



THE
DHAR TEXTILE
MILLS LTD.

20th Annual Report 2003 - 2004

BOARD OF DIRECTORS : Shri Pankaj Jajoo Managing Director
: Shri Manish Jajoo Director
: Shri Bhikabhai Patel Director
: Shri Ulhas B. Narkar Director (Nominee of IDBI)

BANKERS : State Bank of India
: State Bank of Indore
: Canara Bank
: State Bank of Saurashtra

AUDITORS : B.Bansal & Co.
Chartered Accountants,

REGISTERED OFFICE : C-1/A Low Land Area, Pologround,
Industrial Estate, INDORE (M.P.)

Ph. : +91 (731) 2423456

Fax : +91(731) 2421940

e-mail : share_dept@dhartextile.com

Gram : IMPELLERS

BRANCHES : Bangalore
Calcutta
Chennai
Delhi
Mumbai

WORKS : YARN DIVISION :
188, Sector I, Pithampur
Dist. Dhar (M.P.)
Ph. : +91(7292) 253093

FABRIC DIVISION :
C-1/A, Low Land Area,
Pologround, Industrial Estate,
INDORE
Ph. : +91 (731) 2423456
Fax : +91 (731) 2421940



NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of the Company will be held on Thursday the 30th day of September, 2004, at 11 a.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 receive, consider and adopt the Audited Balance Sheet as on 31st March, 2004, and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri B.A. Patel, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

3. APPOINTMENT OF STATUTORY AUDITORS

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

"RESOLVED THAT pursuant to the provisions of section 224A and other applicable provisions of the Companies Act, 1956 approval of the members of the Company be and is hereby accorded 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 up to the conclusion of the next annual general meeting of the Company for the financial year 2004-2005;

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."

BY ORDER OF THE BOARD

INDORE
28th August, 2004

PANKAJ JAJOO
MANAGING DIRECTOR

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING 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. THE PROXIES, IN ORDER TO BE VALID, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR THE MEETING.
2. The explanatory statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No.3 of the Notice set out above are annexed herewith.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday the 28th day of September 2004 to Thursday, the 30th day of September 2004 (both days inclusive).
4. Members desirous of obtaining any information/details with regard to accounts and operations of the Company are requested to write to the Company at least 7 days before the meeting to enable the Company to keep the required information ready at the time of meeting.
5. The Shareholders who are holding their shares in physical form are requested to get their shares dematerialized and for the purpose are requested to approach their respective Depository Participants for de-materialisation of their shares.
6. The shareholders who have not encashed their dividend warrants for the years 1997-98 and 1998-99 are requested to approach the Company in order to have their dividend warrants revalidated. Any unpaid dividend for a period of seven years shall be transferred to the Investors Protection and Education Fund and then cannot be paid to the shareholders.
7. In terms of the directions issued by the Securities And Exchange Board of India the share transfer activities relating to the Company have been transferred to M/s. Intime Spectrum Registry Limited during the year and they are the authorised Share Transfer Agents of the Company. The shareholders may address all future correspondence to them at their address mentioned on the backside of the front page.
8. The shareholders are requested to notify change in their address to the Company or its Share Transfer Agent immediately.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956:

Item No. 3:

The holding of public financial institutions in the Company is in excess of 25% of the 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 a special resolution for the appointment of Statutory Auditors at the annual general meeting. Hence the re-appointment of M/s. B.Bansal & Co., Chartered Accountants, Indore 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 Special resolution. None of the directors of the Company is interested in the resolution.

BY ORDER OF THE BOARD

INDORE
28th August, 2004

PANKAJ JAJOO
MANAGING DIRECTOR



DIRECTORS' REPORT

Your Directors have pleasure in presenting their 20th Annual Report on the Audited Statements of Accounts of the Company for the year ended the 31st March 2004.

