

**THE
DHAR TEXTILE
MILLS LTD.**

Report  junction.com

15TH ANNUAL REPORT 1998-99

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 : dhartextl@bom4.vsnl.net.in

THE REPORT JUNCTION



NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Company will be held on Thursday, the 30th September, 1999 at 4 p.m. at the Registered Office of the Company at C-17/A, Low Land Area, Pologround Industrial Estate, Indore, M.P., to transact the following business:-

ORDINARY BUSINESS :

01. To receive, consider and adopt the Directors' Report, Auditors' Report and Audited Profit and Loss Account for the year ended on 31st March, 1999 and the Balance Sheet as at that date.
02. To declare a dividend on Equity and Preference Shares of the Company.
03. To appoint a Director in place of Shri Bhikabhai Patel, who retires by rotation and being eligible offers himself for re-appointment.
04. To appoint Statutory Auditors and to fix their remuneration. The retiring Auditors M/s. B.Bansal & Co., Chartered Accountants, Indore are eligible for re-appointment.

SPECIAL BUSINESS :

05. AUTHORISATION TO 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 approval of the Members of the Company be and is hereby granted in terms of provisions of Section 293(1)(a) of the Companies Act, 1956 to the Board of Directors of the Company to create such mortgages, charges and hypothecation in addition to the existing mortgages, 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 Banks to secure working capital facilities granted/to be granted by them to the Company upto Rs.10000 lakhs (Rs.One hundred crore) and in favour of such institutions, banks, Debenture Trustees and other lenders, to secure such loans, term loans, debentures and other financial and other facilities granted/to be granted by them to the Company upto Rs. 10000 lakhs (Rs.One hundred crore), together with costs, charges, expenses, interest due thereon and payable by the Company to them and all other monies payable by the Company to them in terms of the agreement(s) entered/ to be entered into between the Company and the lenders;

RESOLVED FURTHER THAT The Board of Directors of the Company be and is hereby authorised to enter into such agreement(s) and also to amend, vary or alter the terms and conditions of the security in consultation with the institutions, banks, Debenture Trustees and other lenders as the case may be in respect of the facility."

06. AUTHORISATION TO BOARD FOR BORROWING POWERS

To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT approval of the Members of the Company be and is hereby granted in terms of provisions of

Section 293(1)(d) of the Companies Act, 1956 to the Board of Directors to borrow any sum or sums of money or moneys from time to time, in the form of working capital facilities, term loans, debentures and any other credit facility or borrowing, notwithstanding that the money or moneys to be borrowed together with the money or moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, provided, however, that the total amount so borrowed shall not exceed Rs.20000 lakhs (Rs.Two hundred crore) over and above the paid-up capital and free reserves of the Company."

07. ALTERATION OF ARTICLES OF ASSOCIATION FOR BUY-BACK

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

"RESOLVED THAT in terms of provisions of Section 31 of the Companies Act, 1956 approval of the Members of the Company be and is hereby granted for alteration of the Articles of Association of the Company in the following manner:-

for the present Clause 6 of the Articles of Association of the Company the following Clause 6 be substituted:-

6. The Company shall have power to purchase its own shares or securities, when it is thought fit by the Board of Directors of the Company, in accordance with the provisions of Section 77A and 77B of the Companies Act, 1956 read with the SEBI (Buy Back) Regulations, 1998 as amended from time to time.

08. RE-APPOINTMENT OF CHAIRMAN AND WHOLE-TIME DIRECTOR :

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 269, 198, 309, read with provisions of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Members of the Company be and is hereby granted for the re-appointment of Shri Y.K.Jais as Chairman and Whole-Time Director of the Company for a further period of five years with effect from 1st April, 1999 on a monthly remuneration as under :-

a. SALARY :- Rs.15,000/- per month.

b. PERQUISITES :-

Perquisites shall be restricted to an amount equal to the annual salary or Rs.4,50,000/- per annum whichever is less. Perquisites shall be classified under the following categories:-

CATEGORY A

- a. Leave travel concession for self and family, once in a year in accordance with the Rules specified by the Company.
- b. Medical reimbursement for self and family, subject to ceiling of 1 month's salary in a year or three months salary over a period of three years.
- c. Personal accident insurance of an amount the annual premium of which does not exceed Rs.3,000/-.
- d. Club fee, subject to a maximum of two clubs. This shall not include life membership admission fee.

