



**THE
DHAR TEXTILE
MILLS LTD.**

Report Junction.com

16th Annual Report 1999 - 2000

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 : C-1/A Low Land Area, Pologround,
Industrial Estate, INDORE (M.P.)
Ph. : +91 (731) 423456
Fax : +91(731) 421940
e-mail : dhartexl@bom4.vsnl.net.in
Gram : IMPELLERS

BRANCHES : Bangalore
Calcutta
Chennai
Delhi
Mumbai

WORKS : **YARN DIVISION :**
188, Sector I, Pithampur
Dist. Dhar (M.P.)
Ph. : +91(7292) 53093

FABRIC DIVISION :
C-1/A, Low Land Area,
Pologround, Industrial Estate,
INDORE
Ph. : +91 (0731) 423456

1656

THE DHAR TEXTILE MILLS LIMITED**NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the Company will be held on **Saturday, the 30th September, 2000** 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 :

01. To receive, consider and adopt the Director's Report, Auditor's Report and Audited Profit and Loss Account for the year ended on 31st March, 2000 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 Manish Jajoo, who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS :**04. APPOINTMENT OF STATUTORY AUDITORS**

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

"RESOLVED THAT pursuant to provisions of Section 224A and other applicable provisions of the Companies Act, 1956 approval of the members of the Company be and is hereby granted for the re-appointment of M/s B.Bansal & Co., Chartered Accountants, Indore, as Statutory Auditors of the Company to hold office from the conclusion of this meeting upto conclusion of the next Annual General Meeting of the Company to examine the financial accounts of the Company for the financial year, 2000-2001;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to determine the remuneration of the Auditors in consultation with them."

05. ALTERATION OF ARTICLES OF ASSOCIATION

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 by insertion of the following new clause as Clause 28-A after the present Clause 28 :

28-A DEFINITIONS

"Beneficial Owner" means a person or persons whose name is recorded as such with a Depository;

"SEBI" means the Securities and Exchange Board of India;

"Depository" means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992; and

"Security" means such security as may be specified by the SEBI from time to time.

DEMATERIALIZATION OF SECURITIES**Dematerialisation of Securities**

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Options for investors

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

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of the allotment of the Security.

Securities in depositories to be in fungible form

All securities held by depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C, and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of Depositories and Beneficial Owners

- (a) 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 ;
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

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 discs.

Transfer of Securities

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository, and the provisions of the Depositories Act, 1996 and the rules made thereunder relating to transfer of shares shall apply for the purpose.

Allotment of Securities dealt with in a Depository

Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall

THE DHAR TEXTILE MILLS LIMITED

intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive numbers of Securities held in a Depository

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Register and Index of Beneficial Owners

The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

RESOLVED FURTHER THAT the agreement executed by the Board of Directors of the Company with the National Securities Depositories Limited and Central Depository Services Limited for dematerialisation of the shares of the Company be and is hereby ratified."

BY ORDER OF THE BOARD

INDORE
19th August, 2000

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. 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 ANNUAL GENERAL MEETING.
02. The explanatory statements setting out the material facts in respect of the business under item No.4 and 5 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 Friday the 29th September, 2000 to Saturday the 30th September, 2000. (Both days inclusive).
04. Shareholders desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the company to reply the queries suitably.

EXPLANATORY STATEMENT

In terms of provisions of Section 173 of the Companies Act, 1956 the following Explanatory Statement set out all material facts relating to the Special Businesses mentioned under item No. 4 and 5 of the Notice.

ITEM NO.4

The holding of the public financial institutions in the Company is in excess of 25% of subscribed capital of the Company and in such a situation provisions of Section 224A of the Companies Act, 1956 require approval of the members of the Company by way of

passing a special resolution for the appointment of Statutory Auditors. Hence the re-appointment of M/s. B.Bansal & Co. Chartered Accountants, as Statutory Auditors of the Company is required to be made by passing a special resolution as proposed in the notice.

The Directors recommend passing of the resolution.

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

ITEM NO.5

The Securities and Exchange Board of India, vide circular No.SMDRP/POLICY/CIR-23/2000 Dt.29th May, 2000, placed the Company in the list of compulsory dematerialisation w.e.f.28th August, 2000 and accordingly the Company has entered into agreements with National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL) for dematerialisation of its shares. However the Articles of Association of the Company are silent as to dematerialisation of shares. Now it is proposed to amend the Articles of Association of the Company so as to enable the Company to have necessary clause for dematerialisation.

In terms of provisions of Section 31 of the Companies Act, 1956 approval of the members of the Company is required for amending the Articles as proposed. Approval of the members is also sought for ratification of the agreements with NSDL and CDSL.

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

BY ORDER OF THE BOARD

INDORE
19th August, 2000

PANKAJ JAJOO
MANAGING DIRECTOR

DIRECTORS' REPORT

Your Directors are pleased to present the Sixteenth Annual Report of the Company together with Audited Accounts for the year ended on 31st March, 2000.

