

ANNUAL REPORT  
2013-14  
OF  
THE DHAR TEXTILE  
MILLS LIMITED

# COMPANY INFORMATION

## **BOARD OF DIRECTORS**

**Mr. Pankaj Jajoo**

Chairman-cum-Managing Director

**Mr. Manish Jajoo**

Director

**Mr. Pankaj Singhal**

Independent Director

**Mr. Sunil Choudhary**

Independent Director

**Mr. Vijay Bakliwal**

Independent Director

## **REGISTERED OFFICE**

C-1/A, Low Land Area,  
Pologround Industrial Estate,  
Indore – 452015

website:[www.dhartextile.com](http://www.dhartextile.com)

## **Auditors**

M/s B. Bansal & Co.

Chartered Accountants

Firm Regn No. 000450C

E-2, Ratlam Kothi,

Indore-452001 (M.P.)

## **Registrars and Share Transfer Agent**

Link Intime India Private Limited

C- 13, Kantilal Maganlal Estate,

Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (West), Mumbai-400078

Tel No.:022-25946970

Fax No.:022-25946969

Email : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## **NOTICE**

NOTICE is hereby given that the Annual General Meeting of the members of the Company will be held on 30<sup>th</sup> day of September, 2014 at 11.00 a.m. at the Registered Office of the Company to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet and the Profit & Loss account of the Company for the year ended on 31<sup>st</sup> March, 2014 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Manish Jajoo who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:-

“**RESOLVED THAT** pursuant to the provisions of Sections 139 of the Companies Act, 2013 (“Act”) and other applicable provisions of the Act, if any and the Rules framed thereunder, as amended from time to time, M/s B. Bansal & Co., Chartered Accountants (ICAI Firm Registration No. 000450C M/No. – 073533) be and is hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of next AGM of the Company, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors.”

### **SPECIAL BUSINESS:**

4. Appointment of Mr. Pankaj Singhal as an Independent Director:

To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:-

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed thereunder as read with Schedule IV to the Act, as amended from time to time, Mr. Pankaj Singhal (DIN: 02653656), a non-executive, Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 01<sup>st</sup> October, 2014 upto 30<sup>th</sup> September, 2019.”

5. Appointment of Mr. Sunil Choudhary as an Independent Director:

To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:-

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed thereunder as read with Schedule IV to the Act, as amended from time to time, Mr. Sunil Choudhary (DIN: 03564274), a non-executive, Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 01<sup>st</sup> October, 2014 upto 30<sup>th</sup> September, 2019.”

6. Appointment of Mr. Vijay Bakliwal as an Independent Director:

To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:-

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed thereunder as read with Schedule IV to the Act, as amended from time to time, Mr. Vijay Bakliwal (DIN: 05200699), a non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 01<sup>st</sup> October, 2014 upto 30<sup>th</sup> September, 2019.”

7. Authority to Board to Create Charge:

To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution;

**“RESOLVED THAT** consent of the Company be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and other applicable provisions of Companies Act, 1956, if any, (including any statutory modifications, amendments or re-enactments thereto for the time being in force) to the Board of Directors of the Company (hereinafter referred to as “the Board”) to mortgaging and/hypothecation, pledge or charging by the Board of Directors of the Company of all or any of the immovable and movable properties of the Company, wherever situated, both present and future or the whole or substantially the whole of the undertaking or undertakings of the company in such form and in such manner as the Board of Directors may think fit for securing any loans and/or advances already obtained or that may be obtained from time to time any financial Institution/ bank/insurance companies, bodies corporate, firms or association or person or persons, and/or to secure any debentures issued, deposits and/or that may be issued and all interest, compounding interest,/ additional interest, commitment charge, cost, charges, expenses and all other moneys payable by the company to the concerned secured lenders within the overall borrowing limit of Rs. 500.00 Crore (Rupees Five Hundred Crores) at any point of time;

**RESOLVED FURTHER THAT** all the acts done by Board of Directors till the date in this regard be and is hereby ratified;

**RESOLVED FURTHER THAT** the securities created or to be created by the Company as aforesaid may rank prior/pari passu/subservient with/to the mortgages and/or charges already created or to be created by the company as may be agreed to between the Board of Directors of the Company and the concerned parties;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized create or revise/renew the securities and/or release of the securities and to do all such acts, deeds and things and to sign all such documents and writings as may be necessary, expedient and incidental thereto to give effect to this resolution and for matter connected therewith or incidental thereto.”

8. Authority to Borrow funds:

To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution;

“**RESOLVED THAT** consent of the Company be and is hereby accorded in terms of Section 180(1)(c) and (2) and other applicable provisions, if any, of the Companies Act, 2013 and/or Companies Act, 1956 as may be applicable ( including any statutory modifications, amendments or re-enactments thereto for the time being in force) to the Board of Directors of the Company (hereinafter referred to as “ the Board”) for borrowing any sum or sums of monies from time to time for the purpose of the Company’s business on such terms and conditions and with or without security from any bank, financial institutions or any other lending institutions, firms, bodies corporate or persons, of India or otherwise from the foreign parties/entities subject to the provisions of the FDI and/or FEMA, as my be considered appropriate and suitable by the Board notwithstanding that the sum or sums of monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free-reserves, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 500.00 Crores (Rupees Five Hundred Crores) over and above the paid up capital of the Company and its free reserves;

**RESOLVED FURTHER THAT** all the acts done by Board of Directors till the date in this regard be and is hereby ratified;

**RESOLVED FURTHER THAT** Board of Directors and the Director(s) or the person authorized by the be and is hereby jointly/or severally authorized to as they may think fit and for that purpose to execute such documents, papers, deeds, and writings containing such conditions and covenants as the Board may think fit and to take all such steps as may be necessary or desirable to give effect to this Resolution.”

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with rules framed thereunder (including any statutory modification(s) or re- enactment thereof, for the time being in force), the draft regulations contained in the Articles of

Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**DATE: 03.09.2014**

**PLACE: INDORE**

**FOR AND ON BEHALF OF THE BOARD  
THE DHAR TEXTILE MILLS LIMITED**

**PANKAJ JAJOO  
MANAGING DIRECTOR  
DIN: 00017748**

**NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.** The instrument appointing Proxy as per the format included in the Annual Report should be returned to the Registered office of the Company not less than FORTY-EIGHT HOURS before the time for holding the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organization. A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or a Member.
2. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“Act”) in respect of the business under Item Nos. 4 to 9 set out above and details as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges in respect of Directors seeking appointment/re-appointment at this Annual General Meeting are annexed hereto.
3. The register of members and transfer books of the Company shall remain closed from 24<sup>th</sup> day of September, 2014 to 30<sup>th</sup> day of September, 2014 (both days inclusive) for the purpose of Annual General Meeting.
4. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring copies to the meeting.

5. 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.
6. 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. at least seven days before the date of the Meeting.
7. Corporate members intending to send their authorized representatives to attend the meeting are requested to lodge a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate not later than 48 (forty eight) hours before commencement of the meeting authorizing such person to attend and vote on its behalf at the meeting.
8. The Notice is being sent to all the Members, whose names appear in the Register of Members/list of Beneficial Owners as received from National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL).
9. Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.
10. Members / Proxies should bring their attendance slip duly filled in for attending the meeting. Members are also requested to inform company of any change in their address immediately so as to enable the company to dispatch any further communication at their correct address.
11. To support the 'Green Initiative', an Abridged Annual Report is being sent to the Members. In respect of Members whose e-mail ids are registered with the Company/the Depositories the Annual Report is sent in electronic mode. The Members who have not registered their e-mail ID are requested to register the same with Company's Registrars and Transfer Agents/Depositories. The Members who are desirous of receiving the full Annual Report may write to the Company's Registrar for a copy of the same.
12. In compliance with provisions of Clause 35B of the Listing Agreement entered into with the Stock Exchange(s), the Company is pleased to offer e-voting facility to enable members to cast their votes electronically. The Company has agreement with CENTRAL DEPOSITORY SERVICES LIMITED (CDSL) for facilitating e-voting to enable the shareholders to cast their votes electronically.
13. Mr. Pratik Tripathi, Partner of P.S. Tripathi & Associates, Company Secretaries shall be act as Scrutinizer for conducting the E-voting process in a fair and transparent manner.
14. The voting rights of Members shall be in proportion to their shares of the Paid up Equity Share Capital of the Company.

### **Procedure for E-voting:-**

**The instructions for members for voting electronically are as under:-**

#### **In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on “Shareholders” tab.
- (iii) Now, select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"><li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li><li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li></ul>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"><li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</li></ul>



- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on < From 10.00 A.M. (IST) on September, 24, 2014> and ends on < upto 05.00 P.M. (IST) on September, 25, 2014>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <29<sup>th</sup> August, 2014 >, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
1. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  2. Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at [scrutinizer.ptripathi@gmail.com](mailto:scrutinizer.ptripathi@gmail.com) with a copy marked to helpdesk.evoting@cdslindia.com.
  3. In case you have any queries or issues regarding e-voting, please contact helpdesk.evoting@cdslindia.com.

