



Jajoo Group

THE DHAR TEXTILE MILLS LTD.

25th Annual Report 2008 - 09

NOTICE is hereby given that Twenty Fifth Annual General Meeting of the Members of the Company will be held at its Registered Office of the Company situated at "C-1/A Low Land Area, Pologround Industrial Estate, Indore (M.P.)-452001 on Monday, the 15th Feb., 2010 at 10.30 A.M. to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2009 and the Profit & Loss Account of the Company for the year ended on that date together with the Auditors and Director's Report thereon.
2. To appoint Director in place of Shri Manish Jajoo, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass a resolution for appointment of the Auditors in place of M/s B. Bansal & Co., Chartered Accountants, who retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment and authorise the Board to fix their remuneration.

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

**Place : Indore
Dated: 18th Jan. 2010**

**Sd/-
MANAGING DIRECTOR**

NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolution set out under item Nos.3 is annexed thereto.
3. The Register of Members and the Share Transfer Books shall remain closed from Wednesday the 10th Feb., 2010 to Monday the 15th Feb., 2010.
4. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M.to 1.00 P.M.

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

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 25TH Annual Report on the Financial Performance of the Company for the year ended the 31st March 2009.

Financial Results

	(Rs.in lacs)	
	2008-2009	2007-2008
Sales and other Income	3274.42	4233.76
Loss (-) before Interest, Depreciation and Taxes	-148.19	-696.58
Less: Interest	1926.07	1708.87
Loss (-) before Depreciation & Tax	-2074.26	-2405.46
Less: Depreciation & Amortization	338.13	337.19
Loss (-) before Tax	-2412.39	-2742.64
Less: Provision for Tax	-	-
Loss after Tax	-2412.39	-2742.64
Add: Balance brought forward	-16621.07	-13870.83
Less: Prior Period Items	4.61	7.59
Balance retained in Profit & Loss A/c	-19042.34	-16621.07

Performance

The total turnover of the Company during the year is Rs.3274.42 lacs as compared with 4233.76 for the previous year. The Net loss for the year is Rs. 2412.39 lacs (Previous year loss Rs. 2742.64 lacs). The Detailed comments on performance are contained in the report on Management Discussion & Analysis.

Exports

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

Dividend

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

Sick Industrial Company

The Company is a sick company within the meaning of Sick Industrial Companies (Special Provision) Act, 1985. Reference file under section 15((1) of Sick Industrial Companies (Special Provision) Act, 1985 was registered as case no. 353/2004 vide letter No.3 (T-22)/BC/2004 dt. 30/11/2004 issued by Registrar, Board of Industrial and Financial Reconstruction, New Delhi. The bench has declared that the company is a sick industrial company in terms of 3 (1) (O) of the Act w.e.f. 25.05.2006.

Directors

Shri Manish Jajoo is retiring by rotation at the forthcoming Annual General Meeting and is eligible for re appointment. The Board recommends his reappointment.

Auditors

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

Auditors' Report

Explanation for remark in Auditor's Report:

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

Point No.4 (a) Due to continues losses, Company has become sick and BIFR is also declared the same w.e.f. 25.05.2006. Company is under settlement with preference shareholders (IDBI) for redemption of preference shares and dividend.

Point No.4 (b) Settlement procedure is at final stage with Banks and Financial Institutions to clear their dues.

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

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

Public Deposits

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

Management Discussion & Analysis

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

Report on Corporate Governance

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

Directors' Responsibility Statement

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any.
- ii) The directors have selected such accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company as at the end of the financial year ended 31st March 2009 and of the profit of the company for that year.
- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) The directors have prepared the annual accounts for the year ended 31st March 2009 on a going concern basis.

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

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

Particulars of Employees

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

Acknowledgement

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

BY ORDER OF THE BOARD

INDORE
18th Jan. 2010

Sd/-
PANKAJ JAJOO
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE TO THE DIRECTORS' REPORT

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

Conservation of Energy

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

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

FORM 'A'

The information regarding consumption of energy is as under :

	2008-09	2007-08
(A) Power & Fuel Consumption		
Electricity:		
a. Purchased		
Units	6496269	9469080
Amount (Rs.)	27475153	39407387
Average Rate/Unit (Rs.)	4.23	4.16
b. Own Generation (D.G.Sets)		
Units	0	59908
Units Per Liter of Diesel	0.00	3.35
Cost (Rs.)/Unit	0.00	5.31
Diesel / LDO / SKO		
Quantity (Kilo Liters)	17.37	17.91
Amount (Rs.)	318029	641355
Average Rate/Liter (Rs.)	18.31	35.82
Coal		
Quantity (MT)	2756.94	9323.66
Amount (Rs.)	12520738	36194583
Average Rate/MT (Rs.)	4541.53	3882.02

(B) Consumption per unit of Production

	Yarn		Processed Fabric	
	08-09	07-08	08-09	07-08
Electricity (Units)	1.81	1.70	0.83	0.49
Coal (MTs)	-	-	1.46	1.07

Technology Absorption, Adaptation and Innovation

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

Foreign Exchange Earnings And Outgo

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

	(Rs.in lacs)	
	2008-09	2007-08
<u>Inflow</u>		
Earning FOB on Exports	0.00	00.00
<u>Outgo</u>		
a) CIF value of imports	0.00	0.00
b) Expenditure in foreign currency		
i) Travelling expenses	0.00	0.00
ii) Commission	0.00	0.00
iii) Interest on foreign currency loan	0.00	0.00

BY ORDER OF THE BOARD

INDORE
18th Jan. 2010

Sd/-
PANKAJ JAJOO
CHAIRMAN & MANAGING DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS

We have pleasure in submitting the Management Discussion & Analysis Report on the Company's business.

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company is a major producer of textiles in the composite mill sector of the country, catering to the requirements of cotton yarn for different applications; and fabric for home textiles and readymade garments industry. The government of India has identified the textiles sector as the second most important sector after agriculture and has been taking various steps in order to help the textiles companies in taking up the challenges for the development of textile sector.

B. OPPORTUNITIES AND THREATS

The Company is giving continuous emphasis .on widening of the market segments: improvement in quality, productivity, and operational efficiency; cost control measures including financing cost; and offering the most satisfying services to its customers to take the best advantage of the above opportunities as also to face the competition from the imports as well as from the other processors within the country which would continue to pose a threat to the company in its normal course.

Bigger threat for the Company is its financial position, Loan accounts become NPA and being a Sick Company, we are unable to meet interest cost and principle repayments. Negotiations are being done with the Bankers of the Company to settle the principal and interest accrued thereon. Management is hopeful for the same and expects that looking into our financial condition Banker will act positively and help us in reviving the Company.

C. OUTLOOK

Your directors have been making efforts on all fronts viz. production, marketing, finance and cost control etc. and these efforts have been yielding good results. The outlook for the company's products appears to be good and the company is confident of achieving improved operational performance.

D. RISK AND CONCERNS:

The main areas of risk and concerns are the prices sensitiveness of cotton the major input in spinning as well as in input like yarn for weaving and grey cloth for processing; the higher interest cost and high debt servicing obligations; the need for upgrading the technology and revamping some of the existing production facilities and utilities; and the cheaper imports of textile articles.

E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

F. FINANCIAL AND OPERATIONAL PERFORMANCE:

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

G. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS:

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

As at March 31, 2009, the Company had a total workforce of approximately 114 persons, including managers, staff and workers.

H. CAUTIONARY STATEMENT :

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

For & On Behalf of the Board

Place: INDORE
Dated: 18.01.2010

CHAIRMAN

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Corporate Governance

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

2. Board of Directors

The Board of Directors of the company consists of majority of non-executive and one third independent directors, who are acknowledged as leading professionals in their respective fields. The Board Comprises of one (1) executive director and two (2) non-executive directors out of which one director is independent.

The constitution of Board is as under:

Director \$	Executive/Non-Ext./Independent*	Number of other Directorships#	Membership of other Board/Committees
Shri Pankaj Jajoo Chairman Cum Managing Director	Executive	1	3
Shri Manish Jajoo Director	Non-Executive	1	3
Shri Pankaj Singhal Director	Non-Executive Independent	None	3

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

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

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

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

- (1) 30th April, 2008 (2) 31st July, 2008 (3) 18th August, 2008 (4) 30th October, 2008 (5) 30th December, 2008 (6) 31st January, 2009.

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

Name of Director	Attendance	
	Board Meeting	Annual General Meeting
Shri Pankaj Jajoo	6	1
Shri Manish Jajoo	6	1
Shri Pankaj Singhal	6	1

3. Audit Committee

During the financial year 2008-2009, four committee meetings were held. The dates on which the said meetings were held are as follows:

- (1) 30th April, 2008 (2) 31st July, 2008 (3) 30th October, 2008 (4) 30th January, 2009.

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

Name	Designation	Non-executive/ Independent	Profession	Committee Meetings Attended
Shri Manish Jajoo	Chairman	Non-executive	Business	4
Shri Pankaj Jajoo	Member	Executive	Business	4
Shri Pankaj Singhal	Member	Non executive & Independent	Business	4

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

- a) To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/ Internal Auditors;
- b) To review compliance with internal control systems;
- c) To review quarterly, half yearly and annual financial results of the Company before submission to the Board;
- d) To investigate into any matter in relation to items specified in Section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice if necessary;
- e) To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report.

4. Remuneration Committee

The Remuneration Committee will review and make recommendations on annual salaries, performance commission, perquisites and other employment conditions of

the Executive Directors. The remuneration committee consists of the following Directors:

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

One meeting of the Remuneration Committee was held during the year on 31st July'2008 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, 2009 are as follows:

Director	Relationship with other directors	Business relationship with DTM	Loans and advances from DTM	Sitting Fees* Rs.	Salary and Perquisites Rs.	Commission Rs.	Total Rs.
Shri Pankaj Jajoo	Related to Shri Manish Jajoo	Promoter	Nil	Nil	600000	Nil	600000
Shri Manish Jajoo	Related to Shri Pankaj Jajoo	Promoter	Nil	Nil	Nil	Nil	Nil
Shri Pankaj Singhal	None	None	Nil	Nil	Nil	Nil	Nil

5. Investors Grievance Committee

The Board has constituted an 'Investors Grievance Committee' which looks into shareholders and investors grievances. The following are the members of the Committee:

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

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 second	28 th September 2006	10 a.m.	Registered office	1
Twenty third	29 th December 2007	10 a.m.	Registered office	1
Twenty fourth	30 th September 2008	10.30 a.m.	Registered office	1

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. General Shareholder Information

a) Annual General Meeting

Date and Time 15th February, 2010
at 10.30 a.m.

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

b) Financial Calendar

Financial Reporting Period

Quarter ending June, 2009
Half year ending September, 2009
Quarter ending December, 2009
Year ending March, 2010

Date of Board Meeting

On or before

31st July, 2009
31st October, 2009
31st January, 2010
30th April, 2010

Date of Annual General Meeting

On or before

Year ending March, 2010

30th September, 2010

c) **Date of book closure** 10th Feb., 2010 to 15th Feb., 2010

d) **Dividend Payment Date** None

e) **Registered Office** C-1/A, Low Land Area,
Pologround Industrial Estate,
Indore-452 015

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

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

g) **Stock Code** 530949

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

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

i) Registrar and Transfer Agent

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

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

k) Dematerialisation of shares

As on 31st March 2009, 77.07 % Shares are in dematerialised form.

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

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

m) Project Location

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

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

n) Investor Correspondence Address

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

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

BY ORDER OF THE BOARD

INDORE
18th Jan., 2010

Sd/-
PANKAJ JAJOO
MANAGING DIRECTOR

AUDITORS' CERTIFICATE

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

We have examined the compliance of the conditions of Corporate Governance by The Dhar Textile Mills Limited for the year ended March, 31, 2009 as stipulated in clause 49 of the listing agreements of the said company with stock exchanges in India.

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

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

We state that in respect of investor grievances received during the year ended March, 31, 2009 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**

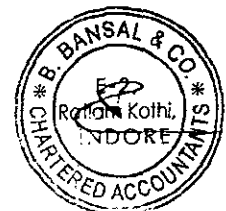
**Sd/-
B.L.Bansal
Partner**

**Indore
18th Jan.,2010**

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of the **THE DHAR TEXTILE MILLS LIMITED**, as at **31st March 2009** and also the Profit and Loss Account for the year ended on that date annexed thereto and also the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based in our audit.

1. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003, as amended by CARO order 2004 issued by the Central Government of in terms of section 227(4A) of the Companies Act, 1956 (hereinafter referred to as the Act), we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. Proper books of accounts as required by the Law have been kept by the Company so far it appears from our examination of those books and proper returns adequate for the purpose of audit have been received from the offices not visited by us.
 - iii. The Balance Sheet and the profit and Loss account and Cash flow statement dealt with by this report are in agreement with the books of accounts.
 - iv. In our opinion, the Balance sheet and Profit and Loss account dealt with by this report comply with the mandatory Accounting Standards except AS-13 and AS-28 issued by ICAI referred to in Section (3C) of Section 211 of the Act.
 - v. On the basis of written representation received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the act.



4. (a) Note No.1 of Schedule "O" Part B regarding non redemption of redeemable preference shares amounting to Rs. 350 lacs. which fell due up to 1st Feb. 2006 and arrears of preference dividend Rs. 5.0475 crores. due (previous year Rs 4.54 crores)
- (b) Note No. 2 of schedule "O" Part B regarding non payment of debts from Banks, IDBI, Sales tax deferment of State govt. and Hire Purchase company amounting to Rs. 148.87 crores, due to failure of reschedulement of repayment of loans under Corporate Debt Restructuring (CDR) mechanism of RBI.
- (c) Note No. 4 of schedule "O" Part B regarding non provision for diminution in value of company's investment amounting to Rs. 4.69 lacs having no market value.
- (d) Note No. 14 of schedule "O" Part B regarding non receipt of confirmation from the respective bank in respect of self adjustment of interest on loan Rs.18.95 crores.(Previous Year 17.01 crores.)
5. To the best of our information and according to the explanations given to us, the said accounts read together with Accounting Standards as prescribed by ICAI and Notes on Accounts in schedule 'O' subjected to the above qualifications, gives a true and fair view:-
- a) In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2009, and
- b) In case of Profit and Loss Account, of the Loss for the year ended on that date.
- c) In case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

For B.Bansal & company
Chartered Accountants

B.L. BANSAL
Chartered Accountant
Membership No.F-7032
E-2, Ratlam Kothi, INDORE-452001 (M.P.)

(B.L.Bansal)

Partner

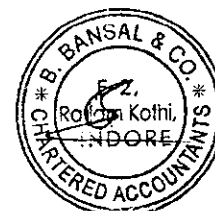
INDORE

18th January, 2010

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

1. The Company is maintaining proper records showing full particular including quantitative details and situation of fixed assets. As per explanations given to us, fixed assets are physically verified by the management, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. As informed to us no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the Company has not disposed off a substantial part of fixed assets during the year.
2. As explained to us, inventory has been physically verified by the management during the year. In our opinion, the frequency and procedure of verification is reasonable and adequate in relation to size and nature of the business, on the basis of our examination of the inventory records, the company is maintaining proper record of inventory. The discrepancies noticed on physical verification as compared to books of records were not material.
3. (a) As informed, during the year under audit the company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under sections 301 of the Act hence sub-clause (b),(c) and (d) are not applicable.

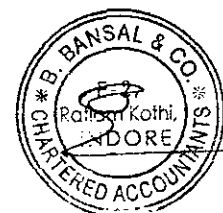
(b) As informed, during the year under audit the company has not taken any unsecured loans but the year end balance of Rs.16lacs from two parties (previous year balance was 196.25lacs from three parties), covered in the register maintained u/s 301 of the Act. The rate of interest and other terms and conditions are not prima fascia prejudicial to the interest of the company. Terms of repayment of principal and interest are not stipulated
4. In our opinion, there are an adequate internal control procedures commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services, carried out in accordance with the auditing standards generally accepted in India, we have not observed any continuing failure to correct major weakness in the aforesaid internal control procedures.
5. In our opinion and according to the information and explanations given to us, transactions that needed to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956 have been so entered. In our opinion and as per the information and explanations given to us the transactions made in pursuance of contracts and arrangements entered in the register, exceeding the value of Rupees Five Lacks in respect of parties



entered in the register have been made at the prices prevailing in the market at relevant time.

6. The company has not accepted any deposits from the public attracting the provision of sections 58A and 58AA or any other relevant provisions of the Act.
7. In our opinion, the company has its own internal audit system, commensurate with the size and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the company in respect of the products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub section (1) of Section 209 of the act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. According to the records of the company examined by us , in our opinion the company is irregular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities. According to records of the company examined by us, there are no undisputed amount payable in respect of Income Tax, Wealth Tax, Custom Duty, Excise Duty were in arrears as at 31st March 2009 for a period of more than 6 months from the date they become payable other than undisputed professional Tax of Rs. 10,19,102, (previous year Rs8,76,430) , Employee State Insurance of Rs. 33,05,430, (previous year Rs22,25,091), Provident fund of Rs. 98,56,734, (previous year Rs57,56,193) Electricity duty of Rs. 7,19,426,(previous year Rs7,01,085), Income Tax Deducted at source of Rs.20,71,709, (previous year Rs9,55,861) Fringe benefit Tax of Rs.92,642,(previous year Rs1,42,140) which were not deposited till date.
10. The disputed statutory dues aggregating to Rs. 35,39,379, (previous year Rs39,43,344) have not been deposited on account of matters pending before appropriate authorities as under :

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

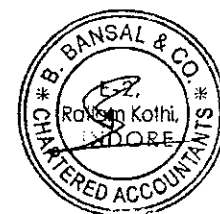


11. Accumulated losses of the Company exceeded fifty percent of its Net Worth at the end of the financial year. The Company has incurred cash losses during the financial year as also during the immediately preceding financial year.
12. The company has defaulted in repayment of following dues of Financial Institutions or Banks as at the Balance sheet date:

S.No	Name of the Bank/Financial Institute	Amount of Default (Rs. In Crores)	Default continued since
1	State Bank of India*	63.63	30 th April 04
2	Industrial Development Bank of India*	31.78	30 th June 04
3	Industrial Development Bank of India(CRPS)*	3.50	1 st Feb 05
4	Industrial Development Bank of India(Arrears of Dividend on CRPS)*	4.54	30 th June 04
5	State Bank of Indore*	29.47	30 th April 04
6	Canara Bank	13.15	30 th April 04
7	State Bank of Saurashtra*	10.30	30 th April 04
8	Ceat Financial Services Ltd.	0.26	
	Total	156.63	

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

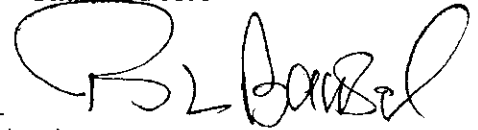
13. The Company has not granted any loans and advances on the basis of security by way pledge of shares, debentures and other securities.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The Company has not obtained any new term loans during the year.
17. On the basis of an overall examination of the Balance sheet of the Company, in our opinion, there are no funds raised on a short term basis, which have been used for long term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debenture during the year.



20. The Company has not raised any money by public issues during the year.

21. In our opinion and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year, nor we have been informed of such case by the management that causes the financial statements to be materially misstated.

For B.Bansal & company
Chartered Accountants



B.L. BANSAL
Chartered Accountant
Membership No.F-7032
E-2, Rattlam Kothi, INDORE-452001 (M.P.)

(B.L.Bansal)

Partner

INDORE

18th January, 2010

THE DHAR TEXTILE MILLS LTD.
BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	SCH. NO.	THIS YEAR	PREVIOUS YEAR
I. SOURCES OF FUNDS :			
1. SHARE HOLDERS' FUNDS :			
a) Share Capital	"A"	98087530	98087530
b) Reserves & Surplus	"B"	315443479	315443479
		-----	-----
		413531009	413531009
2. LOAN FUNDS :			
a) Secured	"C"	1675501741	1485984989
b) Unsecured		20623469	20623469
		-----	-----
		1696125210	1506608458
		-----	-----
		2109656219	1920139467
		=====	=====
II. APPLICATION OF FUNDS :			
1. FIXED ASSETS :			
a) Gross Block	"D"	747036041	746967699
b) Less : Depreciation		465869791	432056418
		-----	-----
c) Net Block		281166250	314911281
d) Capital Work-in-Progress and Advances		0	0
		-----	-----
		281166250	314911281
2. INVESTMENTS			
		469187	469187
3. CURRENT ASSETS, LOANS & ADVANCES			
a) Inventories	"E"	7344019	22897231
b) Sundry Debtors		6926018	25857443
c) Cash & Bank Balances		129561	2064511
d) Loans & Advances		6363236	11891753
		-----	-----
		20762834	62710938
LESS :			
CURRENT LIABILITIES & PROVISIONS	"F"	96055456	120058850
		-----	-----
		-75292622	-57347912
4. MISC. EXPENDITURE			
(To the extent not written off)	"G"	0	0
5. PROFIT AND LOSS ACCOUNTS			
		1903313404	1662106911
		-----	-----
		2109656219	1920139467
		=====	=====
NOTES ON ACCOUNTS	"O"		

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

B.L. Bansal
 (PARTNER)
 B.L. BANSAL
 Chartered Accountant
 Membership No. F-7032
 E-2, Raftam Kothi, INDORE-452001 (M.P.)
 18.01.2010

Pankaj Jajoo
 Managing Director

On Behalf of the Board

Manish Jajoo
 Director

THE DHAR TEXTILE MILLS LTD.
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

PARTICULARS	SCH. NO.	THIS YEAR	PREVIOUS YEAR
INCOME:			
Sales	"H"	327099423	422469511
Less : Sales Tax		2761969	3909778
Net Sales		324337454	418559733
Other Income	"I"	342340	906332
Increase/Decrease(-) in Stocks		-7171470	-38340541
		317508324	381125524
EXPENSES:			
Materials	"J"	212530966	262518693
Manufacturing Expenses	"K"	54625989	104793599
Employees Remuneration & Benefits	"L"	51648023	58682021
Selling, Administrative & Other Expenses	"M"	13522687	24789625
Finance & Interest Charges	"N"	192606008	170887224
Depreciation		33813372	33718680
Preliminary Expenses Written Off		0	0
		558747045	655389842
Loss (-) before Taxation		-241238721	-274264318
Prov. for taxation		0	0
Loss(-) for the Year		-241238721	-274264318
Balance Brought Forward		-1662106914	-1387083332
Prior Period Expenditure		460723	759264
Income Tax for Earlier Years		428493	
Balance Transferred To Balance Sheet		-1903313405	-1662106914

NOTES ON ACCOUNTS

"O"

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

B.L. Bansal
 (PARTNER)

On Behalf of the Board

Pankaj Jajoo
 Managing Director

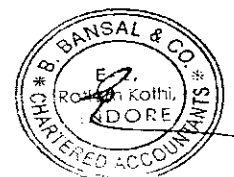
Manish Jajoo
 Director

INDORE
 Date: 18.01.2010.

B.L. BANSAL
 Chartered Accountant
 Membership No.F-7032
 E-2, Rofflam Kothi, INDORE-452001 (M.P.)

THE DHAR TEXTILE MILLS LTD.
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE
SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

PARTICULARS	THIS YEAR	PREVIOUS YEAR
SCHEDULE 'A'		
SHARE CAPITAL		
Authorised Share Capital		
7000000 Equity Shares of Rs. 10/- each (Previous Year 7000000 Equity Shares of Rs. 10/- each)	70000000	70000000
4000000 Cumulative Redeemable Preference Shares of Rs.10/- each (Previous Year 4000000 Cumulative Redeemable Preference Shares of Rs.10/- each)	40000000	40000000
	----- 110000000 =====	----- 110000000 =====
Issued, Subscribed and Paid-Up Capital		
6308753 Equity Shares of Rs. 10/- each fully paid up (Previous Year 6308753 Equity Shares of Rs. 10 each fully paid up) (Of the above Equity Shares 2000000 Equity Shares were allotted as bonus shares)	63087530	63087530
3500000 14.5% Cumulative Redeemable Preference Shares of Rs.10/- each fully paid up (Previous Year 3500000 14.5% Cumulative Redeemable Preference Shares of Rs.10/- each fully paid up)	35000000	35000000
	----- 98087530 =====	----- 98087530 =====
SCHEDULE 'B'		
RESERVES & SURPLUS		
1. General Reserve	94437512	94437512
2. Share Premium	221005967	221005967
	----- 315443479 -----	----- 315443479 -----
SCHEDULE 'C'		
SECURED LOANS:		
1. Rupee Term Loans	605484885	605484885
2. Hire Purchase Finance	2607601	2607601
3. Working Capital Loans	335944111	335944111
4. Interest Accrued and Due (See Schedule O, Notes on Accounts S.No.18)	731465144	541948392
	----- 1675501741 =====	----- 1485984989 =====



THE DHAR TEXTILE MILLS LTD.
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE
SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

PARTICULARS	THIS YEAR	PREVIOUS YEAR
SCHEDULE 'E'		
CURRENT ASSETS, LOANS AND ADVANCES :		
1. Inventories (as taken, valued and certified by the management)		
a. Raw Materials	2164197	6738941
b. Work-in-Progress	1142409	1999251
c. Finished Goods	2140233	8454860
d. Stores, Fuel & Packing Materials	1897180	5704179
	7344019	22897231
2. Sundry Debtors (Unsecured)		
a. Due with in six months	5847602	5729121
b. Others	1078416	20128322
	6926018	25857443
3. Cash & Bank Balances		
a. Cash on hand	91073	722132
b. Balances with Scheduled Banks:		
i) In Current Accounts	38488	526849
ii) In Fixed Deposits	0	815529
	129561	2064511
4. Loans & Advances (Unsecured)		
a. Advances recoverable in cash or in kind or for value to be received	4332820	9363253
b. T.D.S. & Advance Tax (Net of Provision for Tax)	2030416	2528500
	6363236	11891753
TOTAL (1 + 2 + 3 + 4)	20762834	62710938



THE DHAR TEXTILE MILLS LTD.
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE
SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

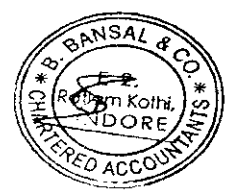
PARTICULARS	THIS YEAR	PREVIOUS YEAR
SCHEDULE 'F'		
CURRENT LIABILITIES & PROVISIONS :		
1. Current Liabilities		
a. Sundry Creditors	56497758	103685023
b. Statutory Dues	29487544	
c. Provision for Gratuity & Other Labour Dues	10020554	16324227
d. Unclaimed Dividend	49600	49600
	-----	-----
	96055456	120058850
	-----	-----
	96055456	120058850
	=====	=====

SCHEDULE 'G'		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
a. Public Issue Expenses	0	0
b. Deferred Revenue Expenditure	0	0
	-----	-----
	0	0
	=====	=====

SCHEDULE 'H'		
SALES		
Sales	297544990	310626348
Job Work Income	29554433	111843163
	-----	-----
	327099423	422469511
	=====	=====

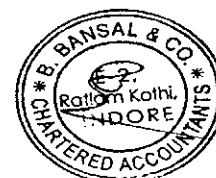
SCHEDULE 'I'		
OTHER INCOME		
Claims	0	484243
Miscellaneous Income	342340	422089
	-----	-----
	342340	906332
	=====	=====

SCHEDULE 'J'		
MATERIALS		
Opening Stock	6738941	27498879
Less : Input Rebate on Inventory	0	0
	-----	-----
	6738941	27498879
Add : Purchases (Including Expenses)	207956222	241758755
	-----	-----
	214695163	269257634
Less : Closing Stock	2164197	6738941
	-----	-----
	212530966	262518693
	=====	=====



THE DHAR TEXTILE MILLS LTD.
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE
SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

PARTICULARS	THIS YEAR	PREVIOUS YEAR
SCHEDULE 'K'		
MANUFACTURING EXPENSES		
Stores and Packing Materials	11791489	24325982
Power & Fuel	40313920	76243325
Repairs to Machinery	602555	1098237
Conversion & Job Charges	364312	326943
Other Manufacturing Expenses	1553713	2799112
	-----	-----
	54625989	104793599
	=====	=====
SCHEDULE 'L'		
EMPLOYEES REMUNERATION AND BENEFITS		
Salaries, Wages & Allowances	44811833	54367061
Contribution to P.F. & E.S.I.	6836190	4314960
	-----	-----
	51648023	58682021
	=====	=====
SCHEDULE 'M'		
SELLING, ADMINISTRATIVE & OTHER EXPENSES		
Sales Expenses	8689107	12034710
Insurance	329541	2650844
Rent	150102	224412
Repairs & Maintenance (Others)	262378	494427
Stationary & Printing	197304	426941
Telephone & Postage	609408	765108
Advertisement	8946	72628
Bank Charges	103947	607219
Auditors' Remuneration	25000	95599
Conveyance & Vehicle running	1345782	1269517
Legal & Professional Charges	722575	4436994
Travelling Expenses :		
-Directors	43924	126248
-Others	166749	341784
Charity & Donations	39701	47002
Miscellaneous Expenses	828223	1196192
	-----	-----
	13522687	24789625
	=====	=====
SCHEDULE 'N'		
INTEREST		
Interest on Fixed Loans	191516752	154795177
Others (net)	1089256	16092047
	-----	-----
	192606008	170887224
	=====	=====



THE DHAR TEXTILE MILLS LTD.**SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT 31ST MARCH, 2009****SCHEDULE 'D'**

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	AS AT APRIL 1 2008	ADDITIONS SALE/ ADJ. DURING THE YEAR	AS AT MARCH 2009	UP TO MARCH 31 2008	FOR THE YEAR	DEDUCTION/ PRIOR PERIOD DEPRECIATED	AS AT MARCH 31 2009	AS AT MARCH 31 2009	AS AT MARCH 31 2008
LAND	4246734	0	4246734	0	0	0		4246734	4246734
FACTORY SHED	84202658	74965	84277623	33259298	2801505	0	36060803	48216820	50943360
OFFICE BUILDING	3480883	0	3480883	600274	56738	0	657012	2823871	2880609
PLANT & MACHINERY	637152359	10145	637162504	385782456	30003805	0	415786261	221376243	251369903
FURNITURE & FIXTURES AND EQUIPMENTS	4821482	35348	4856830	3163894	307076	0	3470970	1385860	1657588
ELECTRICAL INSTALLATION	9023723	884	9024607	5661414	392773	0	6054187	2970420	3362309
VEHICLES	4039861	0	3986861	3589064	251475	0	3840539	146322	450797
TOTAL	746967700	121342	747036042	432056400	33813372	0	465869772	281166270	314911300
PREVIOUS YEAR	741959300	5006649	746965949	398337738	33718661	0	432056399	314909549	343621562



SCHEDULE "O"

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements:

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

2. Fixed Assets:

Fixed assets are stated at cost of acquisition/construction net of modvat and accumulated depreciation. The cost includes cost of spares, all preoperative expenses and the financing cost of borrowed funds relating to the construction period.

3. Depreciation:

Depreciation on fixed assets is provided on straight line method at the rates prescribed under Schedule XIV to the Companies Act, 1956 except on Plant & Machinery and vehicles of the yarn division, which have been commissioned /acquired before 01.04.95, on which depreciation has been provided on Written down value at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

4. Inventories:

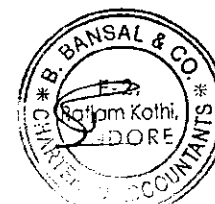
Inventories are valued at cost or net realizable value whichever is less.

5. Sales:

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

6. Foreign Currency Liabilities:

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



7. Retirement Benefits:

Retirement benefits are accounted for on accrual basis.

8. Amortization of Miscellaneous Expenditure:

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

