

NOTICE is hereby given that Annual General Meeting of the Members of the Company will be held at its Registered Office of the Company situated at "C-1/A Low Land Area, Pologround Industrial Estate, Indore (M.P.)-452001 on Saturday, the 29th September 2012 at 10.30 A.M. to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2012 and the Profit & Loss Account of the Company for the year ended on that date together with the Auditors and Director's Report thereon.
2. To appoint Director in place of Shri Pankaj Singhal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Shri Sunil Choudhary, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass a resolution for appointment of the Auditors in place of M/s B. Bansal & Co., Chartered Accountants, who retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment and authorize the Board to fix their remuneration.

AS SPECIAL BUSINESS:

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

As Ordinary Resolution:

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

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

**Place: Indore
Dated: 22.08.2012**

MANAGING DIRECTOR

NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE

COMPANY. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolution set out under item Nos.3 is annexed thereto.
3. The Register of Members and the Share Transfer Books shall remain closed from Monday the 25th Sept., 2012 to Friday the 29th Sept., 2012 (Both Day inclusive).
4. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M.to 1.00 P.M.
5. Any query relating to accounts or any other items of business set out in the Agenda of the meeting must be sent to the Company's Registered Office at C-1/A Low Land Area, Pologround Industrial Estate, Indore (M.P.)-452001 at least seven days before the date of the Meeting.
6. Members or their respective proxies are requested to bring copies of Annual Report sent to the Members as copies of Annual Report shall not be distributed at the Annual General Meeting.
7. Members are requested to inform immediately any change in their address to the Company's Share Transfer Agents.
8. All communications relating to shares are to be addressed to the Company's Share Transfer Agents M/s Intime Spectrum Registry Limited.
9. As the members are aware your company's shares are tradable compulsory in electronic form and in view of the numerous advantages offered by the Depository System, members are requested to avail of the facility of dematerialization.
10. Relevant Details, in terms of Clause 49 of the Listing Agreement, in respect of the **Director/s proposed to be appointed by resolution No. 5** are provided in the Explanatory Statement attached to the notice and those of the **Directors retiring by rotation and proposed to be re-appointed** are as under:

1. Shri Pankaj Singhal

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

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

2. Mr. Sunil Choudhary

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

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

EXPLANATORY STATEMENT

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

Item No. -5

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

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

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

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

DIRECTORS REPORT

Your Directors have pleasure in presenting their Annual Report on the Financial Performance of the Company for the year ended the 31st March 2012.

Financial Results:

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

Working Performance Review:

The total turnover of the Company during the year is Rs.3129.40 Lacs as compared with Rs.3286.34 Lacs for the previous year and resulting increase in loss of the company Rs. 3096.46 Lacs as compared to loss of Rs. 2762.99 Lacs of previous year. Your Directors are confident and trying hard to increase the profitability during the current financial year with dedicated efforts of the management. Detailed comments on performance are contained in the report on Management Discussion & Analysis.

Exports :

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

Dividend :

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

Sick Industrial Company :

The Company is a sick company, as its having accumulated losses more than its net worth.

Directors

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

Further Shri Vijay Bakliwal, appointed as Non Executive, Independent, Additional Directors of the Company w. e. f. 09.02.2012 and hold their office up to the date of next Annual General Meeting. Proposals for their appointment as Director of the Company have been included in the Notice of Annual General Meeting for your approval. Shri Sunil Choudhary was confirmed as director of the Company in last AGM held during the FY 2011-12.

Auditors

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

Auditors' Report

Explanation for remark in Auditor's Report:

Point No.3(iv) No provision for Impairment of Assets AS-28, has been made as management is of opinion that assets can be realized at the value stated in books, which is compliance of AS-28.

Point No.4 (a) Due to continue losses, Company has become sick company. Looking into financial condition, Company is not in position to redeem Preference Shares as per terms of the issue. A detailed note is also provided in Notes to the Account annexed with Balance Sheet of the Company.

Point No.4 (b) Company is in continues in touch with Banks and Financial Institutions for settlement to clear their dues.

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

Point No. 4 (d) Company has adapted conservative approach towards liabilities in respect of self adjustment of interest on Loans and confirmations from banks are subject to pending settlement with them.

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

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

Public Deposits

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

Management Discussion & Analysis

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

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

Report on Corporate Governance

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

Directors' Responsibility Statement

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any.
- ii) The directors have selected such accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company as at the end of the financial year ended 31st March 2012 and of the profit of the company for that year.
- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) The directors have prepared the annual accounts for the year ended 31st March 2012 on a going concern basis.

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

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

Particulars of Employees

Particulars of the employees, pursuant to Section 217 (2A) of the companies Act, 1956 read with the Companies (Particulars of the Employees) Rules 1975 is nil, as none of the employee has received remuneration of Rs. 5.00 Lacs per month or Rs. 60.00 Lacs per year or more.

Acknowledgement

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

BY ORDER OF THE BOARD

PLACE: INDORE
DATE: 22.08.2012

PANKAJ JAJOO
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE TO THE DIRECTORS' REPORT

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

Conservation of Energy

The company has been continuously making efforts, through its dedicated team, to achieve high productivity and on-stream efficiency. This has enabled the company to not only reduce energy consumption, but also to increase production.