**DATE: 03.09.2014**

**PLACE: INDORE**

**FOR AND ON BEHALF OF THE BOARD  
THE DHAR TEXTILE MILLS LIMITED**

**PANKAJ JAJOO  
MANAGING DIRECTOR  
DIN: 00017748**

## **EXPLANATORY STATEMENT**

(Pursuant to Section 102 of the Companies Act, 2013)

### **For Item Nos. 4 to 6:**

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Mr. Pankaj Singhal, Mr. Sunil Choudhary and Mr. Vijay Bakliwal as Independent Directors, in compliance with the requirements of the clause.

Pursuant to the provisions of Section 149 of the Act, which came in to effect from 1 April, 2014, every listed public company is required to have at least one-third of the total number of directors as Independent Directors, who are not liable to retire by rotation. Pursuant to clause 49 of the Listing Agreement with Stock Exchanges (to come into force w.e.f. 1 October, 2014), an Independent Director cannot hold office for more than two consecutive terms of five years each and any tenure of an Independent Director on the commencement of the Companies Act, 2013 shall not be counted as a term. Hence, the said Independent Directors are proposed to be appointed for a period as mentioned in the respective resolutions from the conclusion of this Annual General Meeting.

Mr. Pankaj Singhal, Mr. Sunil Choudhary and Mr. Vijay Bakliwal, Independent Directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act.

In the opinion of the Board, each of these directors fulfil the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Directors and they are independent of the management. Mr. Pankaj Singhal, Mr. Sunil Choudhary and Mr. Vijay Bakliwal are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from member along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr. Pankaj Singhal, Mr. Sunil Choudhary and Mr. Vijay Bakliwal for the office of Directors of the Company. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday. Brief resume and other details of the Independent Directors whose appointment is proposed are provided in the annexure to the Explanatory Statement attached herewith.

Mr. Pankaj Singhal, Mr. Sunil Choudhary and Mr. Vijay Bakliwal are deemed to be interested in the resolutions set out respectively at Item Nos. 4 to 6 of the Notice with regard to their respective appointments.

Other than above, none of the Directors and Key managerial Personal and their relatives is either directly or indirectly concerned or interested, financially or otherwise in the proposed resolution

The Board of Directors recommends the said resolutions for your approval.

**For Item No. 7:**

Section 180(1)(a) of the Companies Act, 2013 provides that the Board of Directors of company shall not, without the approval of shareholders in general meeting by way of special resolution create charge over the whole or substantially the whole of the undertaking or assets of the Company.

Company is required to secure the additional loan facility provided or to be provided by Bankers/institutions along with amount already secured by the mortgage and charge of the assets of the Company, both present and future and the whole of the undertaking of the Company, So it is necessary for the members to pass a resolution under Section 180(1)(a) of the Companies Act, 2013,

The members are required to authorize to the Board of Directors of the Company to create charge on the movable and immovable assets and properties of the company in favor of the lenders as per the terms of the Loans and security documents, as stated in the Resolution of item No. 7.

The Board accordingly recommends the Special Resolution as mentioned at item no.7 of this Notice for your approval.

Pursuant to applicable provisions of the Companies Act, 2013, none of the Directors and Key managerial Personal and their relatives is either directly or indirectly concerned or interested, financially or otherwise in the proposed resolution except in capacity of shareholder.

**For Item No. 8:**

Due to the increasing business operations and future growth plans of the Company would necessitate borrowing from any bank, financial institutions or any other lending institutions, firms, bodies corporate or persons, both in the national and international markets, as may be considered suitable by the Board. However as per the provisions of section 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company cannot, apart from temporary loans obtained or to be obtained from the Company's banker in the ordinary course of business except with the consent of the Shareholders in General Meeting by way of special resolution, borrow monies in excess of the aggregate of the paid-up capital and free reserves of the Company.

Hence, the Board of Directors of the Company considered needs to be authorized by the members to borrow monies, whether secured or otherwise (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), from time to time on behalf of the company not exceeding Rs. 500.00 Crores (Rupees Five Hundred Crores) over and above the paid up capital of the Company and its free reserves of the Company.

The Board accordingly recommends the Special Resolution as mentioned at item No.7 of this Notice for your approval.

Pursuant to applicable provisions of the Companies Act, 2013, none of the Directors and Key managerial Personal and their relatives is either directly or indirectly concerned or interested, in the proposed resolution. However the promoter directors and their relatives may be considered as

financially interested to the extent of the interest as may be received by them on the unsecured loan, if any, as may be provided by them.

**For Item No. 9:**

The existing Articles of Association (“AOA”) are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific Sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the Act.

With the coming into force of the Companies Act, 2013, several regulations of the existing AOA of the Company require alteration or deletion. Accordingly, it is proposed to replace the entire existing AOA by a set of new Articles.

The new AOA to be substituted in place of existing AOA are based on Table 'F' of the Companies Act, 2013 which sets out the model Articles of Association for a Company limited by shares.

The Board of Directors recommends the above resolution for your approval.

None of the Directors or any key managerial personnel or any relative of any of the Directors of the Company or the relatives of any key managerial personnel is, in anyway, concerned or interested in the above resolution.

**DATE: 033.09.2014**

**PLACE: INDORE**

**FOR AND ON BEHALF OF THE BOARD  
THE DHAR TEXTILE MILLS LIMITED**

**PANKAJ JAJOO  
MANAGING DIRECTOR  
DIN: 00017748**

**ANNEXURE TO NOTICE**  
**Details of Directors seeking Appointment / Re-appointment**

Name of Director	Date of Birth	No. of Shares Held	Qualification	Nature of Expertise	Name of the Company in which Director holds Directorship	Name of the Committee of the Company in which Director holds Membership & Chairmanship
Mr. Manish Jajoo Din: 00153407 Appointed On 31/08/1990	09.04.1968	NIL	Civil Engineering and a Post Graduation in Environmental Engineering	As DTM's Director he brings in innovative ideas for improvement in product mix and development of new products.	NIL	NIL
Mr. Pankaj Singhal DIN: 02653656 Appointed On 31/01/2008	04.07.1969	NIL	Graduate in Commerce	He is providing consultancy relating to accounting and legal since last 14 years.	Armour Finance And Commerce Private Limited	NIL
Mr. Sunil Choudhary DIN: 03564274 Appointed On 30/06/2011	26.01.1968	NIL	Commerce graduate and PGTDM	He is having experience of 18 years in administration	NIL	NIL
Mr. Vijay Bakliwal DIN: 05200699 Appointed On 09/02/2012	05.02.1954	NIL	Graduate in science	Having experience of 30 years in the field of grain market and share market.	NIL	NIL

**ATTENDANCE SLIP**

**ANNUAL GENERAL MEETING**

DP ID		Name & Address of Registered shareholder
Client ID		
No. of shares(s) held		

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the ANNAUL GENERAL MEETING of the Company convened at 10.30 a.m. on Tuesday, September 30, 2014 at C-1/A Low Land Area, Pologround Industrial Estate, Indore-M.P.

.....

Member's / Proxy's Signature

Note: Please complete this and hand it over at the entrance of the hall.

-----TEAR HERE-----

**The E-Voting Particulars are set out as below**

<b>EVEN (E-VOTING NUMBER)</b>	<b>EVENT</b>	<b>USER ID</b>	<b>PASSWORD/PIN</b>

**The E-Voting facility will be available during the following voting period:**

<b>Commencement of E-voting</b>	<b>End of E-voting</b>
From 10.00 A.M. (IST) on September, 24 <sup>th</sup> , 2014	Upto 5.00 P.M. (IST) on September, 25 <sup>th</sup> , 2014

**Note: The procedure and instructions for e-voting as provided above should be followed.**



***Notes:***

1. Proxy to be deposited at the Registered Office of the Company at C-1/A Low Land Area, Pologround Industrial Estate, Indore-M.P. not later than FORTY-EIGHT hours before the meeting.
2. All alterations made in the Form of Proxy should be initialed.
3. Please affix appropriate Revenue Stamp before putting signature.
4. In case of multiple proxies, proxy later in time shall be accepted.
5. A proxy need not be a shareholder of the Company

## DIRECTORS REPORT

Directors have pleasure in presenting their Annual Report on the Financial Performance of the Company for the year ended the **31<sup>st</sup> March, 2014:-**

Financial Results:

	(Amount in Rs.)	
	2013-2014	2012-2013
Income From Operation	35,86,49,241.00	33,96,64,865.00
Loss (-) / Profit before Interest, Depreciation and Taxes		4,43,72,298.00
Less: Interest	6,68,20,050.00	31,29,65,055.00
Less: Depreciation & Amortization	7,56,997.00	3,05,07,26,700
<b>Loss (-)/ Profit before Tax</b>	<b>(3,82,84,440.00)</b>	<b>(2,99,100,024.00)</b>
Less: Provision for Tax including Deferred Tax	0.00	0.00
Excess provision written back	3,11,26,609.00	0.00
<b>Loss after Tax</b>	<b>(71,57,831.00)</b>	<b>(2,99,100,024.00)</b>

### Working Performance Review:

The total turnover of the Company during the year is Rs. 3586.49 Lacs as compared with Rs. 3396.64 Lacs for the previous year and resulting decrease in loss of the company to Rs. 71.57 Lacs as compared to loss of Rs. 2991.00 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.