FINANCIAL RESULTS

	2003-2004 (Rs.in lacs)	2002-2003 (Rs.in lacs)
Sales and other Income	6924.19	7402.84
Profit / Loss(-) before Interest, Depreciation and Taxes	70.95	-511.32
Less: Interest	1136.13	959.46
Loss (-) before Depreciation & Tax	- 1065.18	-1470.78
Less: Depreciation & Amortisation	379.32	383.08
Profit / Loss (-) before Tax	- 1444.50	-1853.86
Less: Provision for Tax	-	-
Profit after Tax	- 1444.50	1853.86
Add: Balance brought forward	- 3810.62	-1765.70
Less: Prior Period Items	81.19	191.06
Balance retained in Profit & Loss A/c	- 5336.31	3810.62

Performance

The company has been able to achieve better capacity utilisation of processing facilities during the year. The production of processed fabric improved from 73.91 lacs meters to 81.72 lacs meters. The sales were, however, lower as the job-work component in processing was higher. The company has also been able to post the reduced losses. The detailed comments on performance and future outlook etc. are contained in the report on Management Discussion & Analysis.

Exports

The company continues its status of recognised Export House granted by the Government of India. The company yielded export turnover of Rs.497.90 lacs during the year as compared to Rs.866.02 lacs in the previous year. The reduction is because the company focused more on the domestic market of processed fabric.

Dividend

Considering the absence of profit during the year, the Board of Directors regret their inability to recommend any dividend on shares for the year.

Sick Industrial Company

Upon finalisation of the audited accounts of the company for the current accounting year it has transpired that the company has become a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 during the current accounting year and as such the company would be making necessary Reference before the Board for Industrial & Financial Reconstruction in pursuance of section 15 of the said Act.

Directors

Shri B.A.Patel, Director of the company is retiring by rotation and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

Auditors

M/s. B.Bansal & Co., Chartered Accountants, Indore, the Statutory Auditors of the company are retiring at the forthcoming Annual General Meeting and they are eligible for re-appointment. The Board recommends their re-appointment.

Auditors' Report

The report of the Board of Directors of the company and notes to the accounts are self- explanatory and do not require further explanation from the board.

Public Deposits

The company has not accepted deposits from the public and there are no unpaid or unclaimed deposits with the company.

Management Discussion & Analysis

A detailed report on Management Discussion & Analysis forming part of this report is annexed.

Report on Corporate Governance

A detailed report on Corporate Governance forming part of this report is annexed.

Directors' Responsibility Statement

In compliance with the provisions of Section 217(2AA) of the Companies Act, 1956, your directors hereby confirm that -

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any.
- The directors have selected such accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company as at the end of the financial year ended 31st March 2004 and of the profit of the company for that year.
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- The directors have prepared the annual accounts for the year ended 31st March 2004 on a going concern basis.

Conservation Of Energy, Technology Absorption, Adaptation & Innovation and Foreign Exchange Earnings and Outgo

A statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forming part of this report is Annexed.

**Particulars of Employees**

The company did not have any employee receiving remuneration attracting the provisions of sub-section 2(A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended to-date during the year.

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.

Acknowledgement

Your directors are pleased to place on record their sincere appreciation for the valuable assistance and co-operation received from the Banks, Institutions, Government Departments, Customers and Suppliers throughout the year. They also acknowledge the contributions made by the officers and staff of the company at all levels for their diligent, devoted and whole-hearted efforts throughout the year for the progress of the company.

BY ORDER OF THE BOARD

INDORE

28th August, 2004

PANKAJ JAJOO

MANAGING DIRECTOR

ANNEXURE TO THE DIRECTORS' REPORT**Conservation Of Energy, Technology Absorption, Adaptation & Innovation and Foreign Exchange Earnings and Outgo****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 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 :

	2003-04	2002-03
(A) Power & Fuel Consumption		
Electricity:		
a. Purchased		
Units	9972890	8516227
Amount (Rs.)	46603117	38755238
Average Rate/Unit (Rs.)	4.67	4.55

b. Own Generation (D.G.Sets)

Units	1787302	3407384
Units Per Liter of Diesel	3.48	3.16
Cost (Rs.)/Unit	4.89	4.26
Diesel / LDO / SKO		
Quantity (Kilo Liters)	514.18	1076.75
Amount (Rs.)	8742649	14527401
Average Rate/Liter (Rs.)	17.00	13.49
Furnace Oil		
Quantity (Kilo Liters)	7.14	716.25
Amount (Rs.)	97119	7855126
Average Rate/Liter (Rs.)	13.62	10.97
Coal		
Quantity (MT)	9991.91	8630.02
Amount (Rs.)	23573432	19757619
Average Rate/MT (Rs.)	2359.25	2289.41

(B) Consumption per unit of Production

	Yarn		Processed Fabric	
	2003-04	2002-03	2003-04	2002-03
Electricity (Units)	1.86	1.78	0.60	0.65
Furnace Oil(Ltrs)	-	-	0.00	0.07
Coal (MTs)	-	-	0.91	0.83

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 out pace the competition and conform to the changing quality requirements of customers.

