

**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 Saturday, the 29<sup>th</sup> September 2012 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 31<sup>st</sup> March, 2012 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 Pankaj Singhal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Shri Sunil Choudhary, 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 authorize 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 Vijay Bakliwal 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: 22.08.2012**

**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 25th Sept., 2012 to Friday the 29<sup>th</sup> Sept., 2012 (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** 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. Shri Pankaj Singhal**

**Mr. Pankaj Singhal**, non- executive, independent director, age 43 years, is a graduate in Commerce. He is providing consultancy relating to accounting and legal since last 14 years. He is also member of Audit Committee, Remuneration committee and Shareholders Grievance Committee

**Mr. Pankaj Singhal** 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. Sunil Choudhary**

**Mr. Sunil Choudhary**, Independent non-executive Director , age 45 years, is a commerce graduate and PGTDM. He is having experience of 18 years. He is also member of Audit Committee, Remuneration committee and Shareholders Grievance Committee

**Mr. Sunil Choudhary** 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**

Board has appointed Shri Vjay Bakliwal as Non-executive, Independent Additional Director of the Company, who is retiring at the ensuing AGM. Board further recommend his appointment as Non-executive, Independent Director of the Company at the ensuing AGM, a resolution in this regard has been given in the Notice for the consideration of the Shareholders.

Shri Vijay Bakliwal, age 58 years, graduate in science and having experience of 30 years in the field of grain market and share market.

Shri Vijay Bakliwal 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 Vijay Bakliwal 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 2012.

### Financial Results:

	(Rs.)	
	2011-2012	2010-2011
Income From Operation	312939948.00	328634417.00
Loss (-) / Profit before Interest, Depreciation and Taxes	-1809141.00	2617231.00
Less: Interest	277416701.00	245247632.00
Less: Depreciation & Amortization	30420344.00	33669483.00
Loss (-)/ Profit before Tax	-309646186.00	-276299884.00
Less: Provision for Tax including Deferred Tax	0.00	0.00
Loss after Tax	-309646186.00	-276299884.00

### Working Performance Review:

The total turnover of the Company during the year is Rs.3129.40 Lacs as compared with Rs.3286.34 Lacs for the previous year and resulting increase in loss of the company Rs. 3096.46 Lacs as compared to loss of Rs. 2762.99 Lacs 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. 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, as its having accumulated losses more than its net worth.

### Directors

Shri Pankaj Jajoo and Shri Sunil Choudhary are retiring by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment. The Board recommends his reappointment.

Further Shri Vijay Bakliwal, appointed as Non Executive, Independent, Additional Directors of the Company w. e. f. 09.02.2012 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. Shri Sunil Choudhary was confirmed as director of the Company in last AGM held during the FY 2011-12.

### **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) No provision for Impairment of Assets AS-28, has been made as management is of opinion that assets can be realized at the value stated in books, which is compliance of AS-28.

Point No.4 (a) Due to continue losses, Company has become sick company. 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 confirmations from banks are subject to pending settlement with them.

Point No. 9 (As per Annexure Referred to in Paragraph 3 of the Auditor's Report) Due to the unfavorable financial position and accumulated Losses, the Company is irregular in depositing undisputed statutory dues which company is trying to deposit the said amount as soon as possible. Matters relating to disputed liabilities are pending at appropriate authority/court.

Point No. 11 (As per Annexure Referred to in Paragraph 3 of the Auditor's Report) Company is in continues in touch with Banks and Financial Institutions for settlement to clear their dues and matter is pending in the Court.

## **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 2012 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 2012 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. 5.00 Lacs per month or Rs. 60.00 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: 22.08.2012

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:

	2011-12	2010-11
(A) Power & Fuel Consumption		
Electricity:		
a. Purchased		
Units	4711720	4884360
Amount (Rs.)	23700132	22011059
Average Rate/Unit (Rs.)	5.03	4.51
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



	<b>Yarn</b>		<b>Processed Fabric</b>	
	<b>11-12</b>	<b>10-11</b>	<b>11-12</b>	<b>10-11</b>
Electricity (Units) per Kg.	1.92	1.84	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:

	<b>(Rs.in lacs)</b>	
	<b>2011-12</b>	<b>2010-11</b>
<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**

## **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.

### **D. RISK AND CONCERNS:**

The main areas of risk and concerns are the prices sensitiveness of cotton the major input in spinning as well as in input like yarn for weaving and grey cloth for processing; the higher interest cost and high debt servicing