The details of energy conservation in Form A as required under Section 217(1) (e) are given below:-

FORM 'A'

The information regarding consumption of energy is as under:

	2011-12	2010-11
(A) Power & Fuel Consumption		
Electricity:		
a. Purchased		
Units	4711720	4884360
Amount (Rs.)	23700132	22011059
Average Rate/Unit (Rs.)	5.03	4.51
b. Own Generation (D.G. Sets)		
Units	0.00	0.00
Units per Liter of Diesel	0.00	0.00
Cost (Rs.)/Unit	0.00	0.00
Diesel / LDO / SKO		
Quantity (Kilo Liters)	0.00	0.00
Amount (Rs.)	0.00	0.00
Average Rate/Liter (Rs.)	0.00	0.00
Coal		
Quantity (MT)	0.00	0.00
Amount (Rs.)	0.00	0.00
Average Rate/MT (Rs.)	0.00	0.00

(B) Consumption per unit of Production

	Yarn		Processed Fabric	
	11-12	10-11	11-12	10-11
Electricity (Units) per Kg.	1.92	1.84	0.00	0.00
Coal (MTs)	-	-	0.00	0.00

Technology Absorption, Adaptation and Innovation

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

Foreign Exchange Earnings and Outgo

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

	(Rs.in lacs)	
	2011-12	2010-11
<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, 2012, the Company had a total workforce of approximately 130 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: 22.08.2012

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 four (4) non-executive directors out of which one director is non-independent.

The constitution of Board is as under:

Director \$	Executive/Non-Executive./Independent*	Number of other Directorships#	Membership of other Board/Committees
Shri Pankaj Jajoo Chairman-Cum- Managing Director	Executive Promoter	None	1
Shri Manish Jajoo Director	Non-Executive Promoter	1	2
Shri Pankaj Singhal Director	Non-Executive Independent	1	3
Shri Sunil Choudhary** Director	Non-Executive Independent	None	3
Shri Prakash Chand Kala** Director	Non-Executive Independent	None	2
Shri Vijay Bakliwal** Additional 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.

** Shri Sunil Choudhary and Shri Prakash Chand Kala is appointed as on 30.06.2011, Shri Vijay Bakliwal is appointed as additional director as on 09.02.2011 and Shri Prakash Chand Kala resigned from directorship on 31.10.2011.

Note on Directors re-appointment

Shri Pankaj Jajoo, the Managing Director of the Company is retiring at the forthcoming annual general meeting by rotation and he is eligible for re-appointment in the ensuing Annual General Meeting.

Shri Sunil Choudhary, the Director of the Company is retiring at the forthcoming annual general meeting by rotation and he is eligible for re-appointment in the ensuing Annual General Meeting.

Shri Vijay Bakliwal has been appointed as Non Executive, Independent, Additional Director of the Company w.e.f. 09.02.2012 and your directors proposed his appointment as the Non Executive, Independent director of the Company in ensuing Annual General Meeting.

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

- | | |
|------------------------------------|------------------------------------|
| (1) 30 th April 2011 | (2) 30 th June, 2011 |
| (3) 12 th August, 2011 | (4) 16 th August, 2011 |
| (5) 31 st October, 2011 | (6) 9 th November 2011 |
| (7) 31 st January 2012 | (8) 9 th February, 2012 |

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	8	1
Shri Manish Jajoo	5	1
Shri Pankaj Singhal	8	1
Shri Sunil Choudhary	4	1
Shri Prakash Chand Kala	3	1
Shri Vijay Bakliwal	1	--

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 2011-12 five committee meetings were held. The dates on which the said meetings were held are as follows:

- (1) 30th April 2011 (2) 12th August, 2011
(3) 16th August, 2011 (4) 9th November, 2011
(5) 31st January, 2012

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

Name	Designation	Non-executive/ Independent	Committee Meetings Attended
Shri Pankaj Singhal	Chairman	Non-executive Independent	5
Shri Pankaj Jajoo**	Member	Executive	1
Shri Manish Jajoo	Member	Non executive /Non Independent	3
Shri Sunil Choudhary *	Member	Non executive Independent	4
Shri Prakash Chand kala*	Member	Non executive Independent	2
Shri Vijay Bakliwal	Member	Non Executive Independent	-

* Shri Sunil Choudhary is member of the Committee on and after 30.06.2011, Shri Prakash Chand kala is member of the Committee on 30.06.2011 and upto 31.10.2011 and Shri Vijay Bakliwal is member from 09.02.2012.

** Shri Pankaj Jajoo was member of the Committee up to 30.06.2011.

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 Sunil Choudhary	Member	Non-executive / Independent
Shri Prakash Chand kala	Member	Non-executive / Independent
Shri Vijay Bakliwal	Member	Non-executive / Independent

One meeting of the Remuneration Committee was held during the year on 30th July 2011 attended by each member to review remuneration of any Executive Director, except Shri Vijay Bakliwal.