MEMBER ENTITLED TO ATTEND AND VOTE



CATEGORY B

- a. Company's contribution towards provident fund, super annuation fund or annuity fund subject to maximum ceiling to the extent either singly or together are not taxable under the Income Tax Act.
- b. Gratuity payable shall not exceed half a month's salary for each computed year of service subject to a ceiling of Rs.1,00,000/-.

CATEGORY C

Telephone facility at residence and use of car for official purposes.

09. RE-APPOINTMENT OF MANAGING DIRECTOR :

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 269, 198, 309, read with provisions of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Members of the Company be and is hereby granted for the re-appointment of Shri Pankaj Jajoo as Managing Director of the Company for a further period of five years with effect from 1st April, 1999 on a monthly remuneration as under :-

a. SALARY :- Rs.15,000/- per month.

b. PERQUISITES :-

Perquisites shall be restricted to an amount equal to the annual salary or Rs.4,50,000/- per annum whichever is less. Perquisites shall be classified under the following categories :-

CATEGORY A

- a. Leave travel concession for self and family once in a year in accordance with the Rules specified by the Company.
- b. Medical reimbursement for self and family, subject to ceiling of 1 month's salary in a year or three months salary over a period of three years.
- c. Personal accident insurance of an amount the annual premium of which does not exceed Rs.3,000/-.
- d. Club fee, subject to a maximum of two clubs. This shall not include life membership admission fee.

CATEGORY B

- a. Company's contribution towards provident fund, super annuation fund or annuity fund subject to maximum ceiling to the extent either singly or together are not taxable under the Income Tax Act.
- b. Gratuity payable shall not exceed half a month's salary for each computed year of services subject to a ceiling of Rs.1,00,000/-.

CATEGORY C

Telephone facility at residence and use of car for official purposes.

10. RE-APPOINTMENT OF WHOLE-TIME DIRECTOR :

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 269,

198, 309, read with provisions of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Members of the Company be and is hereby granted for the re-appointment of Shri Manish Jajoo as Whole-Time Director of the Company for a further period of five years with effect from 1st April, 1999 on a monthly remuneration as under :-

a. SALARY :- Rs.5,000/- per month.

b. PERQUISITES :-

Perquisites shall be restricted to an amount equal to the annual salary or Rs.4,50,000/- per annum whichever is less. Perquisites shall be classified under the following categories :-

CATEGORY A

- a. Leave travel concession for self and family once in a year in accordance with the Rules specified by the Company.
- b. Medical reimbursement for self and family, subject to ceiling of 1 month's salary in a year or three months salary over a period of three years.
- c. Personal accident insurance of an amount the annual premium of which does not exceed Rs.3,000/-.
- d. Club fee, subject to a maximum of two clubs. This shall not include life membership admission fee.

CATEGORY B

- a. Company's contribution towards provident fund, super annuation fund or annuity fund subject to maximum ceiling to the extent either singly or together are not taxable under the Income Tax Act.
- b. Gratuity payable shall not exceed half a month's salary for each computed year of service subject to a ceiling of Rs.1,00,000/-.

CATEGORY C

Telephone facility at residence and use of car for official purposes.

BY ORDER OF THE BOARD

Indore

23rd August, 1999

PANKAJ JAJOO

MANAGING DIRECTOR

NOTES

01. 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.
02. The explanatory statements setting out the material facts in respect of the business under item No.5 to 10 in terms of provisions of Section 173 of the Companies Act, 1956 are annexed hereto.
03. The Register of Members and the share transfer books of the Company will remain closed from Monday the 27th September, 1999 to Thursday the 30th September, 1999. (Both days inclusive).
04. Shareholders desiring any information as regards the

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Accounts are requested to write to the Company at an early date so as to enable the Company to reply the queries suitably.

05. The Members are requested to notify their bank account No. along with the name of the Bank and Branch to the Company to enable it to remit the dividend directly to the respective Bank account.

EXPLANATORY STATEMENTS

In terms of provisions of Section 173 of the Companies Act, 1956 the following Explanatory Statements set out all material facts relating to the Special Business mentioned under item Nos.5 to 10 of the Notice.

ITEM NO.5

The business activities of the Company are expanding day by day and with the increased activities, the Company requires more funds in the form of term loans and working capital facilities.