Foreign Exchange Earnings And Outgo

Details of Inflow/Outgo on account of the above are as follows :

	2003-2004	2002-2003
	(Rs. in lacs)	(Rs. in lacs)
Inflow		
Earnings FOB on Exports	495.99	866.03
Outgo		
a) CIF value of imports	7.81	18.53
b) Expenditure in foreign currency		
i) Travelling expenses	0.00	1.28
ii) Commission	7.20	24.72
iii) Interest on foreign currency Loan	22.94	52.10

BY ORDER OF THE BOARD

INDORE

28th August, 2004

PANKAJ JAJOO

MANAGING DIRECTOR



REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Corporate Governance

The fundamental objective of the Company behind Corporate Governance is enhancement of long term shareholder's value while at the same time protecting the interest of the shareholders and adopting a methodology which enhances effectiveness, better utilization of resources, transparent and harmonious between various interest groups.'

2. Board of Directors

The Board of Directors of the company consists of equal number of non-executive/independent directors, who are acknowledged as leading professionals in their respective fields. The Board Comprises of one (1) executive director and three (3) non-executive directors out of which two directors are independent.

The constitution of Board is as under:

Director's	Executive/Non-Ext./Independent*	Number of other Directorships#	Membership of other Board/Committees
Shri Pankaj Jajoo Chairman Cum Managing Director	Executive	None	None
Shri Manish Jajoo Director	Non-Executive	None	1
Shri Ulhas Narkar Nominee Director of IDBI	Non-Executive Independent	None	1
Shri Bhikabhai Patel	Non-Executive Independent	None	1

* An Independent Director is a director who apart from receiving director's remuneration does not have any material pecuniary relationship or transactions with the Company, its promoters or its management or its subsidiaries, which in the judgment of the Board may affect their independence of judgment.

This includes directorships held in Private Limited Companies and Overseas Companies.

\$ None of the Directors of the Company is member of any Committee of any other Company.

The Board of the Company met five times during the last financial year, on the following dates:

(1) 30th April, 2003 (2) 31st July, 2003 (3) 23rd August, 2003 (4) 31st October, 2003 (5) 31st January, 2004

The attendance at the Board Meetings and previous Annual General Meeting were as under:

Name of Director	Attendance	
	Board Meeting	Annual General Meeting
Shri Pankaj Jajoo	5	1
Shri Manish Jajoo	4	1
Shri Ulhas Narkar	2	-
Shri Bhikabhai Patel	3	-

3. Audit Committee

During the financial year 2003-2004, four meetings were held. The dates on which the said meetings were held are as follows:

(1) 30th April, 2003 (2) 30th July 2003 (3) 31st Oct 2003 (4) 31st Jan 2004

The constitution of the Committee and the attendance of each member of the Committee is given below:

Name	Designation	Non-executive/Independent	Profession	Committee Meetings Attended
Shri Ulhas Narkar	Chairman	Non executive & Independent	Service	1
Shri Bhikabhai Patel	Member	Non-executive Independent	& Business	3
Shri Manish Jajoo	Member	Non-executive	Business	4

The terms of reference of the Audit Committee, in brief, inter-alia include the following:

- To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/ Internal Auditors;
- To review compliance with internal control systems;
- To review quarterly, half yearly and annual financial results of the Company before submission to the Board;
- To investigate into any matter in relation to items specified in Section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice if necessary;
- To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report.

4. Remuneration Committee

The Remuneration Committee will review and make recommendations on annual salaries, performance commission, perquisites and other employment conditions of the Executive Directors. The remuneration committee consists of the following Directors:

Name	Designation	Executive/Non-Executive/Independent
Shri Bhikabhai Patel	Chairman	Independent and Non-executive
Shri Manish Jajoo	Member	Non-executive

No meeting of the Remuneration Committee was held during the year for want of requirement to review remuneration of any Executive Director.