Details of remuneration paid/payable to the directors for the year ended March 31, 2012 are as follows:

Director	Relationship with other directors	Sitting Fees* Rs.	Salary and Perquisites Rs.	Commission Rs.	Total Rs.
Shri Pankaj Jajoo	Related to Shri Manish Jajoo	Nil	Nil	Nil	Nil
Shri Manish Jajoo	Related to Shri Pankaj Jajoo	Nil	Nil	Nil	Nil
Shri Pankaj Singhal	None	Nil	Nil	Nil	Nil
Shri Prakash Chand Kala	None	Nil	Nil	Nil	Nil
Shri Sunil Choudhary	None	Nil	Nil	Nil	Nil
Shri Vijay Bakliwal	None	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 23th January 2012 during the year. The following are the members of the Committee:

Name	Designation	Executive/Non-Executive/ Independent
Shri Manish Jajoo	Member	Non-executive/ Non Independent
Shri Sunil Choudhary	Member	Independent / Non-executive
Shri Pankaj Singhal	Chairman	Independent / Non-executive
Shri Vijay Bakliwal	Member	Non-executive / Independent

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 no complaint/s has been received from its shareholders 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 Fifth	15 th February 2010	10.30 a.m.	Registered office	-
Twenty Sixth	30 th September 2010	10.30 a.m.	Registered office	-
Twenty Seventh	30 th September 2011	10.30 a.m.	Registered office	-

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 29th September, 2012
at 10.30 a.m.

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

b) Financial Calendar

Financial Reporting Period
(For 2012-2013)

Date of Board Meeting
On or before

Quarter ending 30th June, 2012
Half year ending 30th September, 2012
Quarter ending 31st December, 2012
Year ending 31st March, 2013

14th Aug, 2012 (already held)
On and before 14th November, 2012
On and before 14th February, 2013
On and before 15th May, 2013

Date of Annual General Meeting
On or before

For Year ending March, 2012

29th September, 2012

c) Date of book closure

25th Sept. 2012 to 29th Sept. 2012

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
- Calcutta 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

m)

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 – 400078.

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

j) Distribution of shareholding as on 31st March, 2012

Slab of Shareholding	Shareholders	%	Amount in Rs.	%
1-5000	1339	80.8662	2783350	4.4119
5001-10000	154	9.2771	1257520	1.9933
10001-20000	79	4.7590	1232790	1.9541
20001-30000	27	1.6250	688590	1.0915
30001-40000	8	0.4819	285950	0.4533
40001-50000	13	0.7831	606050	0.9606
50001-100000	14	0.8434	970440	1.5382
100001 and above	26	1.5663	55262840	87.5971
Total	1660	100.000	63087530	100.000

According to categories of shareholdings as on 31st March, 2012

SR.NO	CATEGORY	NO.OF SHARES	% OF HOLDING
A	PROMOTER'S HOLDING	3027719	47.99
1.	Promoters		
	-Indian Promoters	3027719	47.99
	-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	426223	6.76
b.	Indian Public	1156048	18.32
c.	NRIs/OCBs	197884	3.13
d.	Any Other (Please Specify)	6400	0.11
	Sub-Total	1786555	28.32
	GRAND TOTAL	6308753	100.00

k) Dematerialisation of shares

As on 31st March 2012 77.12 % Shares are in dematerialized 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, 2012.

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, 2012 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 for the part of the financial year 2011-12.

We state that in respect of investor grievances received during the year ended March, 31, 2012 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: 22.08.2012**

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of **THE DHAR TEXTILE MILLS LIMITED, as at 31st March, 2012** 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 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 it 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March,

2012 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. 350lacs which fell due up to 1st February 2006 and arrears of preference dividend of Rs. 5.555 crores . (Previous year Rs.5.555 crores).*
 - 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.189.18 cores, due to failure of reschedulement 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 laces 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 self adjustment of interest on loan Rs.27.63 crores provided. (Previous Year Rs24.44 crores)*
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, 2012; 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 & CO.
Chartered Accountants**

**(RAJENDRA BANSAL)
PARTNER**

Membership No: 073533

Registration No: 000450C

E-2, RATLAM KOTHI

Place :INDORE

Date : 22/08/2012

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT ON
THE ACCOUNTS OF THE DHAR TEXTILE MILLS LTD.FOR THE YEAR ENDING
31st MARCH, 2012**

As required by the Companies (Auditor's report) Order, 2003 issued by the central Government of India in terms of section 227(4-A) of the Companies Act, 1956, we report that:

1 In respect of fixed assets:

- (A) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
- (B) As explained to us, all the fixed assets have been physically verified by the management during the year at reasonable intervals, which in our opinion, is reasonable having regard to the size of the company and the nature of assets. No material discrepancies were noticed on such physical verification.
- (C) In our opinion the Company has not disposed off any substantial/major part of fixed assets during the year and the going concern status of the company is not affected.

2 In respect of its inventories:

- (A) As explained to us, the inventory has been physically verified by the management at regular intervals during the year.
- (B) In our opinion and according to the information and explanations given to us, the procedures followed by the management for physical verification of inventory are reasonable and adequate in relation to size of the company and nature of its business.
- (C) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company has maintained proper records of inventory. And there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

3 In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956:

- (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.

4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and with regard for the sale of goods and services. During the course of audit, no major weakness has been noticed in the internal control.

5 In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.

- (A) In our opinion and according to the information and explanation given to us, the transactions made

in pursuance of contracts or arrangements that needed to be entered in the register maintained under section 301 of the Companies Act 1956 have been so entered. Although register maintained under section 301 are not produced before us.

