution as a SPECIAL RESOLUTION:-

"RESOLVED THAT approval of the members of the Company be and is hereby granted for voluntary delisting of shares of the Company from Calcutta, New-Delhi, Madras, Ahmedabad and Jaipur Stock Exchanges ;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all necessary actions for the voluntary de-listing of shares of the Company from the above stock exchanges in terms of SEBI Press Release PR 65/98 Dt.27.03.98 in this regard."

BY ORDER OF THE BOARD

INDORE

Dated 31st July, 1998

Y. K. JAJOO

CHAIRMAN

The Dhar Textile Mills Limited**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY AND THE PROXY IN ORDER TO BE VALID MUST BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE, NOT LESS THAN 48 HOURS BEFORE THE TIME FOR THE MEETING.
2. The explanatory statements setting out the material facts in respect of the business under item No.5 and 6 in terms of provisions of Section 173 of the Companies Act, 1956 are annexed hereto.
3. The Register of Members and the share transfer books of the Company will remain closed from Saturday the 26th September, 1998 to Wednesday the 30th September, 1998. (Both days inclusive).
4. Shareholders desiring any information as regard the Accounts are requested to write to the Company at an early date so as to enable the Company to keep the information ready.
5. The Company requests the shareholders to address all the correspondence, including share transfer requests directly to the Company at its registered office.

EXPLANATORY STATEMENTS

The following Explanatory Statements relating to Special Business under Item No. 5 and 6 set out the material facts as required under Section 173 of the Act.

ITEM NO. 5 :-

The Industrial Development Bank of India has sanctioned a working capital loan of Rs.650 lacs (Rs.Six Hundred Fifty Lacs) to the Company and the Company created charge in their favour over its properties. The present limit alongwith the existing limits availed by the Company from various banks and institutions exceeds the aggregate of the paid-up capital and free reserves.

In terms of Provisions of Section 293 (1) (a) of the Companies Act, 1956, approval of the members of the company is being sought to ratify creation of such mortgages and charges in addition to the existing mortgages, charges and hypothecation created/to be created by the Company, as the Board may decide, on the assets of the Company, whether movable or immovable, both present and future in favour of the Industrial Development Bank of India to secure the facilities extended to the Company together with interest thereon at the respective agreed rates payable by the Company in terms of Agreement entered/to be entered into between the Company and the Industrial development Bank of India.

The Directors of the Company recommend passing of the Ordinary Resolution.

None of the Directors of the Company is interested in the Resolution.

ITEM NO.6 :-

At present the shares of the Company are listed on Ahmedabad, Mumbai, Calcutta, New Delhi, Madras, Jaipur and Madhya Pradesh Stock Exchanges. Due to non-trading at Ahmedabad, Calcutta, New Delhi, Madras and Jaipur Stock Exchanges and as a cost saving measure the Company proposes to de-list the shares voluntarily from Ahmedabad, Calcutta, New Delhi, Madras and Jaipur Stock Exchanges in terms of SEBI Press Release No. PR 65/98 Dt.27.03.98 in this regard.

In terms of said press release a Special resolution is required to be passed by the Members for the proposed de-listing from the abovementioned stock exchanges.

The Directors recommend passing of the resolution as a Special Resolution.

None of the Directors of the Company is interested in the resolution.

BY ORDER OF THE BOARD

INDORE

Dated 31st July, 1998

Y. K. JAJOO
CHAIRMAN

The Dhar Textile Mills Limited**DIRECTORS' REPORT****TO THE MEMBERS,**

Your Directors are pleased in presenting the Fourteenth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 1998.

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	Year ended March 31, 1998	Year ended March 31, 1997
Income	7475.56	5253.71
Profit before Interest, Depreciation & Tax	859.23	715.12
Less : Interest	478.41	277.59
Profit before Depreciation & Tax	380.82	437.53
Less : Depreciation	276.29	164.61
	104.53	272.92
Less : Provision for Taxation	7.00	-
Profit After Tax	97.53	272.92
Balance Brought Forward	195.74	311.26
Excess Provision for Dividend written back	2.95	0.51
Profit Available For Appropriation	296.22	584.69
Appropriations :		
Proposed Dividend	78.24	80.86
Corporate Dividend Tax	7.82	8.09
Transfer to General Reserve	10.00	300.00
Balance retained in Profit & Loss Account	200.16	195.74
	296.22	584.69

PERFORMANCE

The total income during the year was Rs.7475.56 lacs compared with Rs. 5253.71 lacs for the previous year showing a growth rate of 42.29 %. The spinning activity suffered set back due to higher raw material cost and South Asian Currency crisis. Still the Company achieved higher profit before interest, depreciation & tax at Rs. 859.23 lacs as compared with Rs. 715.12 lacs in the previous year. The net profit was however, lower due to higher incidence of interest & depreciation. The processed fabric manufactured by the Company has received wide acceptance in domestic as well as overseas markets. The performance during the current year is showing improvement in turnover as well as profits.

DIVIDEND

The Directors are pleased to recommend a dividend of 20% Pro-rata for the year ended 31st March, 1998, which if approved at the forthcoming Annual General Meeting will be paid to all those Equity Shareholders whose names appear on the Register of Members as on 26th September, 1998.

