

NOTICE is hereby given that 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 Friday, the 30th September 2011 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, 2011 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 appoint Director in place of Shri Pankaj Singhal, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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.

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass, with or without modification(s), the following resolutions:

As Ordinary Resolution:

5.“RESOLVED THAT Shri Prakash Chand Kala be and is hereby appointed as a Independent Non-executive Director of the Company, liable to retire by rotation.

As Ordinary Resolution:

6.“RESOLVED THAT Shri Sunil Choudhary be and is hereby appointed as a Independent Non-executive Director of the Company, liable to retire by rotation.

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

**Place: Indore
Dated: 16.08.2011**

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 Monday the 26th Sept., 2011 to Friday the 30th Sept., 2011 (Both Day inclusive).
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.
10. Relevant Details, in terms of Clause 49 of the Listing Agreement, in respect of the **Director/s proposed to be appointed by resolution No. 5 & 6** are provided in the Explanatory Statement attached to the notice and those of the **Directors retiring by rotation and proposed to be re-appointed** are as under:

1. Mr. Manish Jajoo

Mr. Suresh Narayan Wagh, Independent director , age 70 years, is a commerce graduate and a ex-banker. He has served with Public Sector Bank for more than 30 years at senior management scale. He is also member of Audit Committee, Remuneration committee and Shareholders Grievance Committee

Mr. Suresh Narayan Sharma does not hold any shares (either in his name or in the name of any other person on a beneficial basis) in the company.

2. Mr. Pankaj Singhal

Mr. Suresh Narayan Wagh, Independent director , age 70 years, is a commerce graduate and a ex-banker. He has served with Public Sector Bank for more than 30 years at senior management scale. He is also member of Audit Committee, Remuneration committee and Shareholders Grievance Committee

Mr. Suresh Narayan Sharma does not hold any shares (either in his name or in the name of any other person on a beneficial basis) in the company.

EXPLANATORY STATEMENT

Following Explanatory Statement, pursuant to the provisions of Section 173(2) of the Companies Act, 1956 sets out the material facts relating to the Special Business mentioned in the accompanying Notice:

Item No. -5

The Company has received notice in writing along with a deposit of Rs. 500 from a member of the Company, in terms of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Prakash Chand Kala for the office of Director at the ensuing Annual General Meeting.

Shri Prakash Chand Kala, age 62 years, post graduate in Chemistry. He has worked for Flour Testing Project of Wheat Associate, USA at Hapurand from 1969 to 1971 and From 1971 to 2006 he has worked as Deputy Manager for Central Warehousing Corporation (A Government of India Undertaking). After retirement from Central Warehousing Corporation in 2006, he rendered his services to IPS Academy, Indore as Administrative Office.

Shri Prakash Chand Kala does not hold any share (either in his name or in the name of any other person on a beneficial basis) in the Company.

None of the Directors of the Company, except Shri Prakash Chand Kala himself is concerned or interested in the Resolution.

Item No. -6

The Company has received notice in writing along with a deposit of Rs. 500 from a member of the Company, in terms of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Sunil Choudhary for the office of Director at the ensuing Annual General Meeting.

Shri Sunil Choudhary, age 62 years, post graduate in Chemistry. He has worked for Flour Testing Project of Wheat Associate, USA at Hapurand from 1969 to 1971 and From 1971 to 2006 he has worked as Deputy Manager for Central Warehousing Corporation (A Government of India Undertaking). After retirement from Central Warehousing Corporation in 2006, he rendered his services to IPS Academy, Indore as Administrative Office.

Shri Sunil Choudhary does not hold any share (either in his name or in the name of any other person on a beneficial basis) in the Company.

None of the Directors of the Company, except Shri Sunil Choudhary himself is concerned or interested in the Resolution.

DIRECTORS REPORT

Your Directors have pleasure in presenting their Annual Report on the Financial Performance of the Company for the year ended the 31st March 2011.