The Bankers to the Company and Financial Institutions have sanctioned various credit facilities to the Company during the year which are secured by way of charge over the properties of the Company and the same may be enhanced by them as per the requirements of the Company for which the Company will be required to create charge over its properties.

In terms of Provisions of Section 293(1)(a) of the Companies Act, 1956, the approval of the members of the Company is being sought to authorise the Board of Directors of the Company to create mortgages and charges in addition to the existing mortgages, charges and hypothecation created, as the Board may decide, on the assets of the Company, whether movable or immovable, both present and future in favour of the Banks, financial institutions to secure various credit facilities granted/ to be granted by them to the Company to the extent of Rs.20000 lakhs (Rs. Two hundred crore) together with interest and other sums due thereon.

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

The Company, from time to time, meets its working capital requirements and long term capital requirements by borrowing from Banks and other Financial Institutions. Consequent upon the increased business activities, the Company requires more funds in the form of working capital facilities and term loans and other credit facilities.

In terms of provisions of Section 293 (1) (d) of the Companies Act, 1956 approval of the Members is necessary for authorising the Board of Directors to borrow money together with the money or moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) if it exceeds the aggregate of the paid-up capital of the Company and its free reserves. It is proposed to authorise the Board of Directors of the Company to borrow in the form of loans, debentures and other credit facilities to a maximum extent of Rs.20000 lakhs (Rs. Two hundred crore) for the various financial requirements of the Company.

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. 7

The Companies (Amendment) Act, 1998 is effective from 31st October, 1998 and in accordance with the provisions of the said amended Act, the Companies are allowed to buy back their own shares subject to the conditions that the Articles of Association of the Company permit it to buy-back its own shares.

In line with the aforesaid amendment it is proposed to alter the present Clause 6 of the Articles of Association of the Company to enable it to buy-back its own shares in accordance with the provisions of the amended Companies Act, 1956 and the provisions of the SEBI regulations to be announced shortly.

Although, at present the Company does not have any proposal to buy-back its shares, however the Board of Directors of the Company are of the view that the Articles of Association of the Company must be altered in line with the provisions of the amended Companies Act, 1956. Hence this resolution.

The Directors recommend passing of the Ordinary Resolution. None of the Directors of the Company is interested in the resolution.

ITEM NO. 8

Shri Y.K.Jajoo was appointed as Whole-time Director of the Company by the members w.e.f.1st April, 1994 for a period of five years and his period of appointment has expired on 31st March, 1999. However in view of the progress made by the Company during the tenure of Shri Y.K.Jajoo the Board of Directors at their meeting held on 31st March, 1999 have re-appointed him as Whole-time Director of the Company for a further period of five years w.e.f.1st April, 1999 on the remuneration and terms & conditions as contained in the resolution.

In terms of provisions of Sections 198, 269, 309, 310 and Schedule XIII to the Companies Act, 1956 the approval of the Members of the Company is being sought to confirm appointment of Shri Y.K.Jajoo, as Chairman and Whole-time Director of the Company as set out in the resolution.

Directors recommend passing of the resolution as an Ordinary Resolution.

Shri Y.K.Jajoo for himself and Shri Pankaj Jajoo and Shri Manish Jajoo, Directors of the Company may be deemed interested in the resolution.

This explanatory statement is and may be treated as an abstract under Section 302 of the Companies Act, 1956.

ITEM NO. 9

Shri Pankaj Jajoo was appointed as Managing Director of the Company by the members w.e.f.1st April, 1994 for a period of five years and his period of appointment has expired on 31st March, 1999. However in view of the progress made by the Company during the tenure of Shri Pankaj Jajoo the Board of Directors at their meeting held on 31st March, 1999 have re-appointed him as Managing Director of the Company for a further period of five years w.e.f.1st April, 1999 on the remuneration and terms & conditions as contained in the resolution.

In terms of provisions of Sections 198, 269, 309, 310 and Schedule XIII to the Companies Act, 1956 the approval of the Members of the Company is being sought to confirm appointment of Shri Y.K.Jajoo as Chairman and Whole-time Director of the Company as set out in the resolution.

Directors recommend passing of the resolution as an Ordinary Resolution.