- (B) In our opinion and explanation given to us, the transactions exceeding the value of 5 lakh in respect of any party during the year have been made at prices which are prima-facie reasonable having regard to prevailing market prices at the relevant time where such prices are available.
- 6 In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore, the provisions of Section 58A and 58AA of the Companies Act, 1956 and Rules made there under are not applicable to the Company.
- 7 In our opinion, the company doesn't have an internal audit system commensurate with its size and nature of its business.
- 8 To the best of our knowledge the Central Government has not prescribed the maintenance of cost records U/s 209(1) (d) of the company act, 1956 for any of the products of the company.
- 9 In respect of statutory dues:

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, and Excise Duty, except Service Tax Custom Duty, cess and any other statutory dues with the appropriate authorities. 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 2012 for a period of more than 6 months from the date they become payable other than undisputed Professional Tax of Rs.2,500/-, Employee State Insurance of Rs.14,47,396/-, Provident fund of Rs.1,64,272/-, Electricity duty of Rs.10,93,978/-.

The disputed statutory dues aggregating to Rs.45,86,025/- have not been deposited on account of matters pending before appropriate authorities as under, we are enclosing the annexure for the same:

S.No	Name of the Statute	Nature of Dues	Forum where dispute is pending	Amount
1	Labour Commissioner	Labour Due (for the year 2011)	M.P. Government Labour Department	8,61,300/-
2	Labour Commissioner	Labour Due (feb-july 2010)	M.P. Government Labour Department	7,97,162/-
3	Labour Commissioner	Labour Due (Aug 10-jan 2011)	M.P. Government Labour Department	21,87,563/-
4	Income Tax Act	Income Tax 2003-04	CIT (Appeal-I)	7,40,000/-

- 10 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.
- 11 Based on our audit procedures and on the basis of information and explanations given by the management, the Company has defaulted in the repayment of following dues to banks or financial institutions as at balance sheet date:

S.No.	Name of the Bank/Financial Institute	Amount of Default (Rs. in Crores)	Default Continued since
1	<i>State Bank of India*</i>	<i>100.87</i>	<i>30th April 04</i>
2	<i>Industrial Development Bank of India</i>	<i>54.61</i>	<i>30th June 04</i>
3	<i>State Bank of Indore*</i>	<i>47.75</i>	<i>30th April 04</i>
4	<i>Canara Bank</i>	<i>21.10</i>	<i>30th April 04</i>
5	<i>State Bank of Saurashtra*</i>	<i>16.68</i>	<i>30th April 04</i>
6	<i>Ceat Financial Services Ltd.</i>	<i>0.26</i>	
	Total	241.27	

*Standard Chartered Bank has takeover account of State Bank of India, State Bank of Indore and State Bank of Sourashtra and Kotak Mahindra Bank Ltd. has taken over account of Industrial Development Bank of India in financial year 2006-07 and 2007-08.

- 12 In our opinion and according to information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other security.
- 13 In our opinion the company is not a Chit Fund, Nidhi or Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(XIII) of the CARO, 2003 are not applicable to the company.
- 14 The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable.
- 15 In our opinion, the company has not given guarantees for loans taken by others from banks and financial institutions during the year.
- 16 In our opinion and according to information and explanation given to us, the Company has not availed of any term loans during the year. There were no term loans outstanding as at the beginning and as at end of the year.
- 17 According to the information and explanations given to us and on examination of balance sheet, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa.
- 18 The company has not made any preferential allotment to parties and companies covered under register maintained under Section 301 of the Companies Act, 1956, during the year. The price at which the shares have been issued is not prejudicial to the interest of the Company.
- 19 The Clause 13 of the order is not applicable, as the company has not issued any debentures during the year.

- 20 The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- 21 In our opinion and according to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

Place :INDORE

Date : 22/08/2012

For B.BANSAL & CO.

Chartered Accountants

(RAJENDRA BANSAL)

PARTNER

Membership No: 073533

Registration No: 000450C

E-2, RATLAM KOTHI,

Balance Sheet as at 31st March 2012

₹ in rupees

	Note No.	As at 31st March 2012	As at 31st March 2011
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	9	9,80,87,530.00	9,80,87,530.00
Reserves and surplus	10	(2,43,14,24,894.00)	(2,12,17,78,708.00)
Money received against share warrants			
		(2,33,33,37,364.00)	(2,02,36,91,178.00)
Share application money pending allotment			
Non-current liabilities			
Long-term borrowings	11	2,43,82,83,744.00	2,16,19,63,847.00
Deferred tax liabilities (Net)			
Other long term liabilities			
Long-term provisions			
		2,43,82,83,744.00	2,16,19,63,847.00
Current liabilities			
Short-term borrowings			
Trade payables	12	5,73,27,473.00	4,93,93,624.00
Other current liabilities	13	1,79,40,055.00	2,29,95,376.00
Short-term provisions		2,55,22,510.00	2,37,83,369.00
		10,07,90,038.00	9,61,72,369.00
TOTAL		20,57,36,418.00	23,44,45,038.00
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets		18,43,73,897.00	21,45,33,624.00
Intangible assets			
Capital work-in-Progress			
Intangible assets under development			
Non-current investments	14	4,69,187.00	4,69,187.00
Deferred tax assets (net)			
Long-term loans and advances			
Other non-current assets			
		18,48,43,084.00	21,50,02,811.00
Current assets			
Current investments			
Inventories	15	54,46,744.00	50,84,711.00
Trade receivables	16	38,89,803.00	40,05,251.00
Cash and cash equivalents	17	4,96,126.00	76,002.00
Short-term loans and advances		1,10,60,661.00	1,02,76,263.00
Other current assets	18		
		2,08,93,334.00	1,94,42,227.00
TOTAL		20,57,36,418.00	23,44,45,038.00

The schedule referred above form an integral part of the Accounts

Audit Report as on even date attached

For B.BANSAL & CO.