Financial Results:

| | (Rs.) | |
|---|---------------|---------------|
| | 2010-2011 | 2009-2010 |
| Income From Operation | 328634417.00 | 249170366.00 |
| Loss (-) / Profit before Interest, Depreciation and Taxes | 2617231.00 | 1263176.00 |
| Less: Interest | 245247632.00 | 222622170.00 |
| Less: Depreciation & Amortization | 33669483.00 | 33690502.00 |
| Loss (-)/ Profit before Tax | -276299884.00 | -257575848.00 |
| Less: Provision for Tax including Deferred Tax | 0.00 | 0.00 |
| Loss after Tax | -276299884.00 | -257575848.00 |

Working Performance Review:

The total turnover of the Company during the year is Rs.3286.34 Lacs as compared with 2491.70 for the previous year and resulting increase in loss of the company Rs. 2762.99 Lacs as compared to loss of Rs. 2575.76 of previous year. Your Directors are confident and trying hard to increase the profitability during the current financial year with dedicated efforts of the management. 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 dated 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.

Further Shri Prakash Chand Kala and Shri Sunil Choudhary, appointed as Non Executive, Independent, Additional Directors of the Company w. e. f. 30.06.2011 and hold their office up to the date of next Annual General Meeting. Proposals for their appointment as Director of the Company have been included in the Notice of Annual General Meeting for your approval.

Auditors

M/s. B. Bansal & Co., Chartered Accountants, Indore, the Statutory Auditors of the company is 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 long term 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 continue losses, Company has become sick and BIFR is also declared the same w.e.f. 25.05.2006. Looking into financial condition, Company is not in position to redeem Preference Shares as per terms of the issue. A detailed note is also provided in Notes to the Account annexed with Balance Sheet of the Company.

Point No.4 (b) Company is in continues in touch with Banks and Financial Institutions for settlement 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 self adjustment of interest on Loans and confirmation from banks are subject to pending settlement with them.

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.

Audit Committee is constituted by the Company for looking after various requirements of Companies Act and Listing Agreement. Detail has been given in Corporate Governance 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 2011 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 2011 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

Particulars of the employees, pursuant to Section 217 (2A) of the companies Act, 1956 read with the Companies (Particulars of the Employees) Rules 1975 is nil, as none of the employee has received remuneration of Rs. 2.00 Lacs per month or Rs. 24.00 Lacs per year or more.

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

PLACE: INDORE
DATE: 16.08.2011

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:

| | 2010-11 | 2009-10 |
|------------------------------|----------|----------|
| (A) Power & Fuel Consumption | | |
| Electricity: | | |
| a. Purchased | | |
| Units | 4884360 | 4984058 |
| Amount (Rs.) | 22011059 | 19704867 |
| Average Rate/Unit (Rs.) | 4.51 | 3.95 |
| b. Own Generation (D.G.Sets) | | |
| Units | 0.00 | 0.00 |
| Units per Liter of Diesel | 0.00 | 0.00 |
| Cost (Rs.)/Unit | 0.00 | 0.00 |
| Diesel / LDO / SKO | | |
| Quantity (Kilo Liters) | 0.00 | 0.00 |
| Amount (Rs.) | 0.00 | 0.00 |
| Average Rate/Liter (Rs.) | 0.00 | 0.00 |
| Coal | | |
| Quantity (MT) | 0.00 | 0.00 |
| Amount (Rs.) | 0.00 | 0.00 |
| Average Rate/MT (Rs.) | 0.00 | 0.00 |

(B) Consumption per unit of Production

| | Yarn | | Processed Fabric | |
|---------------------|--------------|--------------|-------------------------|--------------|
| | 10-11 | 09-10 | 10-11 | 09-10 |
| Electricity (Units) | | 1.77 | 0.00 | 0.00 |
| Coal (MTs) | - | - | 0.00 | 0.00 |

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:

| | 2010-11 | (Rs.in lacs) 2009-10 |
|--|----------------|--------------------------------|
| <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

PANKAJ JAJOO
CHAIRMAN & MANAGING DIRECTOR