PROMISE VS PERFORMANCE

(In Terms of Clause 43 of the Listing Agreement):-

The profitability projections for the year 1997-98 as per Prospectus dated 19.04.1995 for the Company's public issue of equity shares and the actual performance are as under:-

(Rs. in lacs)

Particulars	Projections	Actuals
Sales/Other Income	9931.81	7475.56
PAT	1346.29	97.53
EPS (Rs.)	33.66	2.41

FOREIGN EXCHANGE EARNINGS

Your Company continues its status of recognised Export house granted by the Government of India. Export front yielded Export turnover of Rs. 2189.23 lacs during the year as compared to Rs.1827.41 lacs in the previous year.

PUBLIC DEPOSITS

The company has not accepted any deposits from the public during the year under report.

The Dhar Textile Mills Limited**PARTICULARS OF EMPLOYEES**

There were no employees in the Company who if employed through out the financial year or for part of financial year, were in receipt of remuneration, whose particulars, if so employed, are required to be included in the Report of Directors in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rule, 1975.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company has so far not imported any technology. The company manufactures standard products for which technology is established, and therefore, no further research is being carried out. However, constant product development is being done to outpace the competition and conform to the changing quality requirements of customers.

CONSERVATION OF ENERGY:

(a) Energy conservation measures taken :-

- 1) L.T. power distribution modified for optimum utilisation of D.G. set system.
- 2) For electrical energy conservation electronic ballast have been used.
- 3) Thermic fluid line modified for increasing the temperature on machines and optimum utilisation of thermal energy.
- 4) Steam condensate collection system modified for collection of condensate from all machines.
- 5) Proper insulation of steam and oil heating lines completed for energy saving.
- 6) In humidification system fibre fans installed for energy saving.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- 1) Waste heat recovery proposals for D.G. set and other process machines under progress.

c) Impact of the measures (a) and (b) for the reduction of energy consumption and consequent impact on the cost of production of goods :-

- 1) There has been a substantial saving in the energy consumption. However, the exact impact in terms of cost is to be determined.

Form 'A'

Form for disclosure of particulars with respect to Conservation of Energy.

The information regarding consumption of energy is as under:

	1997-98	1996-97
(A) Power & Fuel Consumption		
1) Electricity:		
(a) Purchased		
Unit	2494274.00	2033342.00
Total Amount Rs.	9619831.00	7358019.00
Rate/Unit Rs.	3.86	3.62
(b) Own generation		
Through diesel generator.		
Unit	6832574.00	3677567.00
Unit per Ltr. of diesel Oil.	3.46	2.16
Cost/unit.	2.47	3.57
2) Furnace Oil.		
Quantity (k.ltrs)	5746.932	2940.68
Total Amount	36540931.00	19017578.00
Average Rate	6.36	6.46
3) Diesel Oil.		
Quantity (k.ltrs)	1974.223	1751.600
Total Amount	16906301.00	13522631.62
Average Rate	8.56	7.72

(B) Consumption per unit of Production

Products	Yarn		Processed Fabric	
	1997-98	1996-97	1997-98	1996-97
Electricity.	1.053 Kg.	1.147 Kg.	-	-
Furnace Oil.	-	-	1.02 Ltr.	0.78 Ltr

The Dhar Textile Mills Limited**AUDITORS**

M/s B.Bansal & Co. Chartered Accountants, Auditors of the Company retires at the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their gratitude for the assistance and continued cooperation extended by Banks, Financial Institutions, Government, customers and suppliers. The Directors are pleased to record their sincere appreciation of the devotion and sense of commitment shown by the employees at all levels and acknowledge their contribution towards sustained progress and performance of the Company.

BY ORDER OF THE BOARD

INDORE

Dated 31st July, 1998

Y. K. JAJOO

CHAIRMAN

AUDITORS' REPORT

To,

The Members of **THE DHAR TEXTILE MILLS LTD.**

We have examined the attached Balance Sheet of **THE DHAR TEXTILE MILLS LIMITED** as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date, annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board 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 to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to in Paragraph (1) 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 and the Profit and Loss Account together with notes thereon dealt with by this report are in agreement with the books of accounts.
 - (D) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-
 - (i) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 1998, and
 - (ii) In the case of Profit and Loss Account of the Profit for the year ended on that date.

For **B.BANSAL & COMPANY**
CHARTERED ACCOUNTANTS

INDORE

DATED: 31st July, 1998

(B.L.Bansal)

PARTNER

Annexure to the Auditors' Report

(Referred to in paragraph 1 of our report of even date)

- (i) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies were noticed on such physical verification.
- (ii) None of the fixed assets have been revalued during the year.
- (iii) The stocks of finished goods, stores, spare parts and raw materials have been physically verified by the Management at reasonable intervals except stocks lying with third parties and in transit which have been verified by the Management with reference to the confirmations received subsequent to the receipt of goods. In our opinion, the frequency of verification is reasonable.
- (iv) In our opinion and according to the information and explanations given to us, the procedure of physical verification followed by the management are reasonable & adequate in relation to the size of the Company and the nature of its business.