Chartered Accountants

(FRN: 000450C)

For and on behalf of the Board of Directors

RAJENDRA BANSAL

PARTNER

Membership No.: 073533

Place: INDORE

Date:

Statement of Profit and loss for the year ended 31st March 2012

₹ in rupees

	Note No.	31st March 2012	31st March 2011
Revenue			
Revenue from operations	1	31,29,39,948.00	32,86,34,417.00
Less: Excise duty			
Net Sales		31,29,39,948.00	32,86,34,417.00
Other income	2	3,23,253.00	1,64,037.00
Total Revenue		31,32,63,201.00	32,87,98,454.00
Expenses			
Cost of material Consumed	3	24,14,51,882.00	25,61,25,192.00
Purchase of stock-in-trade			
Changes in inventories	4	(1,75,214.00)	(6,20,558.00)
Employee benefit expenses	5	3,01,62,612.00	3,65,55,717.00
Finance costs	6	27,74,16,701.00	24,52,47,632.00
Depreciation and amortization expenses	7	3,04,20,344.00	3,36,69,483.00
Other expenses	8	4,36,33,062.00	3,41,20,872.00
Total Expenses		62,29,09,387.00	60,50,98,338.00
Profit before exceptional, extraordinary and prior period items and tax		(30,96,46,186.00)	(27,62,99,884.00)
Exceptional items			
Profit before extraordinary and prior period items and tax		(30,96,46,186.00)	(27,62,99,884.00)
Extraordinary items			
Profit before tax		(30,96,46,186.00)	(27,62,99,884.00)
Tax expenses			
Current tax			
Deferred tax			
Excess/short provision relating earlier year tax			
Profit(Loss) for the period from continuing operations		(30,96,46,186.00)	(27,62,99,884.00)
Profit(Loss) from discontinuing operations			
Tax expenses of discontinuing operations			
Profit(Loss) from discontinuing operations(after tax)			
Profit(Loss) for the period		(30,96,46,186.00)	(27,62,99,884.00)
Earning per share			
Basic			
Diluted			

The schedule referred above form an integral part of the Accounts
Audit Report as on even date attached
For B.BANSAL & CO.
Chartered Accountants
(FRN: 000450C)

For and on behalf of the Board of Directors

RAJENDRA BANSAL
PARTNER
Membership No.: 073533
Place: INDORE
Date:

Notes to Financial statements for the year ended 31 March 2012

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

Note No. 9 Share Capital

₹ in rupees

Particulars	As at 31st march 2012	As at 31st march 2011
Authorised :		
7000000 (31/03/2011:7000000) Equity shares of Rs. 10.00/- par value	7,00,00,000.00	7,00,00,000.00
4000000 (31/03/2011:4000000) Preference shares of Rs. 10.00/- par value	4,00,00,000.00	4,00,00,000.00
Issued :		
6308753 (31/03/2011:6308753) Equity shares of Rs. 10.00/- par value	6,30,87,530.00	6,30,87,530.00
3500000 (31/03/2011:3500000) Preference shares of Rs. 10.00/- par value	3,50,00,000.00	3,50,00,000.00
Subscribed and paid-up :		
6308753 (31/03/2011:6308753) Equity shares of Rs. 10.00/- par value	6,30,87,530.00	6,30,87,530.00
3500000 (31/03/2011:3500000) Preference shares of Rs. 10.00/- par value	3,50,00,000.00	3,50,00,000.00
Paid up Share Capital	9,80,87,530.00	9,80,87,530.00

Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period**Equity shares**

₹ in rupees

	As at 31st march 2012		As at 31st march 2011	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	63,08,753	6,30,87,530.00	63,08,753	6,30,87,530.00
Issued During the Period				
Redeemed or bought back during the period				
Outstanding at end of the period	63,08,753	6,30,87,530.00	63,08,753	6,30,87,530.00

Preference shares

₹ in rupees

	As at 31st march 2012		As at 31st march 2011	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	35,00,000	3,50,00,000.00	35,00,000	3,50,00,000.00
Issued During the Period				
Redeemed or bought back during the period				
Outstanding at end of the period	35,00,000	3,50,00,000.00	35,00,000	3,50,00,000.00

Right, Preferences and Restriction attached to shares**Equity shares**

The company has only one class of Equity having a par value Rs. 10.00 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the board of directors is subject to the approval of the shareholders in ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

Preference shares

The company has only one class of Preference having a par value Rs. 10.00 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the board of directors is subject to the approval of the shareholders in ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the Preference shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

Details of shareholders holding more than 5% shares in the company

Type of Share	Name of Shareholders	As at 31-03-2012		As at 31-03-2011	
		No. of Shares	% of Holding	No. of Shares	% of Holding
Equity [NV: 10.00]	Pankaj Jajoo	12,70,085	20.13		
Equity [NV: 10.00]	Madhuri Jajoo	10,53,794	16.70		
Equity [NV: 10.00]	Pankaj Jajoo	4,29,840	6.81		
Equity [NV: 10.00]	LIC of India	3,50,000	5.55		
Equity [NV: 10.00]	UTI ULIP	3,40,991	5.41		
Equity [NV: 10.00]	Andiminstrator of Specified Undertanking	4,88,947	7.75		
Equity [NV: 10.00]	Indo Global Textile Pvt. Ltd.	3,29,924	5.23		
	Total :	42,63,581	67.58		

