



1809083001

The Dhar Textile Mills Limited

Jajoo Group

Pologround Indore - 452 015 INDIA
Phone : 91(731) 2423456
Fax : 91(731) 2421940
e-mail : dhartexl@dhartextile.com

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 Tuesday, the 30th Sept., 2008 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, 2008 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 Jajoo, who retires by rotation and being eligible, offers himself for re-appointment.

AS SPECIAL BUSINESS:

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

As Special Resolution:

3. **"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 Accountant, 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 2008-2009.

As Ordinary Resolution:

4. **"RESOLVED THAT** Shri Pankaj Singhal be and is hereby appointed as a Independent Non-executive Director of the Company, liable to retire by rotation.

BY ORDERS OF THE BOARD
THE DHAR TEXTILES MILLS LIMITED

MANAGING DIRECTOR

Place : Indore
Dated: 31st July 2008

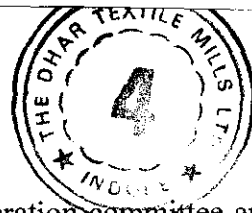


NOTE:

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 resolutions set out under item Nos. 4 & 5 is annexed thereto.
3. The Register of Members and the Share Transfer Books shall remain closed from Thursday the 25th Sept., 2008 to Monday the 29th Sept., 2008
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. 4** 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. Pankaj Singhal

Mr. Pankaj Singhal, Independent director, age 40 years, is a commerce graduate and has specialization in Law. He has experience of 15 Years in the field of legal matters. He is confident of providing his immeasurable experience to the



company. 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.

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. -3

The holding of public 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 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 as Statutory Auditor 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 are interested in the resolution.

Item No. -4

Shri Pankaj Singhal, appointed by the Board of Director as additional director during the year. His tenure is upto the date of ensuing Annual General Meeting. 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 Pankaj Singhal for the office of Director at the ensuing Annual General Meeting.

Mr. Pankaj Singhal, Independent director , age 40 years, is a commerce graduate and have specialization in Law. He have experience of 15 Years in the field of legal matters. He is confident of providing his immeasurable experience to the company. He is also member of Audit Committee, Remuneration committee and Shareholders Grievance Committee

Shri Pankaj Singhal 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 Pankaj Singhal himself is concerned or interested in the Resolution.



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Jajoo Group

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 24TH Annual Report on the Financial Performance of the Company for the year ended the 31st March 2008.

Financial Results

	(Rs.in lacs)	
	2007-2008	2006-2007
Sales and other Income	4233.76	5081.78
Loss(-) before Interest, Depreciation and Taxes	-696.58	326.03
Less: Interest	1708.87	1535.97
Loss (-) before Depreciation & Tax	-2405.46	- 1209.94
Less: Depreciation & Amortization	337.19	340.68
Loss (-) before Tax	-2742.64	- 1550.62
Less: Provision for Tax	-	-
Loss after Tax	-2742.64	- 1550.62
Add: Balance brought forward	-13870.83	- 12312.94
Less: Prior Period Items	7.59	7.27
Balance retained in Profit & Loss A/c	-16621.07	-13870.83

Performance

The Total Income of the Company during the year was Rs.4233.76 lacs compared with 5081.78 for the previous year. The Net loss for the year was Rs.2742.64 (Previous year loss Rs.1550.62 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 Pankaj Jajoo is retiring by rotation at the forthcoming Annual General Meeting and is eligible for re appointment. The Board recommends his reappointment. Mr. R.P. Maheshwari nominee Director of IDBI has been resigned from the Board w.e.f. 24.10.07. Mr. Pankaj Singhal has been appointed as Additional Director of the Company w.e.f. 31.01.2008, retiring at ensuing Annual General Meeting. The Board recommends his reappointment as director of the Company.

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.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.

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

Point No. 4 (e) Company is hopeful that in respect of Modvat Credit may be recovered in future with any other product or due change in Govt. Policies.

**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 2008 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 2008 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.

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. 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


PANKAJ JAJOO
CHAIRMAN & MANAGING DIRECTOR

INDORE
31st July 08



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 :

	2007-08	2006-07
(A) Power & Fuel Consumption		
Electricity:		
a. Purchased		
Units	9469080	10439850
Amount (Rs.)	39407387	42106890
Average Rate/Unit (Rs.)	4.16	4.03
b. Own Generation (D.G.Sets)		
Units	59908	84076
Units Per Liter of Diesel	3.35	3.47
Cost (Rs.)/Unit	10.71	9.27
Diesel / LDO / SKO		
Quantity (Kilo Liters)	17.91	24.22
Amount (Rs.)	641355	779440
Average Rate/Liter (Rs.)	35.82	32.18
Coal		
Quantity (MT)	9323.66	10040.42

Amount (Rs.)
Average Rate/MT (Rs.)

36194583
3882.02

36455080
3630.83



(B) Consumption per unit of Production

	Yarn		Processed Fabric	
	07-08	06-07	07-08	06-07
Electricity (Units)	1.77	1.70	0.49	0.53
Coal (MTs)	-	-	1.07	0.99

Technology Absorption, Adaptation and Innovation

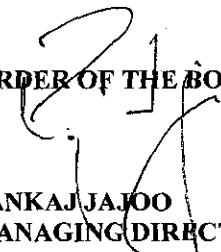
The Company has so far not imported any technology. The company manufactures standard products, for which technology is established, and therefore, no further research is being carried out. However, constant product development is being done to out pace the competition and conform to the changing quality requirements of customers.

Foreign Exchange Earnings And Outgo

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

	(Rs.in lacs)	
	2007-08	2006-07
<u>Inflow</u>		
Earning FOB on Exports	0.00	00.00
<u>Outgo</u>		
a) CIF value of imports	0.00	2.68
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

INDORE
31st July 08

BY ORDER OF THE BOARD

PANKAJ JAJOO
CHAIRMAN & MANAGING DIRECTOR



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Jajoo Group

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 majority of non-executive & equal number of /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 \$	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	1	1
Shri R.P. Maheshwari^ Nominee Director of IDBI	Non-Executive Independent	None	1
Shri Pankaj Singhal Director@	Non-Executive Independent	None	-

^Resign on 25.10.2007, @ Appointed on 31.01.2008

* 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.

@ Appointed on 31.01.2008



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

- (1) 28th April, 2007 (2) 30th July, 2007 (3) 20th August, 2007 (4) 27th October, 2007 (5) 31st October, 2007 (6) 31st January, 2008.