### 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. Reference of the Company at BIFR, is restored by the BIFR during the financial year to its original number. BIFR has directed to the Company to prepare Draft Rehabilitation Scheme and submit the same to Operating Agency and the same is under process. Debt of the Company has been taken over by the ARCIL from the Bankers.

## **Directors**

Mr. Manish Jajoo is retiring by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment. Further as per the provision of section 149 and 152 of the Companies Act, 2013, Mr. Pankaj Singhal, Mr. Sunil Choudhary, and Mr. Vijay Bakliwal Independent, non-executive directors of the Company are proposed to be re-appointed for a period of 5 years, commencing from 01<sup>st</sup> October, 2014 to 30<sup>th</sup> September, 2019. Resolutions has been given in the notice for the same for approval of members.

## **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.2 g) (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 and pay the dividend accrued thereon. A detailed note is also provided in Notes to the Account annexed with Balance Sheet of the Company.

Point No. 2 g) b) As Company is a sick Company and registered with BIFR, is in continuous touch with Banks and Financial Institutions for settlement to clear their dues for the revival of the Company. During the year ARCIL has taken over the accounts of the lending Banks.

## **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 31<sup>st</sup> March, 2014 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 31<sup>st</sup> March, 2014 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: 03.09.2014**

**PANKAJ JAJOO**  
**CHAIRMAN & MANAGING DIRECTOR**  
**DIN: 00017748**

## 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:

	2013-14		2012-13	
<b>(A) Power &amp; Fuel Consumption</b>				
a. Purchased				
Units	4993440.00		4894620.00	
Amount (Rs.)	28411716.00		26531403.00	
Average Rate/Unit (Rs.)	5.69		5.42	
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	
<b>Diesel / LDO / SKO</b>				
Quantity (Kilo Liters)	0.00		0.00	
Amount (Rs.)	0.00		0.00	
Average Rate/Liter (Rs.)	0.00		0.00	
<b>Coal</b>				
Quantity (MT)	0.00		0.00	
Amount (Rs.)	0.00		0.00	
Average Rate/MT (Rs.)	0.00		0.00	
<b>(B) Consumption per unit of Production</b>				
	Yarn		Processed Fabric	
	2013-14	2012-13	2013-14	2012-13
Electricity (Units) per Kg.	0.00	0.00	0.00	0.00
Coal (MTs)	0.00	0.00	0.00	0.00

**Technology Absorption, Adaptation and Innovation**

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

**Foreign Exchange Earnings and Outgo**

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

	<b>2013-14</b>	<b>2012-13</b>
<b>Inflow</b>		
Earning FOB on Exports	0.00	0.00
<b>Outgo</b>		
a) CIF value of imports	0.00	0.00
b) Expenditure in foreign currency	0.00	0.00
i) Traveling 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**  
**DIN: 00017748**

## **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 Indian Textile Industry has an overwhelming presence in the economic life of the country. Apart from servicing the basic necessities of life, it also plays pivotal role through its contribution to industrial output, employment generation and foreign exchange earnings of the country. It is the largest foreign exchange earner of the country. The industry has evolved from being part of small-scale sector to the status of supremacy it currently holds. It not only creates job opportunities but also opens up scope for the other ancillary sectors.

The Indian textile industry is extremely varied in nature covering hand-made cottage industry to capital intensive, sophisticated mill sector. This has enabled the industry to produce varieties of products meeting the requirements of different market segments both on local and global platform.

### **B. OPPORTUNITIES AND THREATS**

There is good scope for growth for the textile industry as India's share in the global trade in textiles is weak compared to other countries. The free trade environment is a great opportunity for the Indian textile industry to increase its share in the global market.

Lack of uninterrupted power, increased power costs, higher transaction costs, high cost of labour are hindering the progress. However, we are making all out efforts to cope with all these challenges by continuous efforts at cost reduction, process improvements, diversification of products and improving productivity by improving efficiencies.

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. Only Pithampur unit of the Company is working. Major NPA is on account of Indore unit. 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. Company is also trying to revival of Indore unit



and a Draft Rehabilitation Scheme as per the direction of BIFR, is being prepared.

### **C. OUTLOOK**

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 Textile sector is hampered by shortage of trained and specialized human capital. Besides this the high volatile raw material prices, foreign exchange fluctuation, higher interest cost, labour cost and power cost are some of the major challenges the textile industry is facing today.

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. Various cases are pending against the Company, filed by Banks and Financial Institution for recovery of their dues. Although reference with the BIFR of the Company as Sick Company is restored by the BIFR in January 2013 and Company is preparing a Draft Rehabilitation Scheme for revival of the Company as per the directions of BIFR.

### **E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an adequate internal audit system commensurate with its size and nature of operations. Regular internal checks are carried out and the management also reviews the internal control systems and procedures to ensure efficient conduct of the business. The Audit Committee of the Board of Directors of the Company discusses various internal controls / internal audit issues.

### **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, reference of the Company is also restored by the BIFR during the year.

**G. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/  
INDUSTRIAL RELATIONS:**

The company attaches significant value to its human capital. It follows effective policies and work practices so as to create conducive working environment. It has been consistently successful in retaining and nurturing talent even during lean periods by adopting proper and adequate measures aimed at enhancing employee satisfaction and welfare.

**H. CAUTIONARY STATEMENT :**

Certain statements in the “Management Discussion and Analysis” section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors’ envisage in terms of future performance and outlook.

**For & On Behalf of the Board**

**Place: Indore  
Date: 03.09.2014**

**PANKAJ JAJOO  
CHAIRMAN  
DIN: 00017748**

## REPORT ON CORPORATE GOVERNANCE

### 1. Company Philosophy on Code of Corporate Governance

The philosophy of Corporate Governance is to enhance the long term economic value of the company. Its stakeholders and the society at large by adopting practices in fair and transparent manner by aligning interests of the company with shareholders and other key stakeholders.

### 2. Board of Directors

#### Composition:

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:

S N	Name of the Director	Promoter, Executive, Non- Executive, Independent	No. of Director- ship/ Committees membership of other Companies	No. of Board Meetings		Whether attended Last Annual General Meeting
				Held	Attended	
1.	Mr. Pankaj Jajoo Chairman- Cum-Managing Director	Executive Promoter	NIL	8	8	Yes
2.	Mr. Manish Jajoo Director	Non-Executive Promoter	1	8	5	Yes
3.	Mr. Pankaj Singhal Director	Non-Executive Independent	1	8	8	Yes
4.	Mr. Sunil Choudhary	Non-Executive Independent	NIL	8	8	Yes

	Director					
5.	Mr. Vijay Bakliwal Director	Non-Executive Independent	NIL	8	8	Yes

**Note:** 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.

**Particulars of the Directors seeking re-appointment:**

As required under the Listing Agreement, particulars of the directors seeking re-appointment at the ensuing Annual General Meeting have been given under the Annexure to Notice of this report.

**Number of Board Meetings held and the dates on which held**

During the year under review a total of 8 (Eight) Board Meetings were held. The details of the date(s) on which the meetings were held are as follows:

Sr. No.	Date	Day	Time
1.	25 <sup>th</sup> April' 2013	Thursday	10:00 A.M.
2.	30 <sup>th</sup> May' 2013	Thursday	4:00 P.M.
3.	12 <sup>th</sup> August' 2013	Monday	4:00 P.M.
4.	21 <sup>st</sup> October'2013	Monday	4:00 P.M.
5.	25 <sup>th</sup> November' 2013	Wednesday	11:00 A.M.
6.	13 <sup>th</sup> January'2014	Monday	11:00 A.M.
7.	13 <sup>th</sup> February'2014	Thursday	4:00 P.M.
8.	25 <sup>th</sup> March'2014	Tuesday	11.30 A.M.

## **COMMITTEES OF THE BOARD**

In Compliance with the requirements under the Listing Agreement and the applicable laws, the Board has constituted the following committees:

1. Audit Committee;
2. Nomination & Remuneration Committee;
3. Stakeholder Relationship Committee.

### **3. AUDIT COMMITTEE**

#### **Terms of Reference and Role of Audit Committee**

The composition, procedures, powers and role/functions of the Audit Committee constituted by the Company comply with the requirements of Clause 49 of the Listing Agreement and provisions of the Companies Act, 1956. Role of Audit Committee includes 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.