Note No. 10 Reserves and surplus

₹ in rupees

Particulars	As at 31st March 2012	As at 31st March 2011
Profit loss account		
Opening Balance	(2,43,72,22,187.00)	(2,16,09,22,303.00)
Add: Profit for the year	(30,96,46,186.00)	(27,62,99,884.00)
Less: Deletion during the year		
Closing Balance	(2,74,68,68,373.00)	(2,43,72,22,187.00)
Reserves		
Opening Balance	9,44,37,512.00	9,44,37,512.00
Add: Addition during the year		
Less: Deletion during the year		
Closing Balance	9,44,37,512.00	9,44,37,512.00
Securities premium		
Opening Balance	22,10,05,967.00	22,10,05,967.00
Add: Addition during the year		
Less: Deletion during the year		
Closing Balance	22,10,05,967.00	22,10,05,967.00
Balance carried to balance sheet	(2,43,14,24,894.00)	(2,12,17,78,708.00)

Note No.11:-Long-term borrowings

₹ in rupees

Particulars	As at 31 March 2012			As at 31 March 2011		
	Non-Current	Current Maturities	Total	Non-Current	Current Maturities	Total
Term Loan - From banks						
Secured Loans	2,41,26,60,275.00		2,41,26,60,275.00	2,13,63,40,378.00		2,13,63,40,378.00
Unsecured	2,56,23,469.00		2,56,23,469.00	2,56,23,469.00		2,56,23,469.00
	2,43,82,83,744.00		2,43,82,83,744.00	2,16,19,63,847.00		2,16,19,63,847.00
The Above Amount Includes						
Secured Borrowings	2,41,26,60,275.00		2,41,26,60,275.00	2,13,63,40,378.00		2,13,63,40,378.00
UnSecured Borrowings	2,56,23,469.00		2,56,23,469.00	2,56,23,469.00		2,56,23,469.00
Net Amount	2,43,82,83,744.00	0	2,43,82,83,744.00	2,16,19,63,847.00	0	2,16,19,63,847.00

Note No : - Provisions

₹ in rupees

Particulars	As at 31 March 2012			As at 31 March 2011		
	Long-term	Short-term	Total	Long-term	Short-term	Total
Provision for employee benefit						
Provision for gratuity		2,55,22,510.00	2,55,22,510.00		2,37,83,369.00	2,37,83,369.00
		2,55,22,510.00	2,55,22,510.00		2,37,83,369.00	2,37,83,369.00
Total		2,55,22,510.00	2,55,22,510.00		2,37,83,369.00	2,37,83,369.00

Note No.12:-Trade payables

₹ in rupees

Particulars	As at 31 March 2012	As at 31 March 2011
Trade payables		
Creditors due others	5,73,27,473.00	4,93,93,624.00
Total	5,73,27,473.00	4,93,93,624.00

Note No:13 Other current liabilities

₹ in rupees

Particulars	As at 31st march 2012	As at 31st march 2011
Unpaid Dividend		
Unclaimed Dividend	49,600.00	49,600.00
	49,600.00	49,600.00
Others payables		
Statutory Dues	1,78,90,455.00	2,29,45,776.00
	1,78,90,455.00	2,29,45,776.00
Total	1,79,40,055.00	2,29,95,376.00

Fixed Assets Chart as at 31st March 2012

₹ in rupees

Assets	Dep. Rate	Gross Block				Accumulated Depreciation/ Amortisation							Net Block		
		Balance as at 1st April 2011	Additions during the year	Addition on account of business acquisition	Deletion during the year	Balance as at 31st March 2012	Balance as at 1st April 2011	Provided during the year	Addition on account of business acquisition	Deletion / adjustments during the year	Other Adjustment	Impairment/ Reversal*	Balance as at 31st March 2012	Balance as at 31st March 2012	Balance as at 31st March 2011
A Tangible assets															
Land		42,46,734.00				42,46,734.00								42,46,734.00	42,46,734.00
Factory Shed	3.34	8,44,32,616.00	1,30,666.00			8,45,63,282.00	4,16,92,844.00	28,22,801.00				4,45,15,645.00	4,00,47,637.00	4,27,39,772.00	0
Office Building	1.63	34,80,883.00				34,80,883.00	7,70,489.00	56,738.00				8,27,227.00	26,53,656.00	27,10,394.00	
Plant and Machinery	4.75	63,73,15,417.00				63,73,15,417.00	47,57,05,501.00	2,67,75,358.00				50,24,80,859.00	13,48,34,558.00	16,16,09,916.00	
Furniture and Fixture	6.33	48,67,463.00	16,650.00			48,84,113.00	40,89,588.00	2,31,595.00				43,21,183.00	5,62,930.00	7,77,875.00	
Electrical Installation	5.28	95,03,407.00				95,03,407.00	69,84,474.00	5,30,750.00				75,15,224.00	19,88,183.00	25,18,933.00	
Vehicles	9.50	39,16,861.00	1,13,301.00			40,30,162.00	39,16,861.00	3,102.00			70,000.00	39,89,963.00	40,199.00		
Sub Total		74,77,63,381.00	2,60,617.00			74,80,23,998.00	53,31,59,757.00	3,04,20,344.00			70,000.00	56,36,50,101.00	18,43,73,897.00	21,46,03,624.00	00
P.Y Total		74,77,07,948.00	1,25,433.00			74,78,33,381.00	49,95,60,293.00	3,36,69,483.00				53,32,29,776.00	21,46,03,605.00	24,81,47,655.00	00

THE DHAR TEXTILE MILLS LTD.