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	6	1
Shri Manish Jajoo	6	1
Shri R.P. Maheshwari [^]	-	-
Shri Pankaj Singhal [@]	-	-

[^]Resign on 25.10.2007

[@] Appointed on 31.01.2008

3. Audit Committee

During the financial year 2007-2008, four committee meetings were held. The dates on which the said meetings were held are as follows:

- (1) 28th April, 2007 (2) 30th July, 2007 (3) 27th October, 2007 (4) 31st October, 2007 (5) 31st January, 2008.

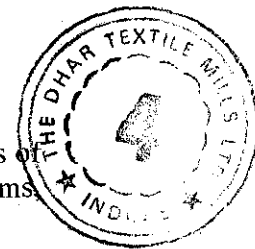
The constitution of the Committee and the attendance of each member of the Committee is given below:

Name	Designation	Non-executive/ Independent	Profession	Committee Meetings Attended
Shri R.P. Maheshwari [^]	Member	Non executive & Independent	Service	-
Shri Manish Jajoo	Chairman	Non-executive	Business	5
Shri Pankaj Jajoo	Member	Executive	Business	5
Shri Pankaj Singhal [@]	Member	Non executive & Independent	Business	-

[^]Resign on 25.10.2007

[@] Appointed on 31.01.2008

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



- a) 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;
- b) To review compliance with internal control systems;
- c) To review quarterly, half yearly and annual financial results of the Company before submission to the Board;
- d) 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;
- e) 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 Manish Jajoo	Chairman	Non-executive
Shri Pankaj Jajoo	Member	Executive
Shri R.P. Maheshwari [^]	Member	Independent and Non-executive
Shri Pankaj Singhal [@]	Member	Independent and Non-executive

[^]Resign on 25.10.2007

[@] Appointed on 31.01.2008

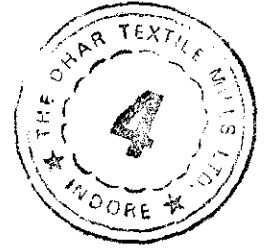
No meeting of the Remuneration Committee was held during the year for want of requirement to review remuneration of any Executive Director.

Details of remuneration paid/payable to the directors for the year ended March 31, 2008 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 R.P. Maheshwari [^]	None	None	Nil	Nil	Nil	Nil	Nil
Shri Pankaj Singhal [@]	None	None	Nil	Nil	Nil	Nil	Nil

[^]Resign on 25.10.2007

[@] Appointed on 31.01.2008



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 R.P.Maheswari [^]	Member	Independent and Non-executive
Shri Manish Jajoo	Chairman	Non-executive
Shri Pankaj Jajoo	Member	Executive
Shri Pankaj Singhal [@]	Member	Independent and Non-executive

[^]Resign on 25.10.2007

[@] Appointed on 31.01.2008

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 31st March 2008 there are nil Equity Shares pending for transfer.
- As on 31st March 2008 there are nil pending complaints.

6. Annual General 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
Twenty first	30 th September 2005	10 a.m.	Registered office	1
Twenty second	28 th September 2006	10 a.m.	Registered office	1
Twenty third	29 th December 2007	10 a.m.	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 is no accounting treatment difference from prescribed in Accounting Standard.
- No employee of the Company was 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.
- DTML 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, 2008
at 10.00 a.m.

Venue

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

b) Financial Calendar

Financial Reporting Period

Quarter ending June, 2008
Half year ending September, 2008
Quarter ending December, 2008
Year ending March, 2009

Date of Board Meeting

On or before

31st July, 2008
31st October, 2008
31st January, 2009
30th April, 2009

Date of Annual General Meeting



- On or before
- Year ending March, 2009 30th September, 2009
- c) **Date of book closure** 25th Sept., 2008 to 29th Sept., 2008
- 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

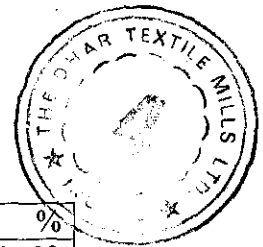
h) **Stock Market Data on B.S.E.**

Month	High (Rs.)	Low (Rs.)	Volume	Trade
April 07	4.32	3.57	7279	32
May 07	5.85	4.25	22013	105
June 07	6.09	5.20	17509	51
July 07	5.25	3.94	11566	40
Aug 07	5.05	4.19	23844	68
Sep. 07	5.72	4.76	32755	93
Oct. 07	5.76	4.22	9681	56
Nov. 07	5.88	4.02	13845	63
Dec. 07	7.06	5.30	39090	131
Jan. 08	8.92	6.15	151791	247
Feb. 08	6.82	5.70	84211	92
Mar 08	6.49	3.98	28155	49

i) **Registrar and Transfer Agent**

M/s. Intime Spectrum Registry Limited
C-13 Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W) Mumbai – 400 078.

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

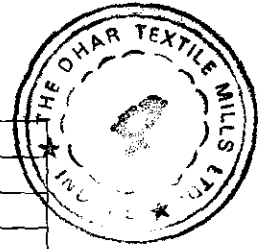


j) Distribution of shareholding as on 31st March, 2008

Slab of Shareholding	Shareholders	%	Amount in Rs.	%
1-500	1317	81.397	2708000	4.292
501-1000	143	8.838	1188260	1.884
1001-2000	75	4.635	1188520	1.884
2001-3000	29	1.792	741830	1.176
3001-4000	7	0.433	253050	0.401
4001-5000	10	0.618	469910	0.745
5001-1000	11	0.680	784390	1.243
10001-999999999	26	1.607	55753570	88.375
Total	1618	100.000	63087530	100.000

According to categories of shareholdings as on 31st March, 2008

SR.NO	CATEGORY	NO.OF SHARES	% OF HOLDING
A	PROMOTER'S HOLDING	3027719	47.99
1.	Promoters		
	-Indian	3027719	47.99
	Promoters		
	-Foreign		
	Promoters		
2.	Persons acting in concert#		
	Sub-Total	3027719	47.99
B	Non Promoters Holding		
3.	Institutional Investors		
a.	Mutual funds and UTI	952268	15.09
b.	Banks, Financial Institutions, Insurance Companies(Central/State Govt. Institutions /Non-government Institutions)	544541	08.63
C.	FII		
	Sub-Total	1496809	23.73
4.	Others		
a.	Private Corporate Bodies	761633	12.07



b.	Indian Public	1008708	15.99
c.	NRIs/OCBs		
d.	Any Other (Please Specify)	13884	0.22
	Sub-Total	1784225	28.28
	GRAND TOTAL	6308753	100.00

k) Dematerialisation of shares

As on 31st March 2008, 77.07 % Shares 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.