**COMPOSITION:**

The Audit Committee presently comprises of three Independent Non-Executive Directors:

1. Mr. Pankaj Singhal, Chairman
2. Mr. Sunil Choudhary, Member
3. Mr. Vijay Bakliwal, Member

**MEETINGS AND ATTENDANCE:**

During the financial year ended 31<sup>st</sup> March, 2014, 4 (four) meetings of the Audit Committee were held, as follows:

S.No.	Date	Day	Time
1.	30 <sup>th</sup> May'2013	Thursday	3:30 P.M.
2.	12 <sup>th</sup> August'2013	Monday	3.30 P.M.
3.	21 <sup>st</sup> October' 2013	Monday	3.30 P.M.
4.	13 <sup>th</sup> February' 2014	Thursday	3.30 P.M.

**1. Attendance of each Member at the Audit Committee meetings held during the year**

Name	Number of Meetings during the year 2013-14	
	Held	Attended
Mr. Pankaj Singhal	4	4
Mr. Sunil Choudhary	4	4
Mr. Vijay Bakliwal	4	4

#### 4. NOMINATION AND REMUNERATION COMMITTEE

##### Description and Role of the Nomination & 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:

1. Mr. Pankaj Singhal, Chairman
2. Mr. Sunil Choudhary, Member
3. Mr. Vijay Bakliwal, Member

##### Remuneration paid to the Directors during 2013-14:

Director	Relationship with other directors	Sitting Fees* Rs.	Salary and Perquisites Rs.	Commission Rs.	Total Rs.
Mr. Pankaj Jajoo	Related to Shri Manish Jajoo	Nil	Nil	Nil	Nil
Mr. Manish Jajoo	Related to Shri Pankaj Jajoo	Nil	Nil	Nil	Nil
Mr. Pankaj Singhal	None	Nil	Nil	Nil	Nil
Mr. Sunil Choudhary	None	Nil	Nil	Nil	Nil
Mr. Vijay Bakliwal	None	Nil	Nil	Nil	Nil

## 5. STAKEHOLDER RELATIONSHIP COMMITTEE

### COMPOSITION:

The Stakeholder Relationship Committee is headed by a Non-Executive Independent Director and comprises the following Directors:

1. Mr. Pankaj Singhal, Chairman
2. Mr. Sunil Choudhary, Member
3. Mr. Vijay Bakliwal, Member

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 0 (Nil) complaints from its shareholders and as on 31.03.2014 no complaint is pending beyond 30 days.

## 6. GENERAL BODY MEETINGS

### i. Annual General Meetings:

The location and time of the last three Annual General Meetings are as under:

Year	Date of Annual General Meeting	Time	Venue	No. of Special Resolutions Passed
2012-13	30th Sept., 2013	10:30 A.M.	Registered office	One
2011-12	29th Sept., 2012	10:30 A.M.	Registered office	-
2010-11	30th Sept. 2011	10:30 A.M.	Registered office	-



### **Financial Calendar F.Y. 2014-15 (Tentative)**

Board meeting for first three quarters ending on 30 <sup>th</sup> June'14, 30 <sup>th</sup> Sept.'2014 and 31 <sup>st</sup> Dec.'2014	On or before 45 <sup>th</sup> day from the end of Quarter
Board Meeting for Last quarter ending on 31 <sup>st</sup> March 2015	On or before 30 <sup>th</sup> May'2015
Annual General Meeting for FY 2014-15	On or before 30 <sup>th</sup> Sept.'2015

#### **ii. Postal Ballot:**

- The Company has not passed any Special Resolution during last three years requiring voting through Postal Ballot.
- There is no proposal for passing any resolution through Postal Ballot at the ensuing Annual General Meeting scheduled to be held on 30<sup>th</sup> September, 2014.

## **7. DISCLOSURES**

#### **i. Related Party Transactions**

Related party transactions have been disclosed, wherever required, in Notes forming part of the Annual Accounts for the year ended 31st March, 2014.

#### **ii. Details of Non-Compliances by the Company**

There are no instances of material non-compliance by the company on any matter related to capital markets, during the last three years and no penalties or strictures have been imposed on the company by Stock Exchange(s), SEBI or any other statutory authority.

### iii. Whistle Blower Policy

The Company has conveyed existence of Whistle Blower Policy to all its employees and it is hereby affirmed by the Board that no personnel has been denied access to the Audit Committee.

### iv. Mandatory and Non-Mandatory Requirements

The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. Non-mandatory requirements are being complied with in a phased manner.

## 8. MEANS OF COMMUNICATION

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end –

**Financial Results:** The results are submitted to the Stock Exchanges in accordance with the Listing Agreement.

**Corporate Filing:** Announcements, Quarterly Results, Shareholding Pattern etc. of the Company regularly filed by the Company, are also available on the website of The Bombay Stock Exchange Limited– [www.bseindia.com](http://www.bseindia.com).

## 9. GENERAL SHAREHOLDERS' INFORMATION

i. Annual General Meeting	
<b>Date</b>	30 <sup>th</sup> September, 2014, Tuesday
<b>Time</b>	11: 00 A.M.
<b>Venue</b>	C-1/A Low Land Area, Pologround

	Industrial Estate, Indore-M.P.
<b>ii. Financial Year</b>	1 <sup>st</sup> April, 2013 to 31 <sup>st</sup> March, 2014
<b>iii. Date of Book Closure</b>	Wednesday, 24 <sup>th</sup> September, 2014 to Tuesday, 30 <sup>th</sup> September, 2014 (both days inclusive)
<b>iv. Dividend Payment Date</b>	None, as no dividend has been recommended for the year.
<b>v. Listing on Stock Exchange(s)</b>	The Shares of the company are listed on Bombay Stock Exchange Limited (BSE)
<b>vi. Stock Code</b>	
<b>BSE</b>	<b>Stock Code</b>
	DHARTEX
	<b>Scrip Code</b>
	530949
<b>ISIN</b>	INE044B01018 (NSDL & CDSL)
<b>CIN</b>	L17121MP1984PLC002484

**vii. Market Price Data**

(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

**viii. Registrar and Transfer Agent**

The Company has appointed M/s. Link Intime India Private Limited as Registrar & Share Transfer Agents, details of whom are as under:

**M/s. Link Intime India Private Limited**

C – 13, Kantilal Maganlal Estate,

Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (West),

Mumbai - 400 078

Tel No: 25963838

Fax No: 022 - 25946969

Email : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**ix. Share Transfer System**

To expedite the process of share transfer, transmission, split, consolidation, rematerialisation, dematerialization, payment of dividend and issue of duplicate dividend warrants and resolution of the shareholder's grievances, the Board of Directors has delegated the powers to M/s. Link Intime India Private Limited, Mumbai (Formerly known as Intime Spectrum Registry Limited). The shareholders are requested to approach M/s. Link Intime India Private Limited for resolution of all their issues.

**x. Distribution of Shareholding**

**(a) Class-wise Distribution of Equity Shares as on 31<sup>st</sup> March, 2014**

Slab of Shareholding	Shareholders		Shares	
	Number	% of total	Number	% of total
1-500	1337	80.6880	277435	4.3976
501-1000	154	9.2939	125662	1.9919

1001-2000	75	4.5263	116982	1.8543
2001-3000	29	1.7502	73171	1.1598
3001-4000	9	0.5432	32070	0.5083
4001-5000	13	0.7846	60605	0.9606
5001-10000	14	0.8449	96544	1.5303
10001-and above	26	1.5691	5526284	87.5971
<b>Total</b>	<b>1657</b>	<b>100.00</b>	<b>6308753</b>	<b>100.00</b>

**(b) Shareholding Pattern as on 31<sup>st</sup> March, 2014**

<b>SR. NO.</b>	<b>CATEGORY</b>	<b>NO. OF SHARES HELD</b>	<b>% OF SHARE-HOLDING</b>
<b>A</b>	<b>PROMOTER'S HOLDING</b>		
1.	<u>Promoters</u> Indian Foreign	3027719	47.99%
2.	<u>Persons acting in Concert</u>	-	-
	<b>Sub-Total</b>	3027719	47.99%
<b>B</b>	<b>NON-PROMOTER'S HOLDING</b>		
3.	<u>Institutional Investors</u>		
	(a) Mutual funds and UTI	906738	14.3727%
	(b) Banks,	393200	6.2326%
	(c) Insurance Companies	194541	3.0837%
	(d) FII's	-	-
	<b>Sub-Total</b>	1494479	23.689%
4.	<u>Others</u>		
	(a) Bodies Corporate	423703	6.7161%
	(b) Indian Public	1158868	18.3692%
	(c) NRIs/OCBs	197884	3.1367%
	(d) Any Other (Clearing	6100	0.0967%

	Members, Trust, Directors)		
	<b>Sub-Total</b>	1786555	28.3187%
	<b>GRAND TOTAL (A+B)</b>	6308753	100%

**xi. Dematerialization of shares**

The break-up of shares in physical and demat form as on 31<sup>st</sup> March, 2014 is as follows:

Particulars of Equity Shares	Equity Shares of Rs.10/- each	
	Number	% of Total
NSDL	2210130	35.03
CDSL	2655576	42.10
Physical	1443047	22.87
<b>Total</b>	<b>6308753</b>	<b>100.00</b>

**xii. Outstanding GDRs/ADRs/Warrants or any other convertible instruments and their impact on equity:**

The Company does not have any outstanding instruments GDRs/ADRs or any convertible instruments as on 31.03.2014.

