



Jajoo Group

THE DHAR TEXTILE MILLS LTD.

26th Annual Report 2009 - 10

NOTICE is hereby given that Twenty Sixth Annual General Meeting of the Members of the Company will be held at its Registered Office of the Company situated at "C-1/A Low Land Area, Pologround Industrial Estate, Indore (M.P.)-452001 on Monday, the 30th September 2010 at 10.30 A.M. to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2010 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 consider and if thought fit, to pass a resolution for appointment of the Auditors in place of M/s B. Bansal & Co., Chartered Accountants, who retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment and authorise the Board to fix their remuneration.

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

Place : Indore

Dated: 14th Augt. 2010

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 Friday the 24th Sept., 2010 to Wednesday the 29th Sept., 2010.
4. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M.to 1.00 P.M.

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

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 26TH Annual Report on the Financial Performance of the Company for the year ended the 31st March 2010.

Financial Results

	(Rs.in lacs)	
	2009-2010	2008-2009
Sales and other Income	2513.89	3274.42
Loss (-) before Interest, Depreciation and Taxes	-12.73	-148.19
Less: Interest	2226.11	1926.07
Loss (-) before Depreciation & Tax	-2238.84	-2074.26
Less: Depreciation & Amortization	336.91	338.13
Loss (-) before Tax	-2575.75	-2412.39
Less: Provision for Tax	-	-
Loss after Tax	-2575.75	-2412.39
Add: Balance brought forward	-19033.13	-16621.07
Less: Prior Period Items	-0.33	4.61
Less: Income Tax for Earlier Year	0.00	-4.28
Balance retained in Profit & Loss A/c	-21609.22	-19033.13

Performance

The total turnover of the Company during the year is Rs.2513.89 Lacs as compared with 3274.42 for the previous year and resulting loss of the company Rs. 2575.75 Lacs as compared to loss of Rs. 2412.39 of previous year. 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 Singhal is retiring by rotation at the forthcoming Annual General Meeting and is eligible for re appointment. The Board recommends his reappointment.

Auditors

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

Auditors' Report

Explanation for remark in Auditor's Report:

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

Point No.4 (a) Due to continues losses, Company has become sick and BIFR is also declared the same w.e.f. 25.05.2006. 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 requirement 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 2010 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 2010 on a going concern basis.

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

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

Particulars of Employees

The provisions of sub-section 2(A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended to-date are not attracted in case of any employee of the Company.

Acknowledgement

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

BY ORDER OF THE BOARD

PLACS: INDORE
DATE: 14th Augt. 2010

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:

	2009-10	2008-09
(A) Power & Fuel Consumption		
Electricity:		
a. Purchased		
Units	4984058	6496269
Amount (Rs.)	19704867	27475153
Average Rate/Unit (Rs.)	3.95	4.23
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	17.37
Amount (Rs.)	0.00	318029
Average Rate/Liter (Rs.)	0.00	18.31
Coal		
Quantity (MT)	0.00	2756.94

Amount (Rs.)	0.00	12520738
Average Rate/MT (Rs.)	0.00	4541.53

(B) Consumption per unit of Production

	Yarn		Processed Fabric	
	09-10	08-09	09-10	08-09
Electricity (Units)	1.77	1.81	0.00	0.83
Coal (MTs)	-	-	0.00	1.46

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)	
	2009-10	2008-09
<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 obligations; the need for upgrading the technology and revamping some of the existing production facilities and utilities; and the cheaper imports of textile articles.

E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper internal control system, which provides adequate safeguards and effective monitoring of the transactions and ensures that all assets are safeguarded and protected against loss from unauthorized use or disposition.

The Company has an internal audit in-house system, which ensures that the Company's control mechanism is properly followed and all statutory requirements are duly complied with.

Moreover, an audit committee of the Board of Directors headed by a non-executive independent director regularly reviews the audit plans, adequacy of internal control as well as compliance of accounting standards.

F. FINANCIAL AND OPERATIONAL PERFORMANCE:

There are heavy losses in the Company due to interest on loans and only Yarn division of the Company is operating. There is no production in Fabric division of the Company. For quantitative information of operations please refer to performance review in the Board of Directors Report. Our Company is sick Company in terms of Sick Industrial Companies (Special Provision) Act, 1985.

G. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS:

We have ensured safe and healthy working conditions in the Unit and have continued with our policy to ensure safe and healthy working conditions in the other premises of the Company taking into account of health and safety of all concerned, besides conservation of natural resources and protection of the environment.