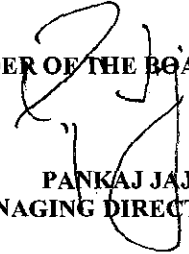
Fabric Division - C-1/A, Low Land Area, Pologround Industrial Estate, Indore, M.P.

n) Investor Correspondence Address

The Dhar Textile Mills Limited or
C-1/A, Low Land Area,
Pologround Industrial Estate,
Indore - 452015

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compund,
L.B.S Marg, Bhandup (W),
Mumbai - 400 078

BY ORDER OF THE BOARD


PANKAJ JAJOO
MANAGING DIRECTOR

INDORE
31st July, 2008

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, 2008 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. Except constitution of the Board of Directors, Audit Committee, Remuneration Committee and Investors Grievance Committee.

We state that in respect of investor grievances received during the year ended March, 31, 2008 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

B.L.Bansal
Partner

Indore
31st July, 2008

**MANAGEMENT DISCUSSION & ANALYSIS**
(Annexure to the Directors' Report)**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 textile companies in taking up the challenges of the post-quota regime beginning from January 2005. The Budget 2004-05 has extended major excise reliefs to the textile industry aimed at the healthy growth of this industry. Besides, measures like Textile Up-gradation Fund, Technology Mission on Cotton and Debt Restructuring Package will go a long way in improving the competitiveness of the textile industry.

Performance

Company is suffering losses since 2001-02 and the losses sustained continued to cause liquidity constraints posing problems in procuring inputs/ utilities/ services in time and at competitive prices; and meeting the delivery schedules given by the customers and offering competitive prices to them, particularly in processing. However, there have been considerable improvements in meeting the quality norms and the delivery schedules; and consequently in the customer satisfaction. Production of processed fabric was 78.10 lacs meters against 84.39 lacs meters during the previous year. The spinning and weaving activities continued to operate at the reasonable levels. The sales were lower at Rs.4224.70 lacs as against Rs.5073.67 lacs.

There have been no changes in equity during the year. The loans have gone up due to unpaid interest liability. The additions to the fixed assets are not significant.

Opportunities & 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.

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.

Risks & Concerns

The main areas of risks and concerns are the price 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 costs as well as the higher debt servicing

obligations; the need for upgrading the technology and revamping some of the existing production facilities and utilities; and the cheaper imports of textile articles.

Adequacy of Internal Controls

Your company has installed adequate internal information and control systems and these are subjected to management reviews on a continuous basis.

Cautionary Statement

Statements in the Directors' Report describing the company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw materials/utilities availability and prices, cyclical demand and pricing in the company's principal markets, changes in Government regulations, tax regimes, economic developments within the country and the countries where the products manufactured from the company's products are exported and other incidental factors.

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of THE DHAR TEXTILE MILLS LIMITED as at 31st March, 2008 and the Profit and Loss Account for the year ended on that date annexed thereto and also the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003, as amended by CARO order 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act 1956 (hereinafter referred to as the Act), we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 & 5 of the said order.
3. Further to our comments in the Annexure referred to above, we report that:
 - i) 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;
 - ii) 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 those books and proper returns adequate for the purpose of our audit have been received from the offices not visited by us.

- iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the mandatory Accounting Standards except AS 28 issued by ICAI referred to in Section (3C) of Section 211 of the Act;
- v) On the basis of written representations received from the directors as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

Attention is invited to:

- 4. a) Note No.1 of schedule "O" Part B regarding non redemption of redeemable preference shares amounting to Rs. 3.50 crores which fell due up to 1st February 2006 and arrears of preference dividend Rs.4.54 crores due.
 - b) Note No.2 a of schedule "O" Part B regarding non payment of debts from Banks, IDBI, Sales tax deferment of State Govt. and Hire Purchase company amounting to Rs.148.87 crores, due to failure of reschedulement of repayment of loans under Corporate Debt Restructuring (CDR) mechanism of RBI.
 - c) Note No.5 of schedule "O" Part B regarding non provision for diminution in value of company's investment amounting to Rs. 4.69 lacs having no market value.
 - d) Note No.18 of schedule "O" Part B regarding non receipt of confirmation from the respective bank in respect of unvouched interest on loan Rs.17.01 crores provided.
The Effect of matters referred to in paragraph (a) to (d) above on the accounts is not ascertainable.
5. Subject to the foregoing, In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and Notes on Accounts in Schedule 'O' and those appearing elsewhere in the accounts give the information required by the Companies Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008; and
 - b) In the case of Profit and Loss Account, of the Loss for the year ended on that date.

- c) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

**For B.BANSAL & COMPANY
CHARTERED ACCOUNTANTS**

**Indore
31st July, 2008**

**(B.L. Bansal)
Partner**

Annexure to Auditors' Report

Referred to in paragraph of our report of even date

1. The company is maintaining proper records showing full particular including quantitative details and situation of fixed assets. As explained to us, Fixed assets are physically verified by the management as per its programme, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As informed to us no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the Company has not disposed off a substantial part of fixed assets during the year.
2. As explained to us, Inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. On the basis of our examination of the inventory records, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. a) As informed, during the year under audit the company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act hence sub-clause (b), (c) and (d) are not applicable.
b) As informed, during the year under audit the company has not taken any unsecured loans but year end balance of Rs.,196.25 lacs from three parties covered in the register maintained u/s 301 of the Act. The rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the company. Terms of repayment of principal and interest are not stipulated.
4. In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and also for the sale of the goods and services, carried out in accordance with the auditing standard generally accepted in India, we have not observed any continuing failure to correct major weakness in the aforesaid internal control procedures.
5. In our opinion and according to the information and explanation given to us, the transaction that need to be entered into the register in pursuance of section 301 of the Act, have been so entered. In our opinion and as per the



information and explanations given to us the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and exceeding the value of Rupees Five Lacks in respect of any party during the year, have been made at price which are reasonable having regards to the prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public attracting the provisions of sections 58A and 58AA or any other relevant provisions of the Act.
7. In our opinion, the company has its own internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the company in respect of the products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. According to the records of the company examined by us, in our opinion, the company is irregular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales-Tax, Excise Duty, except Service Tax Custom Duty, Investor Education and Protection Fund as applicable with the appropriate authorities in India. According to the records of the company examined by us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Custom Duty and Excise Duty were in arrears as at 31st March 2008 for a period of more than 6 months from the date they become payable other than undisputed Professional Tax of Rs.8,76,430/-, Employee State Insurance of Rs22,25,091/-, Provident fund of Rs.57,56,193/-, Electricity duty of Rs.7,01,085/-, Income Tax Deducted at Source of Rs.9,55,861/-, Fringe Benefit Tax of Rs. 1,42,140/- and Entry tax of Rs.3,02,241/- which were not deposited till date.
10. The disputed statutory dues aggregating to Rs.3943344/- have not been deposited on account of matters pending before appropriate authorities as under:

S.No.	Name of the Statute	Nature of Dues	Forum where dispute is pending	Amount
1	Central Excise Act, 1944	Excise Duty 1996-97	Cogat	18,28,131
2	Sales Tax Act of various states.	CST 2003-04	Commissioner of Sales Tax (Appeals)	4,01,965
	Income Tax Act.	Income Tax 2003-04	CIT(Appeal-1)	7,40,900
3	Employee Provident Fund Act 1952.	Provident Fund	The Central Board of Trustees	9,71,248

11. Accumulated losses of the Company exceeded fifty percent of its Net Worth at the end of the financial year. The Company has incurred cash losses during the current year as also during the immediately preceding financial year.

12. The company has defaulted in repayment of following dues of Financial Institutions or Banks as at the Balance sheet date:

S. No.	Name of the Bank/Financial Institute	Amount of Default (Rs.in Crores)	Default Continued since
1	State Bank of India*	63.63	30 th April 04
2	Industrial Development Bank of India*	31.78	30 th June 2004
3	Industrial Development Bank of India (CRPS)*	3.50	1 st Feb. 2005
4	Industrial Development Bank of India(Arrears of Dividend on CRPS)*	4.54	30 th June 2004
5	State Bank of Indore*	29.47	30 th April 04
6	Canara Bank	11.25	30 th April 04
7	State Bank of Saurashtra*	10.30	30 th April 04
8	Central Financial Services Ltd.	0.25	
	Total	156.63	

*Standard Chartered Bank has takenover account of State Bank of India. State Bank of Indore and State bank of Saurashtra and Kotak Mahindra Bank Ltd. has takenover account of Industrial Development Bank of India in Financial Year 2006-07 and 2007-08.

13. The company has not granted any loans and advances on the basis of ~~security by way of~~ ~~pledge of~~ shares, debentures and other securities.
14. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company.
15. In our opinion, the company is not a dealer or trader in shares, securities, debenture and other investments.
16. The company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
17. The company has not obtained any new term loans during the year.
18. On the basis of an overall examination of the Balance Sheet of the company, in our opinion, there are no funds raised on a short-term basis, which have been used for long-term investment.
19. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
20. The company has not issued any debenture.
21. The company has not raised any money by public issues during the year.
22. In our opinion and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year, nor we have been informed of such case by the management that causes the financial statements to be materially misstated.

**For B.BANSAL & COMPANY
CHARTERED ACCOUNTANTS**

**Indore
31st July, 2008**

**(B.L. Bansal)
Partner**



BALANCE SHEET AS AT 31ST MARCH 2008

PARTICULARS	SCH. NO.	THIS YEAR	PREVIOUS YEAR
I. SOURCES OF FUNDS :			
1. SHARE HOLDERS' FUNDS :			
a) Share Capital	"A"	98087530	98087530
b) Reserves & Surplus	"B"	315443479	315443479
		<u>413531009</u>	<u>413531009</u>
2. LOAN FUNDS :			
a) Secured	"C"	1488718273	1322512411
b) Unsecured		20623469	20617106
		<u>1509341742</u>	<u>1343129517</u>
		<u>1922872751</u>	<u>1756660526</u>
II. APPLICATION OF FUNDS :			
1. FIXED ASSETS :			
a) Gross Block	"D"	746967699	741959300
b) Less : Depreciation		432056418	398337738
c) Net Block		314911281	343621562
d) Capital Work-in-Progress and Advances		0	180812
		<u>314911281</u>	<u>343802374</u>
2. INVESTMENTS		469187	469187
3. CURRENT ASSETS, LOANS & ADVANCES			
a) Inventories	"E"	22897231	91756149
b) Sundry Debtors		25857444	47541337
c) Cash & Bank Balances		2064511	1604192
d) Loans & Advances		11891753	12824940
		<u>62710938</u>	<u>153726618</u>
LESS :			
CURRENT LIABILITIES	"F"	117325566	128420986
		<u>- 54614628</u>	<u>25305632</u>
4. MISC. EXPENDITURE (To the extent not written off)	"G"		
5. PROFIT AND LOSS ACCOUNTS		1662106911	1387083333
		<u>1922872751</u>	<u>1756660526</u>
NOTES ON ACCOUNTS	"O"		

As per our report of even date attached
For B.Bansal & Co.
Chartered Accountants

On Behalf of the Board

B.L. Bansal
(PARTNER)

INDORE
Dated 31st July 2008

Pankaj Jajoo
MANAGING DIRECTOR

Manish Jajoo
DIRECTOR

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008**

PARTICULARS	SCH. NO.	THIS YEAR	PREVIOUS YEAR
INCOME:			
Sales	"H"	422469511	507367186
Less : Sales Tax		3909778	5375333
Net Sales		418559733	501991853
Other Income	"I"	906332	810447
Increase/Decrease(-) in Stocks		-38340541	5115586
		<u>381125524</u>	<u>507917886</u>
EXPENSES:			
Materials	"J"	262518693	294768463
Manufacturing Expenses	"K"	104793599	102382726
Employees Remuneration & Benefits	"L"	58682021	55989877
Selling, Administrative & Other Expenses	"M"	24789624	22174252
Finance & Interest Charges	"N"	170887224	153596838
Depreciation		33718680	33575185
Provisionary Expenses Written Off		0	492626
		<u>655389840</u>	<u>662979967</u>
Loss (-) before Taxation		-274264316	-155062081
Prov. for taxation		0	0
Loss(-) for the Year		<u>-274264316</u>	<u>-155062081</u>
Balance Brought Forward		-1387083332	-1231293877
Prior Period Expenditure		759264	727375
		<u>-1662106911</u>	<u>-1387083332</u>
BALANCE TRANSFERRED TO BALANCE SHEET			
NOTES ON ACCOUNTS	"O"		

As per our report of even date attached
For B.Bansal & Co.
Chartered Accountants

On Behalf of the Board

B.L. Bansal
(PARTNER)