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Shri Pankaj Jajoo for himself and Shri Y.K. Jajoo and Shri Manish Jajoo, Directors of the Company may be deemed interested in the resolution.

This explanatory statement is and may be treated as an abstract under Section 302 of the Companies Act, 1956.

ITEM NO. 10

Shri Manish Jajoo, was appointed as Whole-time Director of the Company by the members w.e.f. 1st April, 1994 for a period of five years and his period of appointment has expired on 31st March, 1999. However in view of the progress made by the Company during the tenure of Shri Manish Jajoo the Board of Directors at their meeting held on 31st March, 1999 have re-appointed him as Whole-time Director of the Company for a further period of five years w.e.f. 1st April, 1999 on the remuneration and terms & conditions as contained in the resolution.

In terms of provisions of Sections 198, 269, 309, 310 and Schedule XIII to the Companies Act, 1956 the approval of the Members of the Company is being sought to confirm appointment of Shri Manish Jajoo, as Chairman and Whole-time Director of the Company as set out in the resolution.

Directors recommend passing of the resolution as an Ordinary Resolution

Shri Manish Jajoo for himself and Shri Pankaj Jajoo and Shri Y.K. Jajoo, Directors of the Company may be deemed interested in the resolution.

This explanatory statement is and may be treated as an abstract under Section 302 of the Companies Act, 1956.

BY ORDER OF THE BOARD

Indore

PANKAJ JAJOO

23rd August, 1999

MANAGING DIRECTOR**DIRECTORS' REPORT**

Your Directors are pleased in presenting the Fourteenth Annual Report of the Company together with Audited Accounts for the year ended on 31st March 1999.

FINANCIAL RESULTS (Rs. in Lakhs)

	1998-99	1997-98
Income	8393.16	7475.56
Profit before Intt. Dep. & Tax	1142.64	859.23
Less: Interest	696.06	478.41
Profit before Dep. & Tax	446.58	380.82
Less: Depreciation	308.60	276.29
Profit before Tax	137.98	104.53
Less: Provision for Taxation	9.00	7.00
Profit after tax	128.98	97.53
Add: Balance Brought Forward	200.16	195.74
Excess Provision for Dividend written back	0.00	2.95
Profit Available For Appropriation	329.14	296.22
APPROPRIATIONS		
Proposed Dividend	85.27	78.24
Corporate Dividend Tax	8.52	7.82
Transfer to General Reserve	15.00	10.00
Balance retained in P & L Account	220.35	200.16
	329.14	296.22

PERFORMANCE HIGHLIGHTS

The total income during the year was Rs.8393.16 Lakhs compared with Rs.7475.56 Lakhs for the previous year showing a growth rate of 12.27%. The net profit was also higher during the year. The company has introduced latest varieties of processed fabric in the market which have received good response from the market. The performance during the current year is showing further improvement.

FUTURE PLANS

The Company is implementing a project in the existing set-up aimed at expansion/optimum utilisation of dyeing/printing capacities and energy conservation. The Company has also initiated steps aimed at forward integration of its activities by entering the international garment business in a big way. The full benefits of these efforts are likely to give impact on the Company's results during the next year.

DIVIDEND

The Directors have pleasure in recommending a dividend of Rs.2 per share on the Equity shares and Rs.1.45 per share per annum on Preference shares (on proportionate basis) of the Company for the financial year ended on 31st March, 1999.

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. 3223.83 Lakhs during the year as compared to Rs.2189.23 Lakhs in the previous year.

PUBLIC DEPOSITS

The Company has not accepted any deposit during the Year from the public.

PARTICULARS OF EMPLOYEES

The provisions of particulars of employees in accordance with Section 217 (2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not attracted in case of any employee of the Company.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company has so far no 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

The Company has been continuously making efforts, through its dedicated team, to achieve high productivity and on-stream efficiency. This has enabled the Company to not only reduce energy consumption, but also to increase production. The Company has plans to make investment in heat recovery systems and co-generation of energy from steam. Energy conservation measures taken so far have resulted in an improvement in energy efficiency. The details of Energy conservation in form A as required under Section 217 (1) (c) are annexed to and forming part of the Report of the Board.

Form 'A'

Form for disclosure of particulars with respect to Conservation of Energy. The information regarding consumption of energy is as under:

	1998-99	1997-98
(A) Power & Fuel Consumption		