As at March 31, 2010, the Company had a total workforce of approximately 120 persons, including managers, staff and workers.

H. CAUTIONARY STATEMENT :

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations are "Forward Looking Statements". Actual results may differ materially from those expressed or implies. Important factors that could make a difference to the Company's operations include among others, economic conditions affecting demand / supply, effect of political situations, change in the Government regulations, tax laws and other statutes and incidental factors over which the Company does not have any control.

For & On Behalf of the Board

Place: INDORE
Dated: 14.08.2010

CHAIRMAN

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 and one third independent directors, who are acknowledged as leading professionals in their respective fields. The Board Comprises of one (1) executive director and two (2) non-executive directors out of which one director is 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	1	3
Shri Manish Jajoo Director	Non-Executive	1	3
Shri Pankaj Singhal Director	Non-Executive Independent	None	3

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

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

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

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

(1) 30th April 2009 (2) 11th May, 2009 (3) 30th July, 2009 (4) 30th October, 2009 (5) 18th January 2010 (6) 30th January 2010 (7) 30th March, 2010.

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	7	1
Shri Manish Jajoo	7	1
Shri Pankaj Singhal	7	1

Mr. Pankaj Singhal, the Director of the Company are retiring at the forthcoming annual general meeting by rotation and they are eligible for re-appointment.

Information placed before the Board

Information placed before the Board of Directors broadly covers the items specified in clause 49 of the Listing Agreement and such other items which are necessary to facilitate meaningful and focused deliberations on issues concerning the Company and taking decision in an informed and efficient manner. Besides, the Directors on the Board have complete access to all information of the Company, as and when necessary.

Code of Conduct

The Board of Directors has laid down a code of conduct for all Board members and senior management personnel of the Company. A Certificate from the Compliance Officer for the same has been placed before the Board.

3. Audit Committee

During the financial year 2009-2010, four committee meetings were held. The dates on which the said meetings were held are as follows:

- (1) 30th April, 2009 (2) 30th July, 2009 (3) 30th October, 2009 (4) 18th January, 2010 (5) 30th January 2010.

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 Pankaj Singhal	Chairman	Non-executive Independent	Business	5
Shri Pankaj Jajoo	Member	Executive	Business	5
Shri Manish Jajoo	Member	Non executive	Business	5

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

- a) To overview the Companies financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

- b) 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;
- c) To recommend the re-appointment of statutory auditors and fixation of audit fees.
- d) To review performance of statutory and internal auditors and adequacy of internal control systems;
- e) To review quarterly, half yearly and annual financial results of the Company before submission to the Board;
- f) To discuss any significant findings made by internal auditors and follow-up thereon;
- g) To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting matter to the Board;
- h) To look into substantial defaults, if any in payments to depositors, debenture-holders, creditors & shareholders.
- i) Any related party transactions that may have the potential conflict with the interest of the Company.

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 Pankaj Singhal	Chairman	Non-executive Independent
Shri Pankaj Jajoo	Member	Executive
Shri Manish Jajoo	Member	Non-executive

One meeting of the Remuneration Committee was held during the year on 30th July'2009 attended by each member to review remuneration of any Executive Director.

Details of remuneration paid/payable to the directors for the year ended March 31, 2010 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	Nil	Nil	Nil
Shri Manish Jajoo	Related to Shri Pankaj Jajoo	Promoter	Nil	Nil	Nil	Nil	Nil
Shri Pankaj Singhal	None	None	Nil	Nil	Nil	Nil	Nil

5. Investors Grievance Committee

The Board has constituted an 'Investors Grievance Committee' which looks into shareholders and investors grievances. Meeting of the Committee was held on 18th January 2010 during the year. The following are the members of the Committee:

Name	Designation	Executive/Non-Executive/ Independent
Shri Manish Jajoo	Chairman	Non-executive
Shri Pankaj Jajoo	Member	Executive
Shri Pankaj Singhal	Member	Independent and Non-executive

Name, Designation & Address of Compliance Office:

Mr. Pankaj Jajoo, Managing Director
C-1/A, Low Land Area,
Pologround Industrial Estate, Indore-452 015

During the year the Company received 01 (One) complaint/s from its shareholders and resolved all of them and there is no pending complaint with the Company.

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 third	29 th December 2007	10 a.m.	Registered office	1
Twenty fourth	30 th September 2008	10.30 a.m.	Registered office	1
Twenty Fifth	15 th February 2010	10.30 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. Secretarial Audit

A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total numbers of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

9. General Shareholder Information

a) Annual General Meeting

Date and Time 30th September, 2010
at 10.30 a.m.