(F.Y. 2011-2012)

Current Year Total		74,77,63,381.00	2,60,617.00			74,80,23,998.00	53,31,59,757.00	3,04,20,344.00			70,000.00		56,36,50,101.00	18,43,73,897.00	21,46,03,624.00
Previous Year Total		74,77,07,948.00	1,25,433.00			74,78,33,381.00	49,95,60,293.00	3,36,69,483.00					53,32,29,776.00	21,46,03,605.00	24,81,47,655.00

Note No. Loans and advances

₹ in rupees

Particulars	As at 31st march 2012		As at 31st march 2011	
	Long-term	Short-term	Long-term	Short-term
Other loans and advances				
Loans and Advances		1,10,60,661.00		1,02,76,263.00
		1,10,60,661.00		1,02,76,263.00
Total		1,10,60,661.00		1,02,76,263.00

Note No. 14 Non- Current investments

₹ in rupees

Particulars	As at 31 March 2012	As at 31 March 2011
Investments in equity Instruments (Quoted)		
In Others		
Equity securities current quoted trade (Lower of cost and Market value)	4,69,187.00	4,69,187.00
Gross Investment	4,69,187.00	4,69,187.00
Net Investment	4,69,187.00	4,69,187.00
Aggregate amount of quoted investments (Market Value: 0.00) (2011: 0.00)	4,69,187.00	4,69,187.00
Aggregate amount of unquoted investments		

Note No:15-Inventories

₹ in rupees

Particulars	As at 31st march 2012	As at 31st march 2011
(Valued at cost or NRV unless otherwise stated)		
Finished Goods	54,46,744.00	50,84,711.00
Total	54,46,744.00	50,84,711.00

Note No :16 - Trade receivables

₹ in rupees

Particulars	As at 31 March 2012	As at 31 March 2011
Exceeding six months		
Secured, Considered good	38,89,803.00	40,05,251.00
Total	38,89,803.00	40,05,251.00
Total	38,89,803.00	40,05,251.00

Note No :17 - Cash and cash equivalents

₹ in rupees

Particulars	As at 31 March 2012	As at 31 March 2011
Balance with banks		
Balance other banks current account	4,11,102.00	56,142.00
Total	4,11,102.00	56,142.00
Cash in hand		
Cash in hand	85,024.00	19,860.00
Total	85,024.00	19,860.00
Total	4,96,126.00	76,002.00

Note No. 1 Revenue from operations

₹ in rupees

Particulars	31st march 2012	31st march 2011
Sale of products	31,66,87,397.00	33,21,23,420.00
Gross revenue from operations	31,66,87,397.00	33,21,23,420.00
Less: Tax collected	(37,47,449.00)	(34,89,003.00)
Net revenue from operations	31,29,39,948.00	32,86,34,417.00

Note No. 2 Other income

₹ in rupees

Particulars	31st march 2012	31st march 2011
Interest Income	1,99,478.00	1,64,037.00
Other non-operating income		
Other Income	1,23,775.00	
	1,23,775.00	
Total	3,23,253.00	1,64,037.00

Note No. 3 Cost of material Consumed

₹ in rupees

Particulars	31 March 2012	31 March 2011
Inventory at the beginning		
Raw Material	26,24,837.00	13,89,870.00
Stores Spares	3,75,675.00	4,61,453.00
	30,00,512.00	18,51,323.00
Add:Purchase		
Raw Material	23,35,13,552.00	24,96,85,050.00
Stores Spares	81,40,404.00	75,89,331.00
	24,16,53,956.00	25,72,74,381.00
Add/Less:Other Adjustment		
Raw Material		
Stores Spares		
Less:-Inventory at the end		
Raw Material	27,43,984.00	26,24,837.00
Stores Spares	4,58,602.00	3,75,675.00
	32,02,586.00	30,00,512.00
Total	24,14,51,882.00	25,61,25,192.00

Details of material consumed

₹ in rupees

Particulars	31 March 2012	31 March 2011
Raw Material		
Consumption raw material	23,33,94,405.00	24,84,50,083.00
	23,33,94,405.00	24,84,50,083.00
Stores Spares		
Consumption stores spares	80,57,477.00	76,75,109.00
	80,57,477.00	76,75,109.00
Total	24,14,51,882.00	25,61,25,192.00

Details of inventory

₹ in rupees

Particulars	31 March 2012	31 March 2011
Raw Material		
Consumption raw material	27,43,984.00	26,24,837.00
	27,43,984.00	26,24,837.00
Stores Spares		
Consumption stores spares	4,58,602.00	3,75,675.00
	4,58,602.00	3,75,675.00
Total	32,02,586.00	30,00,512.00

Note No:4 Changes in inventories

₹ in rupees

Particulars	31st march 2012	31st march 2011
Inventory at the end of the year		
Finished Goods	19,22,377.00	17,66,619.00
Work-in-Progress	3,21,781.00	3,02,325.00
other inventory		
	22,44,158.00	20,68,944.00
Inventory at the beginning of the year		
Finished Goods	17,66,619.00	10,42,755.00
Work-in-Progress	3,02,325.00	4,05,631.00
other inventory		
	20,68,944.00	14,48,386.00
(Increase)/decrease in inventories		
Finished goods	(1,55,758.00)	(7,23,864.00)
WIP	(19,456.00)	1,03,306.00
	(1,75,214.00)	(6,20,558.00)