INDORE
Dated 31st July 2008

Pankaj Jajoo
MANAGING DIRECTOR

Manish Jajoo
DIRECTOR



**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT
AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008**

PARTICULARS	THIS YEAR	PREVIOUS YEAR
SCHEDULE 'A'		
SHARE CAPITAL		
Authorised Share Capital		
7000000 Equity Shares of Rs. 10/- each (Previous Year 7000000 Equity Shares of Rs. 10/- each)	70000000	70000000
4000000 Cumulative Redeemable Preference Shares of Rs.10/- each (Previous Year 4000000 Cumulative Redeemable Preference Shares of Rs.10/- each)	40000000	40000000
	<u>110000000</u>	<u>110000000</u>
Issued, Subscribed and Paid-Up Capital		
6308753 Equity Shares of Rs. 10/- each fully paid up (Previous Year 6308753 Equity Shares of Rs. 10 each fully paid up) (Of the above Equity Shares 2000000 Equity Shares were allotted as bonus shares)	63087530	63087530
3500000 14.5% Cumulative Redeemable Preference Shares of Rs.10/- each fully paid up (Previous Year 3500000 14.5% Cumulative Redeemable Preference Shares of Rs.10/- each fully paid up)	35000000	35000000
	<u>8087530</u>	<u>98087530</u>
SCHEDULE 'B'		
RESERVES & SURPLUS		
1. General Reserve	94437512	94437512
2. Share Premium	221005967	221005967
	<u>315443479</u>	<u>315443479</u>
SCHEDULE 'C'		
SECURED LOANS:		
1. Rupee Term Loans	605484885	605484885
2. Hire Purchase Finance	2607601	2607601
3. Sales Tax Deferment	2733284	2933284
4. Working Capital Loans	335944111	335944111
5. Interest Accrued and Due	541948392	375542530
(See Schedule O, Notes on Accounts S.No.18)		
	<u>1488718273</u>	<u>1322512411</u>



PARTICULARS	THIS YEAR	PREVIOUS YEAR
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SCHEDULE 'D'

FIXED ASSETS :

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	AS AT APRIL 1 2007	ADDITIONS	SALE/ADJ. DURING THE YEAR	AS AT MARCH 2008	UP TO MARCH 31 2007	FOR THE YEAR	DEDUCTION PRIOR PERIOD DEPRECIATION	AS AT MARCH 31 2008	AS AT MARCH 31 2008	AS AT MARCH 31 2007
LAND	4246734		0	4246734	0	0	0		4246734	4246734
FACTORY SHED	83438974	786884	0	84225858	30457858	2801431	3	33259298	50943359	52978106
OFFICE BUILDING	3480883	0	0	3480883	542536	56738	0	600274	2880609	2897347
PLANT & MACHINERY	633047731	4104627	0	637152358	35890684	29891761	0	385782465	251369903	277157937
FURNITURE & FIXTURE AND EQUIPMENTS	4735619	85684	0	4821482	2860640	303072	0	3163912	1657570	1874778
ELECTRICAL INSTALLATION	8972409	51224	0	9023633	5288725	382869	0	5861414	3582329	3703774
VEHICLES	4038881	0	0	4038881	3516075	272989	0	3589064	450797	723786
TOTAL	741959300	5008389	0	746967689	398337738	33718680	0	432056418	314911281	343621562
PREVIOUS YEAR	738527619	4182003	750321	741959300	365204679	33575185	442026	398337738	343621563	373323039

SCHEDULE 'E'

CURRENT ASSETS, LOANS AND ADVANCES :

1. Inventories

(as taken, valued and certified by the management)

a. Raw Materials	6738941	27498879
b. Work-in-Progress	1999251	15000524
c. Finished Goods	8454860	33794128
d. Stores, Fuel & Packing Materials	5704179	15462618
	<u>22897231</u>	<u>91756149</u>

**2. Sundry Debtors
(Unsecured)**

a. Due over six months	5729121	3698858
b. Others	20128322	43842479
	<u>25857444</u>	<u>47541337</u>

3. Cash & Bank Balances

a. Cash on hand	722132	339619
b. Balances with Scheduled Banks:		
i) In Current Accounts	526849	463552
ii) In Fixed Deposits	815529	801021
	<u>2064511</u>	<u>1604192</u>

**4. Loans & Advances
(Unsecured)**

a. Advances recoverable in cash or in kind or for value to be received	9363253	11339938
b. T.D.S. & Advance tax (Net of Provision for Tax)	2528500	1485002
	<u>11891753</u>	<u>12824940</u>
TOTAL (1 + 2 + 3 + 4)	<u>62710938</u>	<u>153726618</u>



PARTICULARS	THIS YEAR	PREVIOUS YEAR
SCHEDULE 'F'		
CURRENT LIABILITIES & PROVISIONS :		
1. Current Liabilities		
a. Sundry Creditors	100951739	113895422
b. Unclaimed Dividend	49600	49600
	<u>101001339</u>	<u>113945022</u>
2. Provisions		
a. Provision for Gratuity & Other Labour Dues	16324227	14475964
	<u>117325566</u>	<u>128420986</u>
SCHEDULE 'G'		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
a. Public Issue Expenses	0	0
b. Deferred Revenue Expenditure	0	0
	<u>0</u>	<u>0</u>
SCHEDULE 'H'		
SALES		
Sales	310626348	397425648
Job Work Income	111843163	109941538
	<u>422469511</u>	<u>507367186</u>
SCHEDULE 'I'		
OTHER INCOME		
Claims	484243	84449
Miscellaneous Income	422089	725998
	<u>906332</u>	<u>810447</u>
SCHEDULE 'J'		
MATERIALS		
Opening Stock	27498879	25429718
Less : Input Rebate on Inventory	0	171453
	<u>27498879</u>	<u>25258265</u>
Add : Purchases (Including Expenses)	241758755	297009077
	<u>269257634</u>	<u>322267342</u>
Less : Closing Stock	6738941	27498879
	<u>262518693</u>	<u>294768463</u>
SCHEDULE 'K'		
MANUFACTURING EXPENSES		
Stores and Packing Materials	24325982	16147527
Power & Fuel	76243325	79341410
Repairs to Machinery	1098237	1483910
Conversion & Job Charges	326943	826180
Other Manufacturing Expenses	2799112	4583699
	<u>104793599</u>	<u>102382726</u>