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

b) Financial Calendar

Financial Reporting Period

Date of Board Meeting

On or before

Quarter ending June, 2010
Half year ending September, 2010
Quarter ending December, 2010
Year ending March, 2011

Last day of July, 2010
Last day of October, 2010
Last day of January, 2011
Last day of May, 2011

Date of Annual General Meeting

On or before

Year ending March, 2011

30th September, 2011

c) Date of book closure

24th Sept. 2010 to 29th Sept. 2010

d) Dividend Payment Date

None

e) Registered Office

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

j) 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

k) **Stock Code 530949**

l) **Stock Market Data on B.S.E.** (Trading of shares of the Company is suspended during the year on BSE, last available data is reproduced below)

Month	High (Rs.)	Low (Rs.)	Volume	Trade
April 08	3.97	3.61	1656	4
May 08	4.48	3.64	27637	22
June 08	3.91	3.85	2133	3
July 08	4.04	3.70	33504	23
Aug 08	3.83	3.17	37894	39
Sep. 08	3.91	3.30	12446	23
Oct. 08	4.15	3.79	896	14
Nov. 08	4.09	4.09	204	2
Dec. 08	4.47	2.87	11594	32
Jan. 09	3.02	2.86	1214	6
Feb. 09	2.72	2.41	6193	31

i) **Registrar and Transfer Agent (for Physical and Electronic both)**

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, 2010**

Slab of Shareholding	Shareholders	%	Amount in Rs.	%
1-5000	1338	81.19	2770600	4.392
5001-10000	146	8.86	1195970	1.896
10001-20000	77	4.67	1202290	1.906
20001-30000	28	1.699	717580	1.137
30001-40000	7	4.425	253050	0.401
40001-50000	12	0.728	556310	0.882
50001-100000	13	0.789	928770	1.472
100001 and above	27	1.638	55462960	87.914
Total	1648	100.000	63087530	100.000

According to categories of shareholdings as on 31st March, 2010

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	949938	15.06
b.	Banks, Financial Institutions, Insurance Companies(Central/State Govt. Institutions /Non-government Institutions)	544541	08.63
C.	FII		
	Sub-Total	1494479	23.69
4.	Others		
a.	Private Corporate Bodies	460258	7.29
b.	Indian Public	1126063	17.85
c.	NRIs/OCBs	197884	3.14
d.	Any Other (Please Specify)	2350	0.04
	Sub-Total	1786555	28.32
	GRAND TOTAL	6308753	100.00

k) Dematerialisation of shares

As on 31st March 2010, 77.12 % 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**

Declaration

As provided under clause 49 of the Listing Agreement with the stock exchanges, it is hereby declared that all board members and senior management personnel of the Company have affirmed the compliance of Code of Conduct for the year ended 31st March'2010.

Pankaj Jajoo
Chairman & Managing Director

AUDITORS' CERTIFICATE

To
The Members of
The Dhar Textile Mills Limited
Indore

We have examined the compliance of the conditions of Corporate Governance by The Dhar Textile Mills Limited for the year ended March, 31, 2010 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 and Remuneration Committee.

We state that in respect of investor grievances received during the year ended March, 31, 2010 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

Place : Indore
Date : 14.08.2010

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of the **THE DHAR TEXTILE MILLS LIMITED**, as at **31st March 2010** and also 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 in our audit.

1. We conducted our audit in accordance with the 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 misstatements. 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 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 and 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 accounts as required by the Law have been kept by the Company so far it appears from our examination of those books and proper returns adequate for the purpose of audit have been received from the offices not visited by us.
 - iii. The Balance Sheet and the 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-13 and AS-28 issued by ICAI referred to in Section (3C) of Section 211 of the Act.
 - v. On the basis of written representation received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the act.



4. (a) Note No.1 of Schedule "O" Part B regarding non redemption of redeemable preference shares amounting to Rs. 350 lacs. Which fell due up to 1st Feb. 2006 and arrears of preference dividend Rs. 5.555 crores. due (previous year Rs 5.0475 crores)
- (b) Note No. 2 of schedule "O" Part B regarding nonpayment of debts from Banks, IDBI, Sales tax deferment of State govt. and Hire Purchase company amounting to Rs. 167.55 crores, due to failure of rescheduling of repayment of loans under Corporate Debt Restructuring (CDR) mechanism of RBI.
- (c) Note No. 4 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. 14 of schedule "O" Part B regarding non receipt of confirmation from the respective bank in respect of self adjustment of interest on loan Rs.21.64 crores. (Previous Year 18.95 crores.)
5. To the best of our information and according to the explanations given to us, the said accounts read together with Accounting Standards as prescribed by ICAI and Notes on Accounts in schedule 'O' subjected to the above qualifications, gives a true and fair view:-
- a) In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2010, and
- b) In case of Profit and Loss Account, of the Loss for the year ended on that date.
- c) In case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

Place :INDORE
Date : 14th August, 2010



For B.BANSAL & CO.
Chartered Accountants

A handwritten signature in black ink, appearing to read "B.L. Bansal".