Details of remuneration paid/payable to directors for the year ended March 31, 2004 are as follows:

Director	Relationship with other directors	Business relationship with DTM	Loans and advances from DTM	Sitting fees/ Rs.	Salary and Perquisites Rs.	Commission Rs.	Total Rs.
Shri Pankaj Jajoo	Related to Shri Manish Jajoo	Promoter	Nil	Nil	600000	Nil	600000
Shri Manish Jajoo	Related to Shri Pankaj Jajoo	Promoter	Nil	Nil	Nil	Nil	Nil
Shri Ulhas Narkar	None	None	Nil	2000	Nil	Nil	2000
Shri Bhikabhai Patel	None	None	Nil	0	Nil	Nil	0



5. Investors Grievance Committee

The Board has constituted an 'Investors Grievance Committee' which looks into shareholders and investors grievances. The following are the members of the Committee:

Name	Designation	Executive/Non-executive/Independent
Shri Ullhas Narkar	Member	Independent and Non-executive
Shri Bhikhabhai Patel	Member	Independent and Non-executive
Shri Manish Jagoo	Chairman	Non-executive

Share Transfers

- All shares have been transferred and returned within three weeks from the date of receipt, so long as the documents have been clear in all respects.
- As on 28th August 2004 there are nil Equity Shares pending for transfer.
- As on 28th August 2004 there are nil complaints are pending.

6. General Body Meetings

The location and time of the Annual General Meetings held during the last 3 years are as follows:

Annual General Meeting	Date	Time	Venue	No. of Special Resolutions passed
Seventeenth 2001	29 th September, 2001	16 hours	Registered office	1
Eighteenth 2002	30 th September, 2002	16 hours	Registered office	1
Nineteenth 2003	30 th September 2003	11 hours	Registered office	1

No resolution is passed through postal ballot till date. Presently, the Company does not have any transaction/proposal for postal ballot.

7. Disclosures

- Related Party Transactions are disclosed in the notes to accounts in the Annual Report.
- There has been no instance of non-compliance by the Company on any matter related to capital markets and there are no instances of penalties or strictures imposed by SEBI or the Stock Exchanges.
- There are no accounting treatment difference from prescribed in Accounting Standards.
- No employee of the Company has been denied access to the Audit Committee.

8. Means of Communication

- Full annual report is sent to each shareholder every year at his registered address regularly.
- DTM has been regularly sending quarterly/half-yearly/annual financial results to the stock exchanges. These results are also sent to those shareholders who request for the same.
- The quarterly results are published regularly in one Hindi and one English Newspaper having circulation in the region where the Registered Office of the Company is situated.
- The data is available on the BSE site also.
- The Quarterly financial results and Annual Reports are also sent to financial Institutions/analysts/institutional investors on demand.

A report on Management Discussion and Analysis forming part of the Directors Report is annexed thereto.

9. General Shareholder Information

a) Annual General Meeting

Date and Time 30th September, 2004
at 11.00 a.m.

Venue C-1/A, Low Land Area,
Pologround Industrial Estate,
Indore-452 015

b) Financial Calendar

Financial Reporting Period	Date of Board Meeting On or before
Quarter ending June, 2004	31st July, 2004
Half year ending September, 2004	31st October, 2004
Quarter ending December, 2004	31st January, 2005
Year ending March, 2005	30th April, 2005

Date of Annual General Meeting
On or before

Year ending March, 2005 30th September, 2005

c) Date of book closure

28th Sept. 2004
to 30th Sept. 2004

d) Dividend Payment Date

None

e) Registered Office

C-1/A, Low Land Area,
Pologround Industrial
Estate, Indore-452 015

f) Listing of Equity Shares on Stock Exchanges

- Mumbai Stock Exchange
- Ahmedabad Stock Exchange
- Madhya Pradesh Stock Exchange
- Madras Stock Exchange
- Delhi Stock Exchange
- Jaipur Stock Exchange
- Calcutta Stock Exchange

g) Stock Code

530949

h) Stock Market Data on B.S.E.

Month	High (Rs.)	Low (Rs.)	Volume	Trade
April 03	4.30	3.00	8170	36
May 03	7.40	3.50	10230	41
June 03	10.50	4.80	12884	75
July 03	8.70	5.70	20255	149
Aug 03	8.44	5.70	10728	82
Sep. 03	9.50	6.76	6330	47
Oct. 03	8.35	8.35	1000	4
Nov. 03	8.80	6.76	1055	12
Dec. 03	14.90	6.10	44625	289
Jan. 04	10.99	6.22	11810	92
Feb. 04	10.67	8.86	541	10
Mar 04	10.50	9.61	90	4



i) Registrar and Transfer Agent

M/s. Intime Spectrum Registry Limited
307, Citi Centre, 570, M.G.Road, Indore.

The Share transfer and de-materialisation related activities
are being handled by the Share Transfer Agent.

j) Distribution of shareholding as on 31st March, 2004

Slab of Shareholding	Shareholders	%	Amount in Rs.	%
1-500	1367	91.3770	255479	4.0509
501-1000	69	4.6120	53060	0.8410
1001-2000	28	1.8720	42043	0.6660
2001-3000	9	0.6020	23734	0.3760
3001-4000	1	0.0670	4000	0.0630
4001-5000	0	0.0000	0	0.0000
5001-10000	3	0.2010	19120	0.3030
10001-999999999	19	1.2700	5911317	93.7000
Total	1561	100.00	63087530	100.00

According to categories of shareholdings as on
31st March, 2004

SR NO	CATEGORY	NO OF SHARES	% OF HOLDING
A	PROMOTER SHAREHOLDING	3119821	49.46
1	Promoters		
	Indian Promoters	3119821	49.46
	Foreign Promoters		
2	Persons acting in concert		
	Sub-Total	3119821	49.46
B	Non Promoters Holding		
3	Institutional Investors		
	Mutual Funds and UFI	1675196	26.55
4	Banks, Financial Institutions, Insurance Companies, Central/State Govt. Institutions/Non- Government Institutions	653000	10.33
5	UFI		
	Sub-Total	2308196	36.59
6	Others		
	Private Corporate Bodies	265461	4.20
	Indian Public	431275	6.84
	NRI/OCI/PIOs	184000	2.92
7	Any Other (Please Specify)		
	Sub-Total	880371	13.96
	GRAND TOTAL	6308753	100.00

k) Dematerialisation of shares

As on 28th Aug., 2004, total 45.99 lacs shares (72.89%) are
in dematerialised form.

l) Outstanding GDRs/ ADRs/ Warrants or any convertible
instruments

There are no outstanding convertible warrants/ instruments.
The Company has not issued any ADRS or GDRS.

m) Project Location

Yarn Division - 188, Sector I, Pithampur Dist Dhar. M.P.

Fabric Division - C-1/A, Low Land Area, Pologround Industrial
Estate, Indore, M.P.

n) Investor Correspondence Address

The Dhar Textile Mills Limited

C-1/A, Low Land Area,
Pologround Industrial Estate,
Indore -452015

or

Intime Spectrum Registry Limited
307, Citi Centre, III Floor
570, M.G.Road,
Indore-452 001

BY ORDER OF THE BOARD

INDORE
28th August, 2004

PANKAJ JAJOO
MANAGING DIRECTOR

AUDITORS' CERTIFICATE

To

The Members of

The Dhar Textile Mills Limited

We have examined the compliance of the conditions of Corporate
Governance by The Dhar Textile Mills Limited for the year
ended March, 31, 2004 as stipulated in clause 49 of the listing
agreements of the said company with stock exchanges in India.

The compliance of the conditions of Corporate Governance is
the responsibility of the management. Our examination was limited
to the procedure and implementation thereof, adopted by the
company for ensuring the compliance of the conditions of
Corporate Governance. It is neither an audit nor an expression of
the opinion on the financial statement of the company.

In our opinion and to the best of our information and according
to the explanations given to us and the representations made by
the directors and the management, we certify that the company
has complied in all material respects with the conditions of
corporate governance as stipulated in the abovementioned listing
agreements.

We state that in respect of investor grievances received during
the year ended March, 31, 2004 no investor grievances are pending
against the company as on date as per the records maintained by
the company and presented to the investors/shareholders
grievance committee.

We further state that such compliance is neither an
assurance as to the future viability of the company nor the
efficiency or effectiveness with which the management
has conducted the affairs of the company.

For B.Bansal & Co.
Chartered Accountants

Indore
28th August, 2004

(B.L.Bansal)
Partner