PARTICULARS	THIS YEAR	PREVIOUS YEAR
SCHEDULE 'L'		
EMPLOYEES REMUNERATION AND BENEFITS		
Salaries, Wages & Allowances	54367061	51776438
Contribution to P.F. & E.S.I.	4314960	4213439
	<u>58682021</u>	<u>55989877</u>
SCHEDULE 'M'		
SELLING, ADMINISTRATIVE & OTHER EXPENSES		
Sales Expenses	12034710	10794444
Insurance	2650844	2147535
Rent	224412	215841
Repairs & Maintenance (Others)	494427	417009
Stationary & Printing	426941	440440
Telephone & Postage	765108	835888
Advertisement	72628	23874
Bank Charges	607219	624340
Auditors' Remuneration	95599	86224
Conveyance & Vehicle running	1269517	1315482
Legal & Professional Charges	4436994	3386614
Lease Rent	0	5670
Loss on sale of fixed assets	0	163611
Travelling Expenses :		
- Directors	126248	397326
- Others	341784	517524
Charity & Donations	47002	52546
Miscellaneous Expenses	1196192	749884
	<u>24789624</u>	<u>22174252</u>
SCHEDULE 'N'		
INTEREST		
Interest on Fixed Loans	154795177	109396948
Others (net)	16092047	44199890
	<u>170887224</u>	<u>153596838</u>

**SCHEDULE "O"****SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of preparation of financial statements:**

- a) The financial statements have been prepared under historical cost convention in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956, subject to what is stated herein below, as adopted consistently by the Company.
- b) The Company generally follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

2. Fixed Assets:

Fixed assets are stated at cost of acquisition / construction net of modvat and accumulated depreciation. The cost includes cost of spares, all preoperative expenses and the financing cost of borrowed funds relating to the construction period. Adjustment arising from exchange rate variations relating to borrowings attributable to the fixed assets are capitalised.

3. Depreciation:

Depreciation on fixed assets is provided on straight line method at the rates prescribed under Schedule XIV to the Companies Act, 1956 except on the plant & machinery (including their revaluation of Rs. 144.00 lacs) and vehicles of the yarn division, which have been commissioned/acquired before 01.04.95, on which depreciation has been provided on written down value method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

4. Inventories:

Inventories are valued at cost or net realisable value whichever is less.

5. Sales:

Sales of goods is recognised at the point of despatch of the finished goods. Sales is net of sales returns & discount and includes inter-division transfers.

6. Foreign Currency Liabilities:

Assets and liabilities related to foreign currency transactions are translated at exchange rate prevailing at the end of the year. Exchange difference in respect of fixed assets is adjusted to the carrying cost of fixed assets.

7. Retirement Benefits:

Retirement benefits are accounted for on accrual basis.

8. Amortisation of Miscellaneous Expenditure:

Share issue expenses are written off over a period of ten years and deferred revenue expenses over a period of five years.

B. NOTES ON ACCOUNTS**1. Share Capital**

The 14.5% Cumulative Redeemable Preference Shares of Rs.350 lakhs redeemed at par in 3 annual instalments commencing from February 1, 2005, Instalment falling due on February 2005 is in arrear. The subscribers reserve the right to convert CRPS assistance into rupee term loan after one event of default with respect to payment of dividend/ redemption and/or into equity shares at par after two consecutive defaults with respect to payment of dividend/ redemption. Payment of dividends on these shares is in arrears since 01.04.1999.



2. Secured Loans

- a) The company's debts from banks/IDBI had been restructured involving carving out of Working Capital Term Loans (WCTLs) from the existing working capital limits, reduction in interest rates, waiver of liquidated damages / penal interest etc., funding of interest, and rescheduling of term loans under the Corporate Debt Restructuring (CDR) mechanism of the Reserve bank of India. However it could not be implemented.
- b) Foreign Currency Loan and Rupee Term Loans (other than Working Capital Term Loans and Funded Interest Term Loans) from State Bank of India*, IDBI and State Bank of Indore* are secured by first charge ranking pari passu by way of mortgage/hypothecation of the fixed assets (excluding assets acquired under hire purchase agreements) of the Company at Pithampur and Pologround, Indore. Working Capital Term Loans and Funded Interest Term Loans from State Bank of India*, State Bank of Indore*, Canara Bank, and State Bank of Saurashtra and Funded Interest Term Loan from Industrial Development Bank of India are secured by pari passu charge on the assets of the Company.
- c) Working Capital Limits from State Bank of India*, State Bank of Indore*, Canara Bank and State Bank of Saurashtra* are secured by hypothecation of current assets including stocks, bills receivables and book debts etc. and are secured by second charge ranking pari passu by way of Mortgage / Hypothecation of the fixed assets of the Company at Pithampur and Pologround, Indore.
- *Standard Chartered Bank has takeover account of State Bank of India, State Bank of Indore and State Bank of Saurashtra and Kotak Mahindra Bank Ltd. has takeover account of IDBI.
- d) All the above loans are further secured by way of personal guarantees of Managing Director, one director and others.
- e) Sales tax deficit is secured by first available charge by way of hypothecation of the fixed assets of the Company.

3. Contingent Liabilities

(Rs.in lacs)

	THIS YEAR	PREVIOUS YEAR
a) Guarantees issued by Bankers	2.00	2.00
b) Lease rent payable over the unexpired portion of the lease agreements on leased plant & machinery	17.55	17.55
c) Commercial Tax in respect of which the company is in appeal	4.04	13.23
d) Income Tax in respect of which the company is in appeal	7.40	7.40
e) Excise Duty in respect of which the company is in appeal	18.28	18.28
f) Cumulative Preference Dividend (to become payable when the dividend would be declared)	403	403
g) Damages for delayed payment of Provident Fund in respect of which company is in appeal	9.72	9.72



4. Information Pursuant to the provision of paragraph 3, 4 C and 4 D of Schedule VI to the Companies Act, 1956

ITEM	UNIT	THIS YEAR		PREVIOUS YEAR	
		Quantity	Amount	Quantity	Amount
i) Licenced Capacity					
a) Spinning	Kgs.	3600000		360000	
b) Weaving	Mtrs.	36000000		36000000	
c) Processing	Mtrs.	36000000		36000000	
ii) Installed Capacity (Per day)					
a) Spinning	Kgs.	12000		12000	
b) Weaving	Mtrs.	15000		15000	
c) Processing	Mtrs.	60000		60000	
Licenced capacity and installed capacity, being a technical matter, are as certified by management.					
iii) Production					
a) Spinning	Kgs.	2986494		3027292	
b) Weaving	Mtrs.				
Own		650252		897416	
Job Work		223858		826331	
c) Processing					
Processed Fabric	Mtrs.	1147243		2059227	
Fents, Regs & Chindi	Kgs.	37426		48153	
Job Work	Mtrs.	6663240		6379817	
iv) Turnover					
a) Manufactured Goods					
Yarn	Kgs.	2962528	222667531	2987371	222130994
Grey Cloth	Mtrs.	186942	7891784	153362	6910768
Processed Fabric	Mtrs.	1244705	67502738	2225876	142436547
Fents, Regs & Chindi	Kgs.	22179	672804	63305	1601714
Waste			10993410		10659676
b) Traded Goods					
Grey Cloth	Mtrs.	22696	333365	364687	3593197
Garments			160600		10092753
Yarn			404116		--
Total (a+b)			310626348		397425648