Note No. 5 Employee benefit expenses

₹ in rupees

Particulars	31st march 2012	31st march 2011
Salaries and Wages	2,84,83,463.00	3,44,79,020.00
Contribution to provident and other fund	16,79,149.00	20,76,697.00
Total	3,01,62,612.00	3,65,55,717.00

Note No. 6 Finance costs

₹ in rupees

Particulars	31st march 2012	31st march 2011
Interest	27,63,19,897.00	24,44,66,965.00
Other Borrowing costs	10,96,804.00	7,80,667.00
Total	27,74,16,701.00	24,52,47,632.00

Note No. 7 Depreciation and amortization expenses

₹ in rupees

Particulars	31st March 2012	31st March 2011
Depreciation on tangible assets	3,04,20,344.00	3,36,69,483.00
Total	3,04,20,344.00	3,36,69,483.00

Note No. 8 Other expenses

₹ in rupees

Particulars	31st March 2012	31st March 2011
Power and fuel	2,38,26,897.00	2,20,11,059.00
Repairs and maintenance of plant and machinery	4,84,055.00	1,14,658.00
Other manufacturing expenses	3,21,149.00	1,98,313.00
Selling and distribution expenses	94,48,538.00	76,64,355.00
Insurance expenses	32,546.00	3,84,743.00
Repairs and maintenance of other assets	4,38,360.00	3,82,314.00
Printing and stationery	87,708.00	84,218.00
Telephone and postage expenses	1,80,740.00	1,85,764.00
Advertising expenses	5,000.00	8,059.00
Bank charges	15,879.00	56,079.00
Audit fees	40,000.00	20,000.00
Vehicle running expenses	14,14,437.00	12,06,252.00
Legal and professional expenses	16,43,818.00	9,81,409.00
Service tax	1,52,708.00	1,10,605.00
Property Tax	37,866.00	32,262.00
Lease rentals expenses	2,700.00	1,96,062.00
Travelling Expenses	4,10,482.00	2,80,839.00
Donations	18,300.00	39,000.00
Other expenditure	1,71,879.00	1,64,881.00
Cash Discount	24,00,000.00	
Other Discount .	25,00,000.00	
Total	4,36,33,062.00	3,41,20,872.00

Note No. 8(a) Selling and distribution expenses

₹ in rupees

Particulars	31st March 2012	31st March 2011
Other selling expenses	94,48,538.00	76,64,355.00
Total	94,48,538.00	76,64,355.00

Note No. 8(b) Travelling Expenses

₹ in rupees

Particulars	31st March 2012	31st March 2011
Directors	1,14,309.00	1,44,336.00
Others	2,96,173.00	1,36,503.00
Total	4,10,482.00	2,80,839.00

₹ in rupees

Particulars	Unit of Measurement	31 March 2012		31 March 2011	
		Value	Quantity	Value	Quantity
Raw Material					
Consumption raw material	Kg	23,33,94,405.00		24,84,50,083.00	
		23,33,94,405.00		24,84,50,083.00	
Stores Spares					
Consumption stores spares		80,57,477.00		76,75,109.00	
		80,57,477.00		76,75,109.00	

₹ in rupees

Particulars	Value	%to total Consumption	value	%to total Consumption
Raw Material				
Imported				
Indigenous	23,33,94,405.00	100.00	24,84,50,083.00	100.00
	23,33,94,405.00	100.00	24,84,50,083.00	100.00
Stores Spares				
Imported				
Indigenous	80,57,477.00	100.00	76,75,109.00	100.00
	80,57,477.00	100.00	76,75,109.00	100.00

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.

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. No such foreign currency liabilities exist during the year.

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 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 failing 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	2012	2011
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 company is in appeal	18.28	18.28
e.	Cumulative Preference Dividend (to become payable when the dividend would be declared)	555.5	555.5
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
Surya 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
Uniplus 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.

5. Information related to Related Parties has not been produced before us.

6. Sales and Purchases include inter –division transfer of yarn and waste material of Rs is Nil

7. 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

8. Accounting Standard (AS) 17 “Segment Reporting” is not applicable as the company operates in a single segment Textiles

9. 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.

10. Earnings per share

Loss as per Profit & Loss A/c (Rs. in Lacs)	-3096.46
Number of shares used in computing earnings per share	6308753
Earnings per share (Basic and diluted) (In Rs.)	-49.08

Face value per share (In Rs.)	10.00
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11. In view of insufficient information from the suppliers regarding their status as SSI unit, amount overdue to them as on 31.03.12 cannot be ascertained.

12. The Company has not transferred the amount of Unclaimed Dividend to Investor Education and Protection Fund established under sub-section (1) of section 205C of the Companies Act, 1956 and the same is shown under the head of current liabilities.

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 (Fabric) division is closed.

15. Interest on secured loan from banks and financial institution is provided on suomoto estimated basis for Rs.27,63,19,897/-. (Previous year Rs. 24,44,66,965).
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.

For B.BANSAL & CO.

Chartered Accountants

(RAJENDRA BANSAL)

PARTNER

Membership No: 073533

Registration No: 000450C

E-2, RATLAM KOTHI

Place :INDORE

Date : 22/08/2012