FINANCIAL RESULTS

(Rs. in Lakhs)

| | 1999-00 | 1998-99 |
|--|----------|---------|
| Income | 10692.97 | 8393.16 |
| Profit before Intt.Dep. & Tax | 1237.11 | 1142.64 |
| Less : Interest | 726.91 | 696.06 |
| Profit before Dep. & Tax | 510.20 | 446.58 |
| Less : Depreciation | 315.70 | 308.60 |
| Profit before Tax | 194.50 | 137.98 |
| Less : Provision for Taxation | 17.50 | 9.00 |
| Profit after tax | 177.00 | 128.98 |
| Add : Balance Brought Forward | 220.33 | 200.16 |
| Excess Provision for Dividend written back | 2.62 | 0.00 |
| Less : Prior period items | -52.91 | |
| Income tax for earlier years | -72.74 | |
| Profit Available For Appropriation | 274.30 | 329.14 |
| APPROPRIATIONS | | |
| Proposed Dividend | 136.86 | 85.27 |
| Corporate Dividend Tax | 30.10 | 8.52 |
| Transfer to General Reserve | 20.00 | 15.00 |
| Balance retained in P & L Account | 87.34 | 220.35 |
| | 274.30 | 329.14 |

THE DILAR TEXTILE MILLS LIMITED**PERFORMANCE HIGHLIGHTS & FUTURE OUTLOOK**

The total income during the year was Rs.10692.97 Lakhs compared with Rs.8393.16 Lakhs for the previous year showing a growth rate of 27.40 %. The net profit was also higher during the year. The company is making constant endeavour to introduce latest varieties of processed fabrics in the market and the products are receiving good response. The company is also making constant efforts for upgrading its production facilities and augmenting long term resources/bank finance for working capital to be able to achieve higher activity level in order to derive economies of scale and give a major boost to the profitability. The company had initiated steps aimed at forward integration of its activities by entering the international garments business in a big way. The garments business is showing satisfactory progress.

As a result of above efforts the performance of the company is continuously looking up.

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) for the financial year ended on 31st March, 2000.

FOREIGN EXCHANGE EARNINGS

The Company continues its status of recognised Export house granted by the Government of India Export front yielded Export turnover of Rs. 2256.31 lakhs during the year as compared to Rs. 3223.83 lakhs in the previous year.

PUBLIC DEPOSITS

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

PARTICULARS OF EMPLOYEES

The 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 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

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 made investments in heat recovery systems and has plans to make further investments in such systems and also in 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) (e) are given below :-

Form 'A'

The information regarding consumption of energy is as under:

| | 1999-00 | 1998-99 |
|---|-------------|-------------|
| (A) Power & Fuel Consumption | | |
| (1) Electricity : | | |
| a. Purchased : | | |
| Units | 1671960.00 | 1697772.00 |
| Total Amount Rs. | 7519815.00 | 6715728.00 |
| Rate/unit Rs. | 4.50 | 3.96 |
| b. Own generation (D.G.Sets) | | |
| Units | 11154092.00 | 10905971.00 |
| Unit per Ltr. of diesel | 3.62 | 3.45 |
| Cost (Rs.)/Unit | 3.15 | 2.62 |
| (2) Furnace Oil. | | |
| Quantity (K.Ltrs) | 6052.867 | 6609.547 |
| Total Amount Rs. | 50052578.60 | 39670191.00 |
| Average Rate Rs. | 8.27 | 6.00 |
| (3) Diesel | | |
| Quantity (K.Ltrs) | 3078.561 | 3210.697 |
| Total Amount Rs. | 34535385.00 | 29009520.00 |
| Average Rate Rs. | 11.22 | 9.04 |

(B) Consumption per unit of Production

| Products | Yarn | | Processed Fabric | |
|---------------------|---------|---------|------------------|---------|
| | 1999-00 | 1998-99 | 1999-00 | 1998-99 |
| Electricity (Units) | 2.23 | 1.98 | 0.71 | 0.84 |
| Furnace Oil (Ltrs.) | - | - | 0.56 | 0.74 |

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri Manish Jajoo Director of the Company will retire by rotation at the sixteenth Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment.

ALLOTMENT OF SHARES

The Company allotted 1632653 equity shares of Rs. 10/- each to The Unit Trust of India on preferential basis, at a premium of Rs.39/- aggregating to Rs.80000000/- during the year under review.

The Company also allotted 14.5%, 500000 cumulative redeemable preference shares of Rs.10/- each aggregating to Rs.5000000/- to the IDBI, on preferential basis during the year under review.

DE-MATERIALISATION

In accordance with the directions issued by the Securities and Exchange Board of India, the Company has entered into necessary agreement with NSDL and CDSL for De-materialisation of its shares. The member are requested to avail the facility and surrender their shares with their respective depository participants for dematerialisation.

CORPORATE GOVERNANCE

The requirements of clause 49 of the listing agreement relating to the corporate governance are at present not compulsory to the company.

THE DHAR TEXTILE MILLS LIMITED**FORFEITURE OF SHARES**

During the year under review the Company forfeited 262000 partly paid-up equity shares and re-allotted the same after complying with necessary requirements of law in this regard.

LISTING

The shares of the Company are listed on Madhya Pradesh and Mumbai, Ahmedabad, Calcutta, New Delhi, Madras, Jaipur Stock Exchanges and the Company is regular in payment of listing fees to the Exchanges.

INDUSTRIAL RELATIONS

The relations with the employees and the workers continued to be cordial during the year. The Directors wish to place on record their sincere appreciation for the excellent team spirit with which the employees have worked.

AUDITORS

M/s B.Bansal & Co. Chartered Accountants, Indore Auditors of the Company, retiring at the conclusion of Sixteenth Annual General Meeting, are eligible for re-appointment.

ACKNOWLEDGEMENT

Your Directors express their sincere appreciation for the assistance and co-operation received from the Banks, Institutions, Government Departments, customers and suppliers. The Directors are also pleased to record their appreciation for the devotion with which the employees of the Company have worked during the year for the progress of the Company.

FOR AND ON BEHALF OF THE BOARD

INDORE
19th August, 2000

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, 2000 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 and in our opinion comply with the mandatory Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.

(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, 2000 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
19th August, 2000

(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 the 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 and adequate in relation to the size of the Company and the nature of its business.
- (v) The discrepancies noticed on the physical verification of stocks as compared to book records which in our opinion were not material, have been properly dealt with in the books of accounts.
- (vi) In our opinion and based on our examination of stocks and other related records the valuation of stocks is fair