(B.L. BANSAL)
PARTNER

Membership No: F-7032
Registration No: 000458C
E-2, RATLAM KOTHI,

Annexure to the Auditors' Report
(Referred to in paragraph of thereof our report of even date)

1. The Company is maintaining proper records showing full particular including quantitative details and situation of fixed assets. As per explanations given to us, fixed assets are physically verified by the management, 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 and procedure of verification is reasonable and adequate in relation to size and nature of the business, on the basis of our examination of the inventory records, the company is maintaining proper record of inventory. The discrepancies noticed on physical verification as compared to books of 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 sections 301 of the Act hence sub-clause (b),(c) and (d) are not applicable.
4. In our opinion, there are an adequate internal control procedures commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services, carried out in accordance with the auditing standards 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 explanations given to us, transactions that needed to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956 have been so entered. In our opinion and as per the information and explanations given to us the transactions made in pursuance of contracts and arrangements entered in the register, exceeding the value of Rupees Five Lacks in respect of parties entered in the register have been made at the prices prevailing in the market at relevant time.
6. The company has not accepted any deposits from the public attracting the provision 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 the 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, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities. According to records of the company examined by us, there are no undisputed amount payable in respect of Income Tax, Wealth Tax, Custom Duty, Excise Duty were in arrears as at 31st March 2010 for a period of more than 6 months from the date they become payable other than undisputed professional Tax of Rs.1073048 . Employee State Insurance of Rs.35,96,902, Provident fund of Rs.104,98,175 Electricity duty of Rs 717254 Income Tax Deducted at source of Rs.19,14,153 .. which were not deposited till date.
10. The disputed statutory dues aggregating to Rs. 35,39,379. have not been deposited on account of matters pending before appropriate authorities as under :

S. No.	Name of the Statute	Nature of the dues	Amount	Forum where pending
1.	Central Excise Act, 1944	Excise Duty 1996-97	18,28,131	Cega
2.	Income tax Act	Income Tax 2003-04	7,40,000	CIT (Appeal-1)
3.	Employee Provident Fund Act, 1952	Provident Fund	9,71,248	The Central Board of Trustees

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 financial 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*	79.99	30 th April 04
2	Industrial Development Bank of India*	41.66	30 th June 04
5	State Bank of Indore*	37.51	30 th April 04
6	Canara Bank	16.66	30 th April 04
7	State Bank of Saurashtra*	13.11	30 th April 04
8	Ceat Financial Services Ltd.	0.26	
	Total	189.19	



*Standard Chartered Bank has taken over account of State Bank of India, State Bank of Indore and State Bank of Saurashtra and Kotak Mahindra Bank Ltd. has taken over 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. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The Company has not obtained any new term loans during the year.
17. 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.
18. 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.
19. The Company has not issued any debenture during the year.
20. The Company has not raised any money by public issues during the year.
21. 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.

Place :INDORE

Date : 14th August, 2010



For B.BANSAL & CO.

Chartered Accountants

(B.L. BANSAL)

PARTNER

Membership No: F-7032

Registration No: 000450C

E-2, RATLAM KOTHI,

THE DHAR TEXTILE MILLS LTD.
BALANCE SHEET AS AT 31ST MARCH 2010

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"	1891873413	1675501741
b) Unsecured		20823469	20823469
		<u>1912496882</u>	<u>1696125210</u>
		<u>2326027891</u>	<u>2109656219</u>
II. APPLICATION OF FUNDS :			
1. FIXED ASSETS :			
a) Gross Block	"D"	747707947	747036041
b) Less : Depreciation		498560293	465869791
c) Net Block		<u>248147654</u>	<u>281166250</u>
d) Capital Work-in-Progress and Advances		0	0
		<u>248147654</u>	<u>281166250</u>
2. INVESTMENTS			
		469187	469187
3. CURRENT ASSETS, LOANS & ADVANCES			
a) Inventories	"E"	3314964	7344019
b) Sundry Debtors		3144968	6926018
c) Cash & Bank Balances		208981	129561
d) Loans & Advances		17710020	6363236
		<u>24378933</u>	<u>20762834</u>
LESS :			
CURRENT LIABILITIES & PROVISIONS			
	"F"	107890185	96055456
		<u>-83511252</u>	<u>-75292622</u>
4. MISC. EXPENDITURE			
(To the extent not written off)	"G"	0	0
5. PROFIT AND LOSS ACCOUNT			
		2160922302	1903313404
		<u>2326027891</u>	<u>2109656219</u>
NOTES ON ACCOUNTS			
	"O"		

