

## REPORT ON CORPORATE GOVERNANCE

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

The fundamental objective of the Company behind Corporate Governance is 'enhancement of long term shareholder's value while at the same time protecting the interest of the shareholders and adopting a methodology which enhances effectiveness, better utilization of resources, transparent and harmonious between various interest groups.'

### 2. Board of Directors

The Board of Directors of the company consists of majority of non-executive and one third independent directors, who are acknowledged as leading professionals in their respective fields. The Board Comprises of one (1) executive director and four (4) non-executive directors out of which one director is non-independent.

The constitution of Board is as under:

Director \$	Executive/N on-Executive./Independent*	Number of other Directorships#	Membership of other Board/Committees \$
Shri Pankaj Jajoo Chairman-Cum- Managing Director	Executive Promoter	None	None
Shri Manish Jajoo Director	Non- Executive Promoter	None	None
Shri Pankaj Singhal Director	Non- Executive Independent	None	None
Shri Sunil Choudhary Director	Non- Executive Independent	None	None
Shri Vijay Bakliwal Director	Non- Executive Independent	None	None

- \* 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.

***Note on Directors re-appointment***

Shri Manish Jajoo and Shri Pankaj Jajoo, Directors of the Company are retiring by rotation at the forthcoming annual general meeting and are eligible for re-appointment in the ensuing Annual General Meeting.

Board has proposed re-appointment of Shri Pankaj Jajoo as Managing Director of the Company for the period of 5 years w. e. f. 01<sup>st</sup> October, 2013 by the Board of Directors of the Company in the Board Meeting dated 03<sup>rd</sup> September, 2013. Necessary resolution for approval of shareholder is given in notice to AGM.

Shri Vijay Bakliwal has been appointed as Non Executive, Independent, Additional Director of the Company w.e.f. 09.02.2012 and in last Annual General Meeting his appointment was further confirmed the members of the Company.

The Board of the Company met Eight times during the last financial year, on the following dates i.e. 15<sup>th</sup> May 2012, 14<sup>th</sup> August 2012, 22<sup>nd</sup> August 2012, 3<sup>rd</sup> September 2012, 09<sup>th</sup> November 2012, 18<sup>th</sup> December 2012, 11<sup>th</sup> February 2013 and 25<sup>th</sup> March 2013.

The attendance at the Board Meetings and previous Annual General Meeting were as under:

Name of Director	Attendance	
	Board Meeting	Annual General Meeting
Shri Pankaj Jajoo	8	1
Shri Manish Jajoo	5	1
Shri Pankaj Singhal	8	1
Shri Sunil Choudhary	7	1
Shri Vijay Bakliwal	5	1

**Information placed before the Board**

Information placed before the Board of Directors broadly covers the items specified in clause 49 of the Listing Agreement and such other items which are necessary to facilitate meaningful and focused deliberations on issues

concerning the Company and taking decision in an informed and efficient manner. Besides, the Directors on the Board have complete access to all information of the Company, as and when necessary.

### **Code of Conduct**

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

### **3. Audit Committee**

During the financial year 2012-13 three committee meetings were held. The dates on which the said meetings were held are as follows:

- |                                    |                                    |
|------------------------------------|------------------------------------|
| (1) 15 <sup>th</sup> May 2012      | (2) 14 <sup>th</sup> August 2012   |
| (3) 22 <sup>nd</sup> August 2012   | (4) 09 <sup>th</sup> November 2012 |
| (5) 11 <sup>th</sup> February 2013 |                                    |

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

Name	Designation	Non-executive/ Independent	Committee Meetings Attended
Shri Pankaj Singhal	Chairman	Non-executive Independent	5
Shri Sunil Choudhary	Member	Non executive Independent	4
Shri Vijay Bakliwal	Member	Non Executive Independent	5

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

- a) To overview the Companies financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) To hold periodic discussions with the Statutory auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/ Internal Auditors;
- c) To recommend the re-appointment of statutory auditors and fixation of audit fees.
- d) To review performance of statutory and internal auditors and adequacy of internal control systems;

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

#### 4. Remuneration Committee

The Remuneration Committee will review and make recommendations on annual salaries, performance commission, perquisites and other employment conditions of the Executive Directors. The remuneration committee consists of the following Directors:

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

One meeting of the Remuneration Committee was held during the year on 22<sup>nd</sup> August 2012 attended by each member to review remuneration of any Executive Director.

Details of remuneration paid/payable to the directors for the year ended March 31, 2013 are as follows:

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

Shri Sunil Choudhary	None	Nil	Nil	Nil	Nil
Shri Vijay Bakliwal	None	Nil	Nil	Nil	Nil

## 5. Investors Grievance Committee

The Board has constituted an 'Investors Grievance Committee' which looks into shareholders and investors grievances. Meeting of the Committee was held on

- (1) 15<sup>th</sup> May 2012  
(2) 22<sup>nd</sup> August 2012  
(3) 11<sup>th</sup> February 2013

during the year. The following are the members of the Committee:

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

### Name, Designation & Address of Compliance Office:

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

During the year the Company no complaint/s has been received from its shareholders and there is no pending complaint with the Company.

## 6. Annual General Meetings

The location and time of the Annual General Meetings held during the last 3 years are as follows:

Annual General Meeting	Date	Time	Venue	No. of Special Resolutions passed
Twenty Sixth	30 <sup>th</sup> September 2010	10.30 a.m.	Registered office	-
Twenty Seventh	30 <sup>th</sup> September 2011	10.30 a.m.	Registered office	-
Twenty	29 <sup>th</sup>	10.30	Registered	-

Eighth	September 2012	a.m.	office	
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No resolution is passed through postal ballot till date. Presently, the Company does not have any transaction/proposal for postal ballot.

## 7. Disclosures

- Related Party Transactions are disclosed in the notes to accounts in the Annual Report.
- There has been no instance of non-compliance by the Company on any matter related to capital markets and there are no instances of penalties or strictures imposed by SEBI or the Stock Exchanges.
- There is no accounting treatment difference from prescribed in Accounting Standard.
- No employee of the Company was denied access to the Audit Committee.

## 8. Secretarial Audit

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

## 9. General Shareholder Information

### a) Annual General Meeting

Date and Time 30<sup>th</sup> September, 2013  
at 10.30 a.m.

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

### b) Financial Calendar

<u>Financial Reporting Period</u> (For 2013-2014)	<u>Date of Board Meeting</u>
Quarter ending 30th June, 2013	Second Week of August'2013
Quarter ending 30th September, 2013	Second week of
Quarter ending 31st December, 2013	November'2013
Year ending 31st March, 2014	Second Week of February'2014
	Last week of May' 2014

Date of Annual General Meeting  
On or before

For Year ending March, 2013

30<sup>th</sup> September, 2013

c) **Date of book closure**

25<sup>th</sup> Sept. 2013 to 29<sup>th</sup> Sept. 2013

d) **Dividend Payment Date**

None

e) **Registered Office**

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

j) **Listing of Equity Shares on Stock Exchanges**

- Mumbai Stock Exchange
- Ahmedabad Stock Exchange
- Madhya Pradesh Stock Exchange
- Madras Stock Exchange
- Delhi Stock Exchange
- Jaipur Stock Exchange
- Calcutta Stock Exchange

k) **Stock Code**

**530949**

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

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

m)

**Registrar and Transfer Agent (for Physical and Electronic both)**  
M/s. Link Intime India Private Limited  
C-13 Pannalal Silk Mills Compound,

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

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

**j) Distribution of shareholding as on 31<sup>st</sup> March, 2013**

Slab of Shareholding	Shareholders	%	Amount in Rs.	%
1-5000	1338	80.7483	2778350	4.4040
5001-10000	153	9.2336	1247520	1.9774
10001-20000	77	4.6470	1209820	1.9177
20001-30000	26	1.5691	660910	1.0476
30001-40000	10	0.6035	352600	0.5589
40001-50000	13	0.7846	606050	0.9606
50001-100000	14	0.8449	969440	1.5367
100001 and above	26	1.5691	55262840	87.5971
<b>Total</b>	<b>1657</b>	<b>100.000</b>	<b>63087530</b>	<b>100.000</b>

**According to categories of shareholdings as on 31<sup>st</sup> March, 2013**

SR.NO	CATEGORY	NO.OF SHARES	% OF HOLDING
<b>A</b>	<b>PROMOTER'S HOLDING</b>	3027719	47.99
1.	Promoters -Indian	3027719	47.99
	Promoters -Foreign		
	Promoters		
2.	Persons acting in concert#		
	<b>Sub- Total</b>	<b>3027719</b>	<b>47.99</b>
<b>B</b>	<b>Non Promoters Holding</b>		
3.	Institutional Investors		
a.	Mutual funds and UTI	906738	14.37
b.	Banks, Financial Institutions, Insurance Companies(Central/State	587741	9.31



	Govt. Institutions /Non-government Institutions)		
<b>C.</b>	<b>FII</b>		
	<b>Sub-Total</b>	<b>1494479</b>	<b>23.68</b>
4.	Others		
a.	Private Corporate Bodies	425123	6.74
b.	Indian Public	1158348	18.36
c.	NRIs/OCBs	197884	3.13
d.	Any Other (Please Specify)	5200	0.08
	Sub-Total	1786555	28.32
	<b>GRAND</b>	<b>6308753</b>	<b>100.00</b>
	<b>TOTAL</b>		

**k) Dematerialisation of shares**

As on 31<sup>st</sup> March 2013 77.12 % Shares are in dematerialized form.

**l) Outstanding GDRs/ ADRs/ Warrants or any convertible instruments**

There are no outstanding convertible warrants / instruments. The Company has not issued any ADRS or GDRS.

**m) Project Location**

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

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

**n) Investor Correspondence Address**

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

**Link Intime India Private Limited**  
C-13,Pannalal Silk Mills Compund,  
L.B.S Marg, Bhandup (W),  
Mumbai - 400 078

**BY ORDER OF THE  
BOARD**

**SD/-  
PANKAJ JAJOO  
MANAGING DIRECTOR**

### **Declaration**

As provided under clause 49 of the Listing Agreement with the stock exchanges, it is hereby declared that all board members and senior management personnel of the Company have affirmed the compliance of Code of Conduct for the year ended 31<sup>st</sup> March, 2013.

**Sd/-**  
**Pankaj Jajoo**  
Chairman & Managing Director

## AUDITORS' CERTIFICATE

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

We have examined the compliance of the conditions of Corporate Governance by The Dhar Textile Mills Limited for the year ended March, 31, 2013 as stipulated in clause 49 of the listing agreements of the said company with stock exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the company has complied in all material respects with the conditions of corporate governance as stipulated in the abovementioned listing agreements.

We state that in respect of investor grievances received during the year ended March, 31, 2013 no investor grievances are pending against the company as on date as per the records maintained by the company and presented to the investors/shareholders grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For B. Bansal & Co.  
Chartered Accountants**

**Sd/-  
B. L. Bansal  
Partner**

**Place: Indore  
Date: 03.09.2013**