**xiii. Project Locations**

**Yarn Division** - 188, Sector I, Pithampur Dist Dhar, M.P.

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

**xiv. Address for Correspondence**

For all investor related issues, the address for correspondence shall be:

<b>Company</b>	The Dhar Textile Mills Limited C-1/A, Low Land Area, Pologround Industrial Estate, Indore - 452015
<b>Registrar and Share Transfer</b>	Link Intime India Pvt. Ltd. C -13, Kantilal Maganlal Estate,

<b>Agent</b>	Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 Tel No: 25963838 Fax No : 022 - 25946969 Email : <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>
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**Date: 03.09.2014**

**FOR AND ON BEHALF OF THE BOARD**

**Place: Indore**

**Pankaj Jajoo**  
**Managing Director**  
**DIN: 00017748**

#### **DECLARATION FROM MANAGING DIRECTOR**

A declaration signed by the Managing Director of the company on behalf of the members of the Board and Senior Management Personnel in terms of Clause 49(l)(D)(ii) of the Listing Agreement for the year ended on 31<sup>st</sup> March, 2014:

#### **DECLARATION**

I, Pankaj Jajoo, Managing Director of the Company do hereby affirm and declare on behalf of all the Directors and Senior Management Personnel in terms of Clause 49(l)(D)(ii) of the Listing Agreement that the Company has laid down and complied with the Code of Conduct have confirmed compliance with the code of conduct as adopted by the Company.

**Date: 03.09.2014**

**Place: Indore**

**Pankaj Jajoo**  
**Managing Director**  
**DIN: 00017748**

# *Certificate*

**To  
The Members of  
The Dhar Textile Mills Limited**

We have examined the compliance of the conditions of Corporate Governance by The Dhar Textile Mills Limited for the year ended March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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 explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above-mentioned listing agreement.

We further state that such compliance is neither an assurance as to the further 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  
Firm Regn No. 000450C**

**Place: Indore**

**Date: 03<sup>rd</sup> September, 2014**

**RAJENDRA BANSAL  
(Partner)  
M. No. 073533**



## *Independent Auditor's Report*

To the Members of **THE DHAR TEXTILE MILLS LTD.**

### Report on the Financial Statements

We have audited the accompanying financial statements of THE DHAR TEXTILE MILLS LTD. which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures

selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the 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 March 31, 2014;
- b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:

- a) 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;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) The Balance Sheet and Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  
- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.
- g) 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 1<sup>st</sup> 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, and Hire Purchase company amounting to Rs.185.61 Cores, due to failure of reschedulement of repayment of loans under Corporate Debt Restructuring (CDR) mechanism of RBI .

3. 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:

1. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014; and

2. In the case of Statement of Profit and Loss, of the Loss for the year ended on that date.

3. In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

For B.BANSAL & CO.

Chartered Accountants

FRN: 000450C

RAJENDRA BANSAL

( PARTNER )

Place: Indore

Date: 30/05/2014

Membership No. 073533

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT ON  
THE ACCOUNTS OF THE DHAR TEXTILE MILLS LTD.FOR THE YEAR ENDING 31<sup>st</sup>  
MARCH, 2014

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 prescribed the maintenance of cost records U/s 209(1) (d) of the Company's Act, 1956 for 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 31<sup>st</sup> March 2014 for a period of more than 6 months from the date they become payable other than Employee State Insurance of Rs.55,648/-, Provident fund of Rs.2,07,543/-, Electricity duty of Rs.10,74,756/-.

The disputed statutory dues aggregating to Rs.38,46,025/- 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 Statue	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 (Aug10 - Jan 2011)	M.P. Government Labour Department	21,87,563/-

- 10 The company is a sick company within the meaning of Sick Industrial Companies (special Provision) Act, 1985, as its accumulated losses 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. Reference file under section 15(1) of sick Industrial Companies (special Provision) Act, 1985 was registered as case no. 353/2004 vide letter No. 3 (T-22)/BC/2004 dated 30/11/2004 issued by Registrar, Board of Industrial and Financial Reconstruction, New Delhi. The bench has declared that the Company is a sick Industrial Company in terms of 3 (1) (O) of the Act w.e.f. 2.05.2006
- 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	State Bank of India*	113.26	30 <sup>th</sup> April 04
2	Industrial Development Bank of India	62.51	30 <sup>th</sup> June 04
3	State Bank of India*	53.88	30 <sup>th</sup> April 04
4	Canara Bank	23.75	30 <sup>th</sup> April 04
5	State Bank of Saurashtra*	18.83	30 <sup>th</sup> April 04
6	Ceat Financial Services Ltd.	0.26	
	<b>Total</b>	<b>272.49</b>	

\*Standard Chartered Bank has takeover account of State Bank of India and State Bank of Saurashtra whereas Kotak Mahindra Bank Ltd. has taken over account of Industrial Development Bank of India in financial year 2006-07 & 2007-08.

During the year, Asset Reconstruction Company India Ltd. (ARCIL) and ASREC India Ltd. have takeover account of Standard Chartered Bank and Kotak Mahindra Bank Ltd., Canara Bank respectively.

- 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.

- 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.

For B.BANSAL & CO.

Chartered Accountants

FRN:000450C

RAJENDRA BANSAL

( PARTNER )

Membership No: 073533

Place :INDORE

Date : 30/05/2014



Balance Sheet as at 31st March 2014

₹ in rupees

	Note No.	As at 31st March 2014	As at 31st March 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	1	9,80,87,530.00	9,80,87,530.00
Reserves and surplus	2	(2,73,76,82,749.00)	(2,73,05,24,918.00)
Money received against share warrants		-	-
		<b>(2,63,95,95,219.00)</b>	<b>(2,63,24,37,388.00)</b>
<b>Non-current liabilities</b>			
Long-term borrowings	3	2,76,96,20,413.00	2,75,05,20,413.00
Long-term provisions	4	1,14,11,346.00	2,37,15,037.00
		<b>2,78,10,31,759.00</b>	<b>2,77,42,35,450.00</b>
<b>Current liabilities</b>			
Short-term borrowings	5	-	-
Trade payables	6	6,27,55,618.00	5,52,07,140.00
Other current liabilities	7	1,35,62,909.00	1,65,19,477.00
Short-term provisions	4	-	-
		<b>7,63,18,527.00</b>	<b>7,17,26,617.00</b>
<b>TOTAL</b>		<b>21,77,55,067.00</b>	<b>21,35,24,679.00</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	8	15,32,39,897.00	15,39,36,265.00
Non-current investments	9	-	4,69,187.00
		<b>15,32,39,897.00</b>	<b>15,44,05,452.00</b>
<b>Current assets</b>			
Current investments		-	-
Inventories	12	2,91,86,505.00	2,02,45,511.00
Trade receivables	13	97,32,130.00	1,09,10,507.00
Cash and cash equivalents	14	13,42,839.00	8,80,573.00
Short-term loans and advances	10	2,42,53,696.00	2,70,82,636.00
		<b>6,45,15,170.00</b>	<b>5,91,19,227.00</b>
<b>TOTAL</b>		<b>21,77,55,067.00</b>	<b>21,35,24,679.00</b>

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: 30/05/2014

PANKAJ JAJOO  
MANAGING DIRECTOR  
DIN: 00017748

PANKAJ SINGHAL  
DIRECTOR  
DIN: 02653656

Statement of Profit and loss for the year ended 31st March 2014

₹ in rupees

	Note No.	31st March 2014	31st March 2013
<b>Revenue</b>			
Revenue from operations	16	35,86,49,241.00	33,96,64,865.00
<b>Net Sales</b>		<b>35,86,49,241.00</b>	<b>33,96,64,865.00</b>
Other income	17	3,16,72,633.00	4,06,057.00
<b>Total revenue</b>		<b>39,03,21,874.00</b>	<b>34,00,70,922.00</b>
<b>Expenses</b>			
Cost of material Consumed	18	25,61,43,264.00	23,26,46,336.00
Changes in inventories	19	(89,56,207.00)	(92,55,176.00)
Employee benefit expenses	20	3,39,71,465.00	3,22,79,353.00
Finance costs	21	6,68,20,050.00	31,29,65,055.00
Depreciation and amortization expenses	22	7,56,997.00	3,05,07,267.00
Other expenses	23	4,87,44,136.00	4,00,28,111.00
<b>Total expenses</b>		<b>39,74,79,705.00</b>	<b>63,91,70,946.00</b>
<b>Profit(Loss) for the period</b>		<b>(71,57,831.00)</b>	<b>(29,91,00,024.00)</b>