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

B.L. Bansal
 (PARTNER)



Pankaj Jajoo
 Managing Director

On Behalf of the Board

Pankaj Singhal
 Director

THE DHAR TEXTILE MILLS LTD.
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	SCH. NO.	THIS YEAR	PREVIOUS YEAR
INCOME:			
Sales	"H"	250935184	327099423
Less : Sales Tax		1764818	2761969
Net Sales		249170366	324337454
Other Income	"I"	454375	342340
Increase/Decrease(-) in Stocks		-1834256	-7171470
		<u>247790485</u>	<u>317508324</u>
EXPENSES:			
Materials	"J"	186589747	212530966
Manufacturing Expenses	"K"	26935588	54625989
Employees Remuneration & Benefit	"L"	23043182	51648023
Selling, Administrative & Other Expenses	"M"	11034301	13522687
Finance & Interest Charges	"N"	222622170	192606008
Depreciation		33690502	33813372
Preliminary Expenses Written Off		0	0
		<u>503915490</u>	<u>558747045</u>
Loss (-) before Taxation		-256125005	-241238721
Loss on Old Inventory		1450843	
Prov. for taxation		0	0
Loss(-) for the Year		<u>-257575848</u>	<u>-241238721</u>
Balance Brought Forward		-1903313404	-1662106914
Prior Period Expenditure		-33051	460723
Income Tax for Earlier Years		0	428493
Balance Transferred To Balance Sheet		<u><u>-2160922303</u></u>	<u><u>-1903313405</u></u>

NOTES ON ACCOUNTS

"O"

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

B.L. Bansal
 (PARTNER)

INDORE



Pankaj Jajoo
 Managing Director

On Behalf of the Board

Pankaj Singhal
 Director

THE DHAR TEXTILE MILLS LTD.
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE
SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	THIS YEAR	PREVIOUS YEAR
SCHEDULE 'A'		
SHARE CAPITAL		
Authorized 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 Shs 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>98087530</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:		
		0
1. Rupee Term Loans	605484885	605484885
2. Hire Purchase Finance	2607601	2607601
3 Working Capital Loans	335944111	335944111
4 Interest Accrued and Due (See Schedule O, Notes on Accounts S.No.18)	947836816	731465144
	<u>1891873413</u>	<u>1675501741</u>



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THE DHAR TEXTILE MILLS LTD.
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE
SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	THIS YEAR	PREVIOUS YEAR
SCHEDULE 'E'		
CURRENT ASSETS, LOANS AND ADVANCES :		
1. Inventories		
(as taken, valued and certified by the management)		
a. Raw Materials	1389670	2164197
b. Work-in-Progress	405631	1142409
c. Finished Goods	1042755	2140233
d. Stores, Fuel & Packing Materials	476708	1897180
	3314964	7344019
2. Sundry Debtors		
(Unsecured)		
a. Due with in six months	3144968	5847602
b. Others	0	1078416
	3144968	6926018
3. Cash & Bank Balances		
a. Cash on hand	5984	91073
b. Balances with Scheduled Banks:		
i) In Current Accounts	202997	38488
ii) In Fixed Deposits	0	0
	208981	129561
4. Loans & Advances		
(Unsecured)		
a. Advances recoverable in cash or in kind or for value to be received	16880557	4332820
b. T.D.S. & Advance Tax (Net of Provision for Tax)	829463	2030416
	17710020	6363236
TOTAL (1 + 2 + 3 + 4)	24378933	20762834



R J

S H

THE DHAR TEXTILE MILLS LTD.
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE
SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	THIS YEAR	PREVIOUS YEAR
SCHEDULE 'F'		
CURRENT LIABILITIES & PROVISIONS :		
1. Current Liabilities		
a. Sundry Creditors	62628255	56497758
b. Statutory Dues	34058815	29487544
c. Provision for Gratuity & Other Labour Dues	11153515	10020554
d. Unclaimed Dividend	49600	49600
	<u>107890185</u>	<u>96055456</u>
	<u>107890185</u>	<u>96055456</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	250935184	297544990
Job Work Income	0	29554433
	<u>250935184</u>	<u>327099423</u>