4. Information Pursuant to the provision of paragraph 3, 4 C and 4 D of Schedule VI to the Companies Act, 1956

ITEM	UNIT	THIS YEAR		PREVIOUS YEAR	
		Quantity	Amount	Quantity	Amount
v) Stocks					
Finished Goods/Others					
a) Opening Stock					
Yarn	Kgs.	52704	3980360	13437	898902
Processed Fabric	Mtrs.	320410	17953627	500688	16862460
Fents, Regs & Chindi	Kgs.	10941	273528	28342	708560
Waste			471000		500000
Processed Fabric (Job Stock)		617534	11115614	--	--
			<u>3794128</u>		<u>18969922</u>
b) Closing Stock					
Yarn	Kgs.	75848	4737076	52704	3980360
Processed Fabric	Mtrs.	240135	3519738	320410	17953627
Fents, Regs & Chindi	Kgs.	25541	148046	10941	273528
Waste			50000		471000
Processed Fabric (Job Stock)		--	--	617534	11115614
			<u>8454860</u>		<u>33794128</u>
vi) Materials					
a) Raw Materials Consumed					
Raw Cotton/Cotton(Lint)	Kgs.	3824937	171224938	3857601	152047571
Yarn	Kgs.	303673	24803083	454269	35757165
Grey Cloth	Mtrs.	540532	21272297	1219923	49787556
Colours & chemicals/others		--	41837424	--	49271608
			<u>259137742</u>		<u>286863903</u>
b) Purchase of goods traded					
Grey Cloth	Mtrs.	22696	333365	364687	3593197
Garments		--	3047586	--	6380524
			<u>3380951</u>		<u>9973721</u>
Total (a+b)			<u>262518693</u>		<u>296837624</u>



4. Information Pursuant to the provision of paragraph 3, 4 C and 4 D of Schedule VI to the Companies Act, 1956

ITEM	UNIT	THIS YEAR		PREVIOUS YEAR	
		Quantity	Amount	Quantity	Amount
vii) Value of Imports on C.I.F. Basis in Rupees (Based on retirement of documents)					
a) For import of Raw materials			--		--
b) For import of stores items			--		--
c) For import of capital items			--		268040
viii) Expenditure in Foreign Currency					
a) Travelling			--		--
b) Commission			--		--
c) Interest on Foreign currency loan			--		--
ix) A) Value of Raw Materials Consumed					
a) Imported					
Value in Rs.			--		--
Percentage					
b) Indigenous					
Value in Rs.			262518693		296837624
Percentage			100%		100%
B) Value of Components and Spare Parts Consumed					
a) Imported					
Value in Rs.			--		--
Percentage			--		--
b) Indigenous					
Value in Rs.			24325982		16147527
Percentage			100%		100%
x) Earning of Foreign Exchange (including in Nepal)			--		--
xi) Directors' remuneration include					
Remuneration			600000		600000
Sitting Fees			--		4000
xii) Auditors' remuneration include					
Audit Fees			95599		86224
Payment for other services			30620		87163



5. Particulars of Investments

Particulars	No. of Shares/	Amount Cost of acquisition	Amount Market Price as at 31-03-2008
Arlabs Ltd.	200	5678	-
Decora Tubes Ltd.	8200	182532	-
Jindal Iron & Steel Ltd.	100	15923	-
Ruchi Strips Ltd.	200	1818	-
Surya Agroils Ltd.	2000	15000	-
STI Granite Ltd.	2600	28938	-
Indo American Fin. Ltd.	2500	56851	-
Motorola	2000	113500	-
Rajadhiraj Industries Ltd.	2600	17082	-
Rajratan Synthetic Ltd.	3400	26792	-
Uniplus Ltd.	200	5073	-
		469187	-

The investments being long term investments are valued at cost of acquisition. Accordingly, no provision is made for temporary diminution in value of such investments to the tune of Rs. 469187/-

6. As per Accounting Standard (AS)18 "Related Party Disclosure", necessary disclosures are as under:

	Remuneration	Job Charges	Sales
Key Management Personnel			
Mr. Pankaj Jajoo	600000	--	--
Relatives of Key Management Personnel			
M.P.DTM Global Pvt.Ltd.	--	8170	15950049

(Mr.Manish Jajoo, who exercise significant influence on this company is brother of Mr.Pankaj Jajoo)

7. Sundry Debtors includes Balance of M.P.DTM Global Pvt. Ltd.

8. Sales and Purchases include inter-division transfer of yarn and waste material of Rs. 657590 (Previous year Rs.1730036/-).

9. As per Accounting Standard (AS) 5 "Net profit or loss for the period, Prior Period items and Changes in Accounting Policies" Prior Period expenses of Rs.759264 (Previous year Rs. 727375).

10. Requirements of Accounting Standard-2 "Valuation of Inventories" has been duly complied.

11. The Accounting Standard (AS) 17 "Segment Reporting", is not applicable as the company operates in a single segment -Textiles.

12. As per Accounting Standard (AS) 22 on "Accounting for Taxes on Income". The deferred tax assets have, however, not been recognised and carried forward in the absence of a reasonable or virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

13. Earnings per Share

Loss as per Profit & Loss A/c. (Rs.in lacs)	-2750.24
Number of shares used in computing earnings per share	6308753
Earnings per share (Basic and diluted) (in Rupees)	-43.59
Face value per share (in Rupees)	10.00

14. In view of insufficient information from the suppliers regarding their status as SSI unit, amount overdue to them as on 31.03.08 cannot be ascertained.

15. Balances of Banks, Debtors, Creditors, and Loans & Advances are as per books of accounts and subject to confirmation.

16. The management, in its continuous endeavour to improve the company's operations, has been putting efforts on all fronts viz. marketing, production, finance and personnel etc. through new means and these efforts are yielding good results. In view of above, the financial statements have been continued to be prepared on the basis of going concern assumption.

17. In the opinion of the Board, the value of Current Assets, Loans & Advances have a value in the ordinary course of business at least equal to that stated in the balance sheet.

18. Interest on secured loan from banks and financial institution is provided on estimated basis in some cases amounting to Rs.17,01,55,862/- (previous year Rs.15,17,15,269). However, Company is a sick company within the meaning of clause (O) of sub section 3 of Sick Industrial Companies (Special Provision) Act, 1985. Reference filed 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 the Registrar, Board of Industrial and Financial Reconstruction, New Delhi. The bench has declared that the company is a sick industrial company in terms of section 3 (1) (O) of the Act w.e.f. 25.05.2006.

19. No provision for income tax has been made due to accumulated business losses and unabsorbed depreciation as per the Income Tax Act 1961. No provision has been made for fringe benefit tax for the assessment year 2007-08 and 2008-09 for Rs. 173134 and Rs. 142140 respectively.

20. Figures have been rounded to the nearest Rupee.

21. Previous year figures have been regrouped, reworked, rearranged and reclassified, wherever necessary.

22. Schedules "A" to "O" are under the same signatures as Balance Sheet.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

PARTICULARS	THIS YEAR	PREVIOUS YEAR
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit for the year before		
adjustment & extraordinary items	-274264316	-155062081
Add :		
Depreciation	33718680	33575185
Preliminary Expenses Written Off	--	492626
Interest Charges	170887224	153596838
Loss on sale of Fixed Assets	--	163611
Provision for Retirement benefits	3011003	2793965
Total	207616907	190622225
Net	-66647409	35560144
Less :		
Prior Period Items	759264	668069
Profit on sale of Fixed Assets	--	38660
Operating profit before working capital changes	-67406672	34853414
Changes in working capital		
Trade & Other Receivables	23660578	-11201086
Inventories	68858919	-8277343
Trade Payables	-14106423	-6696356
	78413074	-26174785
Cash generated from operations	11006402	8678629
Interest paid	-731362	-1881569
Direct Taxes paid	-1043498	-781849
	-1774860	-2663418
(A)	9231542	6015211



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

PARTICULARS	THIS YEAR	PREVIOUS YEAR
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Assets(-)	-4827587	-4362815
	-4827587	-4362815
Sale of Assets	--	124038
	--	124038
(B)	-4827587	-4238777
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of capital		
Share capital account	--	--
Share premium account	--	--
	--	--
Proceeds from Borrowing		
Secured loans	-3950000	-681099
Unsecured loans	6363	-1274793
Sub-total	-3943637	-1955892
(C)	-3943637	-1955892
Net changes in cash & cash equivalents (A+B+C)	460318	-179457
Cash & Cash equivalents at the beginning	1604192	1783649
Cash & Cash equivalents at the end	2064511	1604192

FOR AND ON BEHALF OF THE BOARD

Place : **INDORE**
Dated 31st July 2008

(PANKAJ JAJOO)
MANAGING DIRECTOR

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of The Dhar Textile Mills Limited for the year ended on 31 st March 2008. The statement has been prepared in accordance with the requirements of Clause 32 of the Listing agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and the Balance Sheet of the Company covered by our report of date to the Members of the Company.

FOR AND ON BEHALF OF THE BOARD

Place : **INDORE**
Dated 31st July 2008

(PANKAJ JAJOO)
MANAGING DIRECTOR



**BALANCE SHEET ABSTRACT AND COMPANY'S
GENERAL BUSINESS PROFILE**

I. REGISTRATION DETAILS

Registration No. 1 0 - 2 4 8 4 State Code 1 0
 Balance Sheet Date 3 1 . 0 3 . 0 8

II. CAPITAL RAISED DURING THE YEAR

(Amount in Rs. Thousand)

Public Issues N I L Right Issue N I L
 Bonus Issue N I L Private Placement N I L

III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS

(Amount in Rs. Thousand)

Total Liabilities	1 9 2 2 8 7 3	Total Assets	1 9 2 2 8 7 3
Source of Funds			
Paid-up capital	9 8 0 8 8	Reserve & Surplus	3 1 5 4 4 3
Secured Loans	1 4 8 8 7 1 9	Unsecured Loans	2 0 6 2 3
Application of Funds			
Net Fixed Assets	3 1 4 9 1 1	Investment	4 6 9
Net Current Assets	- 5 4 6 1 4	Misc. Expenditure -	N I L
Accumulated Losses	N I L	Profit and Loss A/c	1 6 6 2 1 0 7

IV. PERFORMANCE OF COMPANY

(Amount in Rs. Thousand)

Turnover	4 1 9 4 6 6	Total Expenditure	6 9 4 4 9 0
Profit Before Tax	- 2 7 5 0 2 4	Profit After Tax	- 2 7 5 0 2 4
Earning per Share in Rs.	- 4 3 . 5 9	Dividend Rate %	- -

V. GENERIC NAMES OF PRODUCT OF THE COMPANY

(as per monetary terms)

Item Code No. (ITC Code)	5 2 . 0 7	Product Description
Item Code No. (ITC Code)	5 2 . 0 9	Product Description

As per our report of even date attached
 For B.Bansal & Co.
 Chartered Accountants

On Behalf of the Board

B.L. Bansal
 (PARTNER)

INDORE
 Dated 31st July 2008

Pankaj Jajoo
 MANAGING DIRECTOR

Mantsh Jajoo
 DIRECTOR



**ATTENDANCE SLIP
THE DHAR TEXTILE MILLS LIMITED**

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

(To be signed and handed over at the entrance of the meeting hall)

I/We hereby record my/our presence at the Twenty Forth Annual General Meeting of the members of THE DHAR TEXTILE MILLS LIMITED to be held at the Registered Office of the Company on 30th September, 2008 at 10.00 A.M.

NAME(S) OF THE MEMBERS (S)	REGISTERED FOLIO NO.

(To be filled in if the Proxy attends instead of Member)

Member's / Proxy's Signature

**PROXY FORM
THE DHAR TEXTILE MILLS LIMITED**

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

I/We _____ of _____
being member / members of THE DHAR TEXTILE MILLS LIMITED hereby appoint Mr. _____
_____ of _____ or failing him/
her _____ of _____ as my/
our proxy in my/our absence and vote for me/us and on my/our behalf at the Twenty Forth Annual General Meeting
of the Company to be held on 30th day of September, 2008 and/or at any adjournment thereof.

AT WITNESS my/our hand this _____ day of _____ 2008.

Signed by the said _____

Regd. Folio No. _____

Affix 1 Re.
Revenue
Stamp

Note :

1. The Proxy need not be a member of the Company.
2. The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.