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: 30/05/2014

PANKAJ JAJOO  
MANAGING DIRECTOR  
DIN: 00017748

PANKAJ SINGHAL  
DIRECTOR  
DIN: 02653656

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014**

<b>PARTICULARS</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit for the year before adjustment & extraordinary items Prov written back	-38284440	-299100024
Add:-		
Depreciation	756997	30507267
Interest Charges	66820050	312965055
Provision for Retirement Benefits or Gratuity	1452766	-1807473
<b>Total</b>	<b>69029813</b>	<b>341664849</b>
<b>Net</b>	<b>30745373</b>	<b>42564825</b>
Less:		
Interest Paid(others)	17577021	728386
Income tax		
Cash Flow after adjustment but <u>Before Change in Working Capital</u>	<b>13168352</b>	<b>41836439</b>
Increase/Decrease in Current Liab.	4591910	-3540911
Increase in Stock	-8940994	-14798767
Increase/Decrease in Debtors	1178377	-7020704
<b>Increase/Decrease in Long term Provision</b>	<b>-12303691</b>	
Increase/Decrease in Loans & Advances	2828940	-16021975
Cash Flow after Changes in Working Capital but before extraordinary items	522894	454082
Prior period Expenses	0	0
<b>Cash Flow from Operating Activities</b>	<b>522894</b>	<b>454082</b>
Cash Flow from Investing Activities		
Purchase of Fixed Assets	-60629	-69635
Sale of Fixed Assets		
<b>Cash Flow From Investing Activities</b>	<b>-60629</b>	<b>-69635</b>
<b>Cash Flow From Financing Activities</b>		
Increase/decrease in Unsecured Loan		
<b>Cash Flow From Financing Activities</b>	<b>0</b>	<b>0</b>
<b>Net Cash Flow</b>	<b>462265</b>	<b>384447</b>
Opening Cash & Bank Balances	880574	496127
Closing Cash & Bank Balances	<u>1342839</u>	<u>880574</u>

**Notes to Financial statements for the year ended 31st March 2014**

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

**Note No. 1 Share Capital**

₹ in rupees

Particulars	As at 31st March 2014	As at 31st March 2013
<b>Authorised :</b>		
7000000 (31/03/2013:7000000) Equity shares of Rs. 10.00/- par value	7,00,00,000.00	7,00,00,000.00
4000000 (31/03/2013:4000000) Preference shares of Rs. 10.00/- par value	4,00,00,000.00	4,00,00,000.00
<b>Issued :</b>		
6308753 (31/03/2013:6308753) Equity shares of Rs. 10.00/- par value	6,30,87,530.00	6,30,87,530.00
3500000 (31/03/2013:3500000) Preference shares of Rs. 10.00/- par value	3,50,00,000.00	3,50,00,000.00
<b>Subscribed and paid-up :</b>		
6308753 (31/03/2013:6308753) Equity shares of Rs. 10.00/- par value	6,30,87,530.00	6,30,87,530.00
3500000 (31/03/2013:3500000) Preference shares of Rs. 10.00/- par value	3,50,00,000.00	3,50,00,000.00
<b>Total</b>	<b>9,80,87,530.00</b>	<b>9,80,87,530.00</b>

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

**Equity shares**

₹ in rupees

	As at 31st March 2014		As at 31st March 2013	
	No. of Shares	Amount	No. of Shares	Amount
<b>At the beginning of the period</b>	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	-	-	-	-
<b>Outstanding at end of the period</b>	<b>63,08,753</b>	<b>6,30,87,530.00</b>	<b>63,08,753</b>	<b>6,30,87,530.00</b>

**Preference shares**

₹ in rupees

	As at 31st March 2014		As at 31st March 2013	
	No. of Shares	Amount	No. of Shares	Amount
<b>At the beginning of the period</b>	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	-	-	-	-
<b>Outstanding at end of the period</b>	<b>35,00,000</b>	<b>3,50,00,000.00</b>	<b>35,00,000</b>	<b>3,50,00,000.00</b>

**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 31st March 2014		As at 31st March 2013	
		No. of Shares	% of Holding	No. of Shares	% of Holding
Equity [NV: 10.00 ] [NV: 10.00 ]	Pankaj Jajoo	12,70,085	20.13	12,70,085	20.13
Equity [NV: 10.00 ] [NV: 10.00 ]	Madhuri Jajoo	10,53,794	16.70	10,53,794	16.70
Equity [NV: 10.00 ] [NV: 10.00 ]	Pankaj Jajoo	4,29,840	6.81	4,29,840	6.81
Equity [NV: 10.00 ] [NV: 10.00 ]	LIC of India	3,50,000	5.55	3,50,000	5.55
Equity [NV: 10.00 ] [NV: 10.00 ]	UTI ULIP	3,40,991	5.41	3,40,991	5.41
Equity [NV: 10.00 ] [NV: 10.00 ]	Andiminstrator of Specified Undertanking	4,88,947	7.75	4,88,947	7.75
Equity [NV: 10.00 ] [NV: 10.00 ]	Indo Global Textile Pvt. Ltd.	3,29,924	5.23	3,29,924	5.23
	<b>Total :</b>	<b>42,63,581</b>	<b>67.58</b>	<b>42,63,581</b>	<b>67.58</b>

**Note No. 2 Reserves and surplus**

₹ in rupees

<b>Particulars</b>	<b>As at 31st March 2014</b>	<b>As at 31st March 2013</b>
<b>Profit loss account</b>		
Opening Balance	(3,04,59,68,397.00)	(2,74,68,68,373.00)
Add: Profit for the year	(71,57,831.00)	(29,91,00,024.00)
Less : Deletion during the year	-	-
<b>Closing Balance</b>	<b>(3,05,31,26,228.00)</b>	<b>(3,04,59,68,397.00)</b>
<b>Reserves</b>		
Opening Balance	9,44,37,512.00	9,44,37,512.00
Add: Addition during the year	-	-
Less : Deletion during the year	-	-
<b>Closing Balance</b>	<b>9,44,37,512.00</b>	<b>9,44,37,512.00</b>
<b>Securities premium</b>		
Opening Balance	22,10,05,967.00	22,10,05,967.00
Add: Addition during the year	-	-
Less : Deletion during the year	-	-
<b>Closing Balance</b>	<b>22,10,05,967.00</b>	<b>22,10,05,967.00</b>
<b>Balance carried to balance sheet</b>	<b>(2,73,76,82,749.00)</b>	<b>(2,73,05,24,918.00)</b>

**Note No. 3 Long-term borrowings**

₹ in rupees

Particulars	As at 31st March 2014			As at 31st March 2013		
	Non-Current	Current Maturities	Total	Non-Current	Current Maturities	Total
<b>Term Loan - From banks</b>						
Secured Loans	2,74,39,96,944.00	-	2,74,39,96,944.00	2,72,48,96,944.00	-	2,72,48,96,944.00
	<b>2,74,39,96,944.00</b>	-	<b>2,74,39,96,944.00</b>	<b>2,72,48,96,944.00</b>	-	<b>2,72,48,96,944.00</b>
<b>Term Loan - From Others</b>						
Unsecured	2,56,23,469.00	-	2,56,23,469.00	2,56,23,469.00	-	2,56,23,469.00
	<b>2,56,23,469.00</b>	-	<b>2,56,23,469.00</b>	<b>2,56,23,469.00</b>	-	<b>2,56,23,469.00</b>
<b>The Above Amount Includes</b>						
Secured Borrowings	2,74,39,96,944.00	-	2,74,39,96,944.00	2,72,48,96,944.00	-	2,72,48,96,944.00
UnSecured Borrowings	2,56,23,469.00	-	2,56,23,469.00	2,56,23,469.00	-	2,56,23,469.00
<b>Net Amount</b>	<b>2,76,96,20,413.00</b>	<b>0</b>	<b>2,76,96,20,413.00</b>	<b>2,75,05,20,413.00</b>	<b>0</b>	<b>2,75,05,20,413.00</b>

**Note No. 4 Provisions**

₹ in rupees

Particulars	As at 31st March 2014			As at 31st March 2013		
	Long-term	Short-term	Total	Long-term	Short-term	Total
<b>Provision for employee benefit</b>						
Provision for gratuity	1,14,11,346.00	-	1,14,11,346.00	2,37,15,037.00	-	2,37,15,037.00
	<b>1,14,11,346.00</b>	-	<b>1,14,11,346.00</b>	<b>2,37,15,037.00</b>	-	<b>2,37,15,037.00</b>
<b>Total</b>	<b>1,14,11,346.00</b>	-	<b>1,14,11,346.00</b>	<b>2,37,15,037.00</b>	-	<b>2,37,15,037.00</b>

**Note No. 6 Trade payables**

₹ in rupees

Particulars	As at 31st March 2014	As at 31st March 2013
Sundry Creditors	6,27,55,618.00	5,52,07,140.00
<b>Total</b>	<b>6,27,55,618.00</b>	<b>5,52,07,140.00</b>

**Note No. 7 Other current liabilities**

₹ in rupees

Particulars	As at 31st March 2014	As at 31st March 2013
<b>Unpaid Dividend</b>		
Unclaimed Dividend	49,600.00	49,600.00
	<b>49,600.00</b>	<b>49,600.00</b>
<b>Others payables</b>		
Statutory Dues	1,35,13,309.00	1,64,69,877.00
	<b>1,35,13,309.00</b>	<b>1,64,69,877.00</b>
<b>Total</b>	<b>1,35,62,909.00</b>	<b>1,65,19,477.00</b>

Note No. 8 Fixed Assets Chart as at 31st March 2014

₹ in rupees

Assets	Dep. Rate	Gross Block					Accumulated Depreciation/ Amortisation						Net Block		
		Balance as at 1st April 2013	Additions during the year	Addition on account of business acquisition	Deletion during the year	Balance as at 31st March 2014	Balance as at 1st April 2013	Provided during the year	Addition on account of business acquisition	Deletion / adjustments during the year	Other Adjustment	Impairment / Reversal*	Balance as at 31st March 2014	Balance as at 31st March 2014	Balance as at 31st March 2013
<b>A Tangible assets</b>															
<b>Own Assets</b>															
<b>Land</b>															
Land	-	42,46,734.00	-	-	-	42,46,734.00	-	-	-	-	-	-	-	42,46,734.00	42,46,734.00
<b>Factory Building</b>															
Factory Shed	3.34	8,46,22,717.00	41,725.00	-	-	8,46,64,442.00	4,73,43,200.00	4,69,315.00	-	-	-	-	4,78,12,515.00	3,68,51,927.00	3,72,79,517.00
<b>Office Building</b>															
Office Building	1.63	34,80,883.00	-	-	-	34,80,883.00	8,83,965.00	-	-	-	-	-	8,83,965.00	25,96,918.00	25,96,918.00
<b>Plant Machinery</b>															
Plant and Machinery	4.75	63,73,15,417.00	-	-	-	63,73,15,417.00	52,93,38,557.00	2,10,880.00	-	-	-	-	52,95,49,437.00	10,77,65,980.00	10,79,76,860.00
<b>Furniture Fixtures</b>															
Furniture and Fixture	6.33	48,94,313.00	18,904.00	-	-	49,13,217.00	45,02,382.00	2,118.00	-	-	-	-	45,04,500.00	4,08,717.00	3,91,931.00
<b>Factory Equipments</b>															
Electrical Installation	5.28	95,03,407.00	-	-	-	95,03,407.00	80,95,482.00	70,570.00	-	-	-	-	81,66,052.00	13,37,355.00	14,07,925.00
<b>Motor Vehicles</b>															
Vehicles	9.50	40,30,162.00	-	-	-	40,30,162.00	39,93,782.00	4,114.00	-	-	-	-	39,97,896.00	32,266.00	36,380.00
<b>Total (A)</b>		<b>74,80,93,633.00</b>	<b>60,629.00</b>	-	-	<b>74,81,54,262.00</b>	<b>59,41,57,368.00</b>	<b>7,56,997.00</b>	-	-	-	-	<b>59,49,14,365.00</b>	<b>15,32,39,897.00</b>	<b>15,39,36,265.00</b>
<b>P.Y Total</b>		<b>74,80,23,998.00</b>	<b>69,635.00</b>	-	-	<b>74,80,93,633.00</b>	<b>56,36,50,101.00</b>	<b>3,05,07,267.00</b>	-	-	-	-	<b>59,41,57,368.00</b>	<b>15,39,36,265.00</b>	<b>18,43,73,897.00</b>



**Note No. 9 Non-current investments**

₹ in rupees

Particulars	As at 31st March 2014	As at 31st March 2013
Trade Investment(Valued at cost unless stated otherwise)		
Investments in equity Instruments (Quoted)		
In Others		
Equity securities long-term quoted trade	-	4,69,187.00
<b>Gross Investment</b>		<b>469187.00</b>
<b>Net Investment</b>		<b>469187.00</b>
Aggregate amount of quoted investments (Market Value:-) (2013:-)		469187.00
Aggregate amount of unquoted investments		

**Note No. 10 Loans and advances**

₹ in rupees

Particulars	As at 31st March 2014		As at 31st March 2013	
	Long-term	Short-term	Long-term	Short-term
<b>Other loans and advances</b>				
Secured loans and advances given to suppliers	-	2,42,53,696.00	-	2,70,82,636.00
	-	<b>2,42,53,696.00</b>	-	<b>2,70,82,636.00</b>
<b>Total</b>	-	<b>2,42,53,696.00</b>	-	<b>2,70,82,636.00</b>

**Note No. 12 Inventories**

₹ in rupees

Particulars	As at 31st March 2014	As at 31st March 2013
(Valued at cost or NRV unless otherwise stated)		
Finished Goods	2,91,86,505.00	2,02,45,511.00
<b>Total</b>	<b>2,91,86,505.00</b>	<b>2,02,45,511.00</b>

**Note No. 13 Trade receivables**

₹ in rupees

Particulars	As at 31st March 2014	As at 31st March 2013
<b>Exceeding six months</b>		
Unsecured, Considered Good	97,32,130.00	1,09,10,507.00
<b>Total</b>	<b>97,32,130.00</b>	<b>1,09,10,507.00</b>
<b>Total</b>	<b>97,32,130.00</b>	<b>1,09,10,507.00</b>

**Note No. 14 Cash and cash equivalents**

₹ in rupees

Particulars	As at 31st March 2014	As at 31st March 2013
<b>Balance with banks</b>		
Balance other banks current account	11,49,006.00	5,89,704.00
<b>Total</b>	<b>11,49,006.00</b>	<b>5,89,704.00</b>
<b>Cash in hand</b>		
Cash in hand	1,93,833.00	2,90,869.00
<b>Total</b>	<b>1,93,833.00</b>	<b>2,90,869.00</b>
<b>Total</b>	<b>13,42,839.00</b>	<b>8,80,573.00</b>

**Note No. 16 Revenue from operations**

₹ in rupees

Particulars	31st March 2014	31st March 2013
Sale of products	35,86,49,241.00	33,96,64,865.00
<b>Gross revenue from operations</b>	<b>35,86,49,241.00</b>	<b>33,96,64,865.00</b>

**Note No. 17 Other income**

₹ in rupees

Particulars	31st March 2014	31st March 2013
Interest Income	5,46,024.00	3,35,420.00
loss on balance written off of investments	(4,69,187.00)	-
<b>Other non-operating income</b>		
Profit on disposal of tangible fixed assets (Car)	-	30,000.00
Other receipts	-	40,637.00
Provisions written back	3,15,95,796.00	-
	<b>3,15,95,796.00</b>	<b>70,637.00</b>
<b>Total</b>	<b>3,16,72,633.00</b>	<b>4,06,057.00</b>

**Note No. 18 Cost of material Consumed**

₹ in rupees

Particulars	31st March 2014	31st March 2013
<b>Inventory at the beginning</b>		
Raw Material	80,85,850.00	27,43,984.00
Stores Spares	6,60,327.00	4,58,602.00
	<b>87,46,177.00</b>	<b>32,02,586.00</b>
<b>Add:Purchase</b>		
Raw Material	24,70,25,033.00	22,98,42,475.00
Stores Spares	91,03,018.00	83,47,452.00
	<b>25,61,28,051.00</b>	<b>23,81,89,927.00</b>
<b>Less:-Inventory at the end</b>		
Raw Material	74,63,718.00	80,85,850.00
Stores Spares	12,67,246.00	6,60,327.00
	<b>87,30,964.00</b>	<b>87,46,177.00</b>
<b>Total</b>	<b>25,61,43,264.00</b>	<b>23,26,46,336.00</b>

**Details of material consumed**

₹ in rupees

Particulars	31st March 2014	31st March 2013
<b>Raw Material</b>		
Consumption raw material	24,76,47,165.00	22,45,00,609.00
	<b>24,76,47,165.00</b>	<b>22,45,00,609.00</b>
<b>Stores Spares</b>		
Consumption stores spares	84,96,099.00	81,45,727.00
	<b>84,96,099.00</b>	<b>81,45,727.00</b>
<b>Total</b>	<b>25,61,43,264.00</b>	<b>23,26,46,336.00</b>

**Details of inventory**

₹ in rupees

Particulars	31st March 2014	31st March 2013
<b>Raw Material</b>		
Consumption raw material	74,63,718.00	80,85,850.00
	<b>74,63,718.00</b>	<b>80,85,850.00</b>
<b>Stores Spares</b>		
Consumption stores spares	12,67,246.00	6,60,327.00
	<b>12,67,246.00</b>	<b>6,60,327.00</b>
<b>Total</b>	<b>87,30,964.00</b>	<b>87,46,177.00</b>

**Note No. 19 Changes in inventories**

₹ in rupees

Particulars	31st March 2014	31st March 2013
<b>Inventory at the end of the year</b>		
Finished Goods	1,87,97,357.00	1,05,51,886.00

Work-in-Progress	16,58,184.00	9,47,448.00
	<b>2,04,55,541.00</b>	<b>1,14,99,334.00</b>
<b>Inventory at the beginning of the year</b>		
Finished Goods	1,05,51,886.00	19,22,377.00
Work-in-Progress	9,47,448.00	3,21,781.00
other inventory	-	-
	<b>1,14,99,334.00</b>	<b>22,44,158.00</b>
<b>(Increase)/decrease in inventories</b>		
Finished goods	(82,45,471.00)	(86,29,509.00)
WIP	(7,10,736.00)	(6,25,667.00)
	<b>(89,56,207.00)</b>	<b>(92,55,176.00)</b>

**Note No. 20 Employee benefit expenses**

₹ in rupees

Particulars	31st March 2014	31st March 2013
<b>Salaries and Wages</b>		
Salary and wages	3,22,08,570.00	3,06,36,565.00
	<b>3,22,08,570.00</b>	<b>3,06,36,565.00</b>
<b>Contribution to provident and other fund</b>		
Contribution to provident and other funds for others	17,62,895.00	16,42,788.00
	<b>17,62,895.00</b>	<b>16,42,788.00</b>
<b>Total</b>	<b>3,39,71,465.00</b>	<b>3,22,79,353.00</b>

**Note No. 21 Finance costs**

₹ in rupees

Particulars	31st March 2014	31st March 2013
<b>Interest</b>	6,37,37,879.00	31,22,36,669.00
<b>Other Borrowing costs</b>	30,82,171.00	7,28,386.00
<b>Total</b>	<b>6,68,20,050.00</b>	<b>31,29,65,055.00</b>

**Note No. 22 Depreciation and amortization expenses**

₹ in rupees

Particulars	31st March 2014	31st March 2013
Depreciation on tangible assets	7,56,997.00	3,05,07,267.00
<b>Total</b>	<b>7,56,997.00</b>	<b>3,05,07,267.00</b>

**Note No. 23 Other expenses**

₹ in rupees

Particulars	31st March 2014	31st March 2013
Power and fuel	2,84,11,716.00	2,65,31,403.00
Repairs and maintenance of plant and machinery	8,20,116.00	6,12,763.00
Other manufacturing expenses	4,67,211.00	4,18,637.00
Selling and distribution expenses	92,27,519.00	75,05,190.00
Insurance expenses	2,05,103.00	1,92,975.00
Repairs and maintenance of other assets	1,55,925.00	3,53,186.00
Printing and stationery	76,079.00	77,474.00
Telephone and postage expenses	1,70,285.00	1,74,047.00
Advertising expenses	5,000.00	-
Bank charges	3,835.00	10,110.00
Audit fees	40,000.00	40,000.00
Vehicle running expenses	18,69,737.00	16,33,335.00
Legal and professional expenses	15,59,038.00	11,98,975.00
Service tax	1,74,834.00	1,38,862.00
Property Tax	3,21,838.00	37,866.00
Lease rentals expenses	2,43,264.00	675.00
Travelling Expenses	8,98,981.00	8,40,659.00
Donations	57,100.00	26,701.00
Other expenditure	1,03,337.00	2,35,253.00
ARC assignment documentation and Consultancy	39,33,218.00	-
<b>Total</b>	<b>4,87,44,136.00</b>	<b>4,00,28,111.00</b>

**Note No. 23(a) Other expenses:Selling and distribution expenses** ₹ in rupees

Particulars	31st March 2014	31st March 2013
Other selling expenses	92,27,519.00	75,05,190.00
<b>Total</b>	<b>92,27,519.00</b>	<b>75,05,190.00</b>

**Note No. 23(b) Other expenses:Travelling Expenses** ₹ in rupees

Particulars	31st March 2014	31st March 2013
Directors	3,99,374.00	3,51,311.00
Others	4,99,607.00	4,89,348.00
<b>Total</b>	<b>8,98,981.00</b>	<b>8,40,659.00</b>

**Note No. 26 Value of import and indigenous material consumed** ₹ in rupees

Particulars	Unit of Measurement	31st March 2014		31st March 2013	
		Value	Quantity	Value	Quantity
<b>Raw Material</b>					
Consumption raw material	Kg	24,76,47,165.00	-	22,45,00,609.00	-
		24,76,47,165.00		22,45,00,609.00	
<b>Stores Spares</b>					
Consumption stores spares		84,96,099.00	-	81,45,727.00	-
		84,96,099.00		81,45,727.00	

₹ in rupees

Particulars	31st March 2014		31st March 2013	
	Value	%to total Consumption	value	%to total Consumption
<b>Raw Material</b>				
Imported	-	-	-	-
Indigenous	24,76,47,165.00	100.00	22,45,00,609.00	100.00
	24,76,47,165.00	100.00	22,45,00,609.00	100.00
<b>Stores Spares</b>				
Imported	-	-	-	-
Indigenous	84,96,099.00	100.00	81,45,727.00	100.00
	84,96,099.00	100.00	81,45,727.00	100.00

## **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.

#### **4. Inventories:**

Inventories are valued at cost or netrealizable value whichever is less.

#### **5. Sales:**

A sale of goods is recognized at the point of dispatch of finished goods. Sales are 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 arrears. 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 reschedulement 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\* and IDBI 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\*, 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\*, 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.  
During the year, Asset Reconstruction Company India Ltd. (ARCIL) and ASREC India Ltd. have takeover account of Standard Chartered Bank and Kotak Mahindra Bank Ltd., Canara Bank respectively.
- 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	2014	2013
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.	Excise Duty in respect of which the company is in appeal	18.28	18.28
d.	Cumulative Preference Dividend (to become payable when the dividend would be declared)	555.5	555.5
e.	Damages for delayed payment of Provident Fund in respect of which company is in appeal	9.72	9.72

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

Loss as per Profit & Loss A/c (Rs. in Lacs)	-71.58
Number of shares used in computing earnings per share	63,08,753
Earnings per share (Basic and diluted) (In Rs.)	-1.135
Face value per share (In Rs.)	10.00
10. In view of insufficient information from the suppliers regarding their status as SSI unit, amount overdue to them as on 31.03.14 cannot be ascertained.

11. 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.
12. Balances of Debtors, Unsecured Loans, Creditors and Loans & Advances are as per books of accounts and subject to confirmation.
13. The financial statements of the company are prepared on the basis of Going concern (Yarn Division) and its textile (Fabric) division is closed.
14. No provision for Income tax has been made due to accumulated business losses and unabsorbed depreciation as per the Income Tax Act 1961.
15. The company is a sick company within the meaning of Sick Industrial Companies (special Provision) Act, 1985, as its accumulated losses 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. Reference file under section 15(1) of sick Industrial Companies (special Provision) Act, 1985 was registered as case no. 353/2004 vide letter No. 3 (T-22)/BC/2004 dated 30/11/2004 issued by Registrar, Board of Industrial and Financial Reconstruction, New Delhi. The bench has declared that the Company is a sick Industrial Company in terms of 3 (1) (O) of the Act w.e.f. 2.05.2006.
16. Figures have been rounded to the nearest rupee.
17. Previous year figures have been regrouped, reworked, rearranged and reclassified wherever necessary.
18. Schedules "A" to "O" are under the same signatures as Balance Sheet.

**For B.BANSAL & CO.**

**Chartered Accountants**

**Place :INDORE**

**(RAJENDRA BANSAL)**

**Date : 30/05/2014**

**PARTNER**

**Membership No: 073533**

**Registration No: 000450C**

**E-2, RATLAM KOTHI**



**Form No. MGT-11**

**Proxy Form**

**[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]**

**CIN: L17121MP1984PLC002484**

**Name of the Company: THE DHAR TEXTILE MILLS LIMITED**

**Registered office: C-1/A Low Land Area, Pologround Industrial Estate, Indore-M.P.**

**Name of the member (s):**

**Registered address:**

**Email ID:**

**Folio No./Client Id:**

**DP ID:**

I/We, being the members of shares of the above named company, hereby appoint

**1. Name:**

**Address:**

**Email ID:**

**Signature: .....,or failing him**

**2. Name:**

**Address:**

**Email ID:**

**Signature: .....,or failing him**

**3. Name:**

**Address:**

**Email ID:**

**Signature: .....**

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Tuesday, the 30<sup>th</sup> day of September, 2014 at 11:00 a.m. at C-1/A Low Land Area, Pologround Industrial Estate, Indore-M.P. and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. ....
2. ....
3. ....
4. ....
5. ....
6. ....
7. ....
8. ....
9. ....

**Signed this.....day of .....2014.**

<b>Affix Revenue Stamp</b>
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**Signature of shareholder(s)**

**Signature of Proxy holder(s)**

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.