SCHEDULE 'I'

OTHER INCOME

Claims	107921	0
Miscellaneous Income	346454	342340
	<u>454375</u>	<u>342340</u>

SCHEDULE 'J'

MATERIALS

Opening Stock	2164197	6738941
Less : Input Rebate on Inventory	0	0
	<u>2164197</u>	<u>6738941</u>
Add : Purchases (Including Expenses)	186225215	207956222
	<u>188389412</u>	<u>214695163</u>
Less: wastage (Routen fabric) w/off	409795	
	<u>187979617</u>	<u>214695163</u>
Less : Closing Stock	1389870	2164197
	<u>186589747</u>	<u>212530966</u>



R. J.

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THE DHAR TEXTILE MILLS LTD.
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE
SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	THIS YEAR	PREVIOUS YEAR
SCHEDULE 'K'		
MANUFACTURING EXPENSES		
Stores and Packing Materials	8967821	11791489
Power & Fuel	19704867	40313920
Repairs to Machinery	39700	602555
Conversion & Job Charges	0	364312
Other Manufacturing Expenses	223200	1553713
	<u>26935588</u>	<u>54625989</u>
SCHEDULE 'L'		
EMPLOYEES REMUNERATION AND BENEFITS		
Salaries, Wages & Allowances	21871795	44811833
Contribution to P.F. & E.S.I.	1171367	6836180
	<u>23043162</u>	<u>51648023</u>
SCHEDULE 'M'		
SELLING, ADMINISTRATIVE & OTHER EXPENSES		
Sales Expenses	8274409	8689107
Insurance	96658	329541
Rent	0	150102
Repairs & Maintenance (Others)	116686	262378
Stationary & Printing	65841	197304
Telephone & Postage	295843	609408
Advertisement	5126	8946
Bank Charges	77911	103947
Auditors' Remuneration	20000	25000
Conveyance & Vehicle running	1030992	1345782
Legal & Professional Charges	486805	722575
Travelling Expenses :		
-Directors	10349	43924
-Others	54088	166749
Charity & Donations	59600	39701
Miscellaneous Expenses*	439794	828223
	<u>11034301</u>	<u>13522687</u>
SCHEDULE 'N'		
INTEREST		
Interest on Fixed Loans	216371672	191516752
Others (net)	6250488	1089256
	<u>222622170</u>	<u>192606008</u>



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THE DHAR TEXTILE MILLS LTD.

	THIS YEAR	PREVIOUS YEAR
Computation of Raw material		
Op. Stock		
Cotton	1754402	2474923
Yarn	0	1743793
Grey	409795	193225
Colour & Chemicals	0	2327000
Finished Cloth	0	0
	2164197	6738941
Add: Purchase		
Cotton	186225215	172355023
Yarn	0	16676941
Grey	0	5622109
Colour & Chemicals	0	12632321
Finished Cloth	0	669828
	186225215	207956222
Less: Cl. Stock		
Cotton	1389870	1754402
Yarn	0	0
Grey	0	409795
Colour & Chemicals	0	0
Finished Cloth	0	0
	1389870	2164197
Obsolete Stock W/off	409795	
Consumption		
Cotton	186589747	173075544
Yarn	0	18420734
Grey	0	5405539
Colour & Chemicals	0	14959321
Finished Cloth	0	669828
Total	186589747	212530966

Increase / (Decrease) in SIP & FG

A. WIP		
Cl. Stock	405631	1142409
Less: Op. Stock	1142409	1999251
	-736778	-856842
B. Finished Goods		
Cl. Stock	1042755	2140233
Less: Op. Stock	2140233	8454861
	-1097478	-6314628
Total (A + B)		
Cl. Stock	1448386	3282642
Less: Op. Stock	3282642	10454112
	-1834256	-7171470



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THE DHAR TEXTILE MILLS LTD.

	<u>THIS</u> <u>YEAR</u>	<u>PREVIOUS</u> <u>YEAR</u>
<u>Statutory Dues</u>		
P.F & ESI Payable	14095077	14152879
Interest Payable on P.F & ESI	5700000	3200000
Sales Tax Payable	819757	805925
Professional Tax Payable	1073048	1045018
Interest Payable on Professional Tax(ST)	200000	
Service Tax Payable	11478	15283
T.D.S payable	1914153	2682389
Interest Payable on TDS	500000	
M.P.E.B	1697982	1693491
M.P. A.K.V.N	5670	5670
The Commissioner Indore Municipal Corp	869351	719351
Interest Payable on Lease Rent	1100000	
Sales Tax Deferment	1961755	2036755
Interest Payable on Sales Tax	500000	
Textile Cess Payable	2393290	2393290
Interest Payable on Textile Cess	500000	
Electricity Duty	717254	737493
Interest Payable on Electricity Duty	200000	
	34058815	29487544



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THE DHAR TEXTILE MILLS LTD.
SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 'D'

PARTICULARS	GROSS BLOCK		AS AT APRIL 1 2009	ADDITIONS SALE/ADJ. DURING THE YEAR	AS AT MARCH 2010	CPTD MARCH 31 2009	DEPRECIATION		NET BLOCK	
	AS AT APRIL 1 2009	ADDITIONS DURING THE YEAR					FOR THE YEAR	DEDUCTION PRIOR PERIOD DEPRECIATION	AS AT MARCH 31 2010	AS AT MARCH 31 2009
LAND	4246734	0	4246734	0	4246734	0	0	0	4246734	4246734
FACTORY SHED	84277623	74256	84351879	2812368	45478707	36060804	0	38873172	45478707	48216819
OFFICE BUILDING	3480883	0	3480883	56738	2767132	657013	0	713751	2767132	2823870
PLANT & MACHINE	637162504	108217	637270721	29958793	191525667	415786261	0	445745054	191525667	221376243
FURNITURE & TEXT AND EQUIPMENTS	4856830	10633	4867463	311182	1085312	3470969	0	3782151	1085312	1385861
ELECTRICAL INSTALLATION	9024607	478800	9503407	405098	3044122	6054187	0	6459285	3044122	2970420
VEHICLES	3986861	0	3986861	146323	0	3840538	0	3986861	0	146323
TOTAL	747036042	671906	747707948	33690502	248147674	465869772	0	499560274	248147674	281166270
PREVIOUS YEAR	746967701	121342	747036043	33813373	281166271	432036399	0	465869772	281166271	314911302



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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit for the year before adjustment & extraordinary items	-257575848	-241238720
Add:-		
Depriciation	33690502	33813372
Interest charges	222622170	192606008
Provision for Retirement Benefits	11153515	10020554
Total	267466187	236439934
Net	9890339	-4798786
Less:		
Interest paid	6250498	1089256
Income tax	0	428493
Cash Flow after adjustment but <u>Before Change in Working Capital</u>	3639841	-6316535
Decrease in Stock	4029055	
Decrease in Debtors	3781050	
Increase in Loans & Advances	-11346784	
Increase in Current Liab.	681215	
Cash Flow after Changes in Working Capital but before extraordinary items	784377	
Prior period Expenses	-33051	
Cash Flow from Operating Activities	751326	
Cash Flow from Investing Activities		
Out Flow		
Purchases of Fixed Assets	671906	
Cash Flow From Investing Activities	671906	
Cash Flow From Financing Activities	Nil	
Openign Cash & Bank Balances	129561	
Closing Cash & Bank Balances	208981	

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 principals 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 recognizes 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.

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 Plant & Machinery 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 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 realizable value whichever is less.

5. Sales:

A sale of goods is recognized at the point of dispatch of finished goods. Sales is net of sales returns & discount.

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 carrying cost of fixed assets.

7. Retirement Benefits:

Retirement benefits are accounted for on accrual basis.

8. Amortization of Miscellaneous Expenditure:

Share issued 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 Lacs redeemed at par in 3 annual installments commencing from February 1, 2005, installment 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 interest term loan) 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 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 deferred is secured by first available charge by way of hypothecation of the fixed assets of the Company.

3. Contingent Liabilities

(Rs. in Lacs)			
S.No.	Particulars	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.	Income Tax in respect of which the company is in appeal	7.40	7.40
d.	Excise Duty in respect of which the	18.28	18.28



	company is in appeal		
e.	Cumulative Preference Dividend (to become payable when the dividend would be declared)	403.00	403.00
f.	Damages for delayed payment of Provident Fund in respect of which company is in appeal	9.72	9.72

4. Particulars of Investments

Particulars	No. of Shares	Cost of acquisition	Market Price as at 31-03-2010
Arlabs Ltd.	200	5678	0
Decora Tubes Ltd.	8200	182532	0
Jindal Iron & Steel Ltd.	100	15923	0
Ruchi Strips Ltd.	200	1818	0
Sunya Agroils Ltd.	2000	15000	0
STI Granite Ltd.	2600	28938	0
Indo American Fin. Ltd.	2500	56851	0
Motorola	2000	113500	0
Rajadhiraj Industries Ltd.	2600	17082	0
Rajratan Synthetic Ltd.	3400	26792	0
Unipus Ltd.	200	5073	0
Total		469187	0

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. There is no market value of these investments and as per Accounting Standard (AS) 13 "Accounting for Investments" it should be shown at market value.

6. Information related to Related Parties has not been produced before us.
7. Sales and Purchases include inter-division transfer of yarn and waste material of Rs is Nil
8. As per Accounting Standard (AS) 5 "Net profit or loss for the prior period items and changes in accounting policies" Prior period expenses of Rs. NIL
9. Accounting Standard (AS) 17 "Segment Reporting" is not applicable as the company operates in a single segment Textiles
10. As per Accounting Standard (AS) 22 "Accounting for Taxes on Income". The deferred tax assets have, however not been recognized 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 realized.
11. Earning per share

Loss as per Profit & Loss A/c (Rs. in Lacs)	-2575.76
Number of shares used in computing earning per share	6308753
Earning per share (Basic and diluted) (In Rs.)	-40.83
Face value per share (In Rs.)	10.00



12. In view of insufficient information from the suppliers regarding their status as SSI unit, amount overdue to them as on 31.03.10 cannot be ascertained.
13. Balances of Bank, Debtors, Creditors and Loans & Advances are as per books of accounts and subject to confirmation.
14. The financial statements of the company are prepared on the basis of Going concern (Yarn Division) and its textile division is closed.
15. Interest on secured loan from banks and financial institution is provided on sumoto estimated basis for Rs. 21,63,71,672. (Previous year Rs. 18,95,16,752).
16. No provision for Income tax has been made due to accumulated business losses and unabsorbed depreciation as per the Income Tax Act 1961.
17. Figures have been rounded to the nearest rupee.
18. Previous year figures have been regrouped, reworked, rearranged and reclassified wherever necessary.
19. Schedules "A" to "O" are under the same signatures as Balance Sheet.

Place :INDORE

Date : 14th August, 2010



For B.BANSAL & CO.
Chartered Accountants

(B.I. BANSAL)

PARTNER

Membership No: F-7032

Registration No: 000450C

E-2, RATLAM KOTHI,



**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 2 3 2 6 0 2 7 Total Assets 2 3 2 6 0 2 7
 Source of Funds
 Paid-up capital 9 8 0 5 8 Reserve & Surplus 3 1 5 4 4 3
 Secured Loans 1891873413 Unsecured Loans 2 0 6 2 3
 Application of Funds
 Net Fixed Assets 2 4 8 1 4 7 Investment 4 6 9
 Net Current Assets -8 3 5 1 1 Misc. Expenditure N I L
 Accumulated Losses N I L Profit and Loss A/c 1903313

IV. PERFORMANCE OF COMPANY

(Amount in Rs. Thousand)

Turnover 2 4 9 1 7 0 Total Expenditure 5 0 3 9 1 5
 Profit Before Tax -2 5 7 5 7 5 Profit After Tax 2 5 7 5 7 5
 Earning per Share in Rs. -4 0 . 8 3 Dividend Rate % - -

V. GENERIC NAMES OF PRODUCT OF THE COMPANY

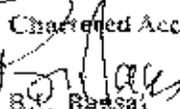
(as per monetary terms)

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

On Behalf of the Board

For B. Bansal & Co.

Chartered Accountants

 B. Bansal
 (PARTNER)
 INDORE




 Pankaj Jaico

MANAGING DIRECTOR

DIRECTOR

Dated 31st July 2008



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 SIXTH Annual General Meeting of the member of THE DHAR TEXTILE MILLS LIMITED to be held at the Registered Office of the Company on 30TH SEPTEMBER 2010 AT 10.30 A.M.

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

(To be filled 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 /

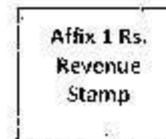
Her _____ of _____ as my /

Our proxy in my / our absence and vote for me / us and on my / our behalf at the TWENTY SIXTH Annual General Meeting of the Company to be held on 30TH SEP. 2010 and / or at any adjournment thereof.

AT WITNESS my / our hand this _____ day of _____ 2010

Signed by the said.....

Regd. Folio No.



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.