



THE DHAR TEXTILE MILLS LTD.

25th Annual Report 2008 - 09

NOTICE is hereby given that Twenty Fifth Annual General Meeting of the Members of the Company will be held at its Registered Office of the Company situated at "C-1/A Low Land Area, Pologround Industrial Estate, Indore (M.P.)-452001 on Monday, the 15th Feb., 2010 at 10.30 A.M. to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2009 and the Profit & Loss Account of the Company for the year ended on that date together with the Auditors and Director's Report thereon.
2. To appoint Director in place of Shri Manish Jajoo, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass a resolution for appointment of the Auditors in place of M/s B. Bansal & Co., Chartered Accountants, who retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment and authorise the Board to fix their remuneration.

**BY ORDERS OF THE BOARD
THE DHAR TEXTILES MILLS LIMITED**

Place : Indore

Dated: 18th Jan. 2010

Sd/-

MANAGING DIRECTOR

NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolution set out under item Nos.3 is annexed thereto.
3. The Register of Members and the Share Transfer Books shall remain closed from Wednesday the 10th Feb., 2010 to Monday the 15th Feb., 2010.
4. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M.to 1.00 P.M.

5. Any query relating to accounts or any other items of business set out in the Agenda of the meeting must be sent to the Company's Registered Office at C-1/A Low Land Area, Pologround Industrial Estate, Indore (M.P.)-452001 at least seven days before the date of the Meeting.
6. Members or their respective proxies are requested to bring copies of Annual Report sent to the Members as copies of Annual Report shall not be distributed at the Annual General Meeting.
7. Members are requested to inform immediately any change in their address to the Company's Share Transfer Agents.
8. All communications relating to shares are to be addressed to the Company's Share Transfer Agents M/s Intime Spectrum Registry Limited.
9. As the members are aware your company's shares are tradable compulsory in electronic form and in view of the numerous advantages offered by the Depository System, members are requested to avail of the facility of dematerialization.



DIRECTORS' REPORT

Your Directors have pleasure in presenting their 25TH Annual Report on the Financial Performance of the Company for the year ended the 31st March 2009.

Financial Results

	(Rs.in lacs)	
	2008-2009	2007-2008
Sales and other Income	3274.42	4233.76
Loss (-) before Interest, Depreciation and Taxes	-148.19	-696.58
Less: Interest	1926.07	1708.87
Loss (-) before Depreciation & Tax	-2074.26	-2405.46
Less: Depreciation & Amortization	338.13	337.19
Loss (-) before Tax	-2412.39	-2742.64
Less: Provision for Tax	-	-
Loss after Tax	-2412.39	-2742.64
Add: Balance brought forward	-16621.07	-13870.83
Less: Prior Period Items	4.61	7.59
Balance retained in Profit & Loss A/c	-19042.34	-16621.07

Performance

The total turnover of the Company during the year is Rs.3274.42 lacs as compared with 4233.76 for the previous year. The Net loss for the year is Rs. 2412.39 lacs (Previous year loss Rs. 2742.64 lacs). The Detailed comments on performance are contained in the report on Management Discussion & Analysis.

Exports

The company has not done any export during the year as well as previous year.

Dividend

The Board of Directors regrets their inability to recommend any dividend for the year, due to absence of profit during the year.

Sick Industrial Company

The Company is a sick company within the meaning of Sick Industrial Companies (Special Provision) Act, 1985. Reference file under section 15((1) of Sick Industrial Companies (Special Provision) Act, 1985 was registered as case no. 353/2004 vide letter No.3 (T-22)/BC/2004 dt. 30/11/2004 issued by Registrar, Board of Industrial and Financial Reconstruction, New Delhi. The bench has declared that the company is a sick industrial company in terms of 3 (1) (O) of the Act w.e.f. 25.05.2006.

Directors

Shri Manish Jajoo is retiring by rotation at the forthcoming Annual General Meeting and is eligible for re appointment. The Board recommends his reappointment.

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

Explanation for remark in Auditor's Report:

Point No.3(iv) Company has made compliance of AS-13 regarding Valuation of Investment and point no. 4 of B of Schedule "O" explain that investment are of longterm nature, hence no provision for is made for temporary diminution in value. No provision for impairment of assets has been made as management is of opinion that assets can be realized at the value stated in books, which is compliance of AS-24.

Point No.4 (a) Due to continues losses, Company has become sick and BIFR is also declared the same w.e.f. 25.05.2006. Company is under settlement with preference shareholders (IDBI) for redemption of preference shares and dividend.

Point No.4 (b) Settlement procedure is at final stage with Banks and Financial Institutions to clear their dues.

Point No. 4 (c) In growing capital market, company is hopeful that investment will recover their value in future and nature of Investment is considered as long term.

Point No. 4 (d) Company has adapted conservative approach towards liabilities in respect of Unvouched Interest on Loans.

Public Deposits

The company has not accepted deposits from the public in terms of Companies (Acceptance of Deposit) Rules 1985 and there are no unpaid or unclaimed deposits with the company.

Management Discussion & Analysis

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

Report on Corporate Governance

A detailed report on Corporate Governance as required under Clause 49 of the listing Agreement is Annexed and forming part of this report.

Directors' Responsibility Statement

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

- i) 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.
- ii) 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 2009 and of the profit of the company for that year.
- iii) 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.
- iv) The directors have prepared the annual accounts for the year ended 31st March 2009 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 is enclosed and forming part of this report.

Particulars of Employees

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 are not attracted in case of any employee of the Company.

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. The Board also acknowledges the contributions made by the officers and staff of the company at all levels for their diligent, devotion and whole-hearted efforts throughout the year for the progress of the company.

BY ORDER OF THE BOARD

INDORE
18th Jan. 2010

Sd/-
PANKAJ JAJOO
CHAIRMAN & 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 :

	2008-09	2007-08
(A) Power & Fuel Consumption		
Electricity:		
a. Purchased		
Units	6496269	9469080
Amount (Rs.)	27475153	39407387
Average Rate/Unit (Rs.)	4.23	4.16
b. Own Generation (D.G.Sets)		
Units	0	59908
Units Per Liter of Diesel	0.00	3.35
Cost (Rs.)/Unit	0.00	5.31
Diesel / LDO / SKO		
Quantity (Kilo Liters)	17.37	17.91
Amount (Rs.)	318029	641355
Average Rate/Liter (Rs.)	18.31	35.82
Coal		
Quantity (MT)	2756.94	9323.66
Amount (Rs.)	12520738	36194583
Average Rate/MT (Rs.)	4541.53	3882.02

(B) Consumption per unit of Production

	Yarn		Processed Fabric	
	08-09	07-08	08-09	07-08
Electricity (Units)	1.81	1.70	0.83	0.49
Coal (MTs)	-	-	1.46	1.07

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 :

	(Rs.in lacs)	
	2008-09	2007-08
<u>Inflow</u>		
Earning FOB on Exports	0.00	00.00
<u>Outgo</u>		
a) CIF value of imports	0.00	0.00
b) Expenditure in foreign currency		
i) Travelling expenses	0.00	0.00
ii) Commission	0.00	0.00
iii) Interest on foreign currency loan	0.00	0.00

BY ORDER OF THE BOARD

INDORE
18th Jan. 2010

Sd/-
PANKAJ JAJOO
CHAIRMAN & MANAGING DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS

We have pleasure in submitting the Management Discussion & Analysis Report on the Company's business.

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company is a major producer of textiles in the composite mill sector of the country, catering to the requirements of cotton yarn for different applications; and fabric for home textiles and readymade garments industry. The government of India has identified the textiles sector as the second most important sector after agriculture and has been taking various steps in order to help the textiles companies in taking up the challenges for the development of textile sector.

B. OPPORTUNITIES AND THREATS

The Company is giving continuous emphasis on widening of the market segments: improvement in quality, productivity, and operational efficiency; cost control measures including financing cost; and offering the most satisfying services to its customers to take the best advantage of the above opportunities as also to face the competition from the imports as well as from the other processors within the country which would continue to pose a threat to the company in its normal course.

Bigger threat for the Company is its financial position, Loan accounts become NPA and being a Sick Company, we are unable to meet interest cost and principle repayments. Negotiations are being done with the Bankers of the Company to settle the principal and interest accrued thereon. Management is hopeful for the same and expects that looking into our financial condition Banker will act positively and help us in reviving the Company.

C. OUTLOOK

Your directors have been making efforts on all fronts viz. production, marketing, finance and cost control etc. and these efforts have been yielding good results. The outlook for the company's products appears to be good and the company is confident of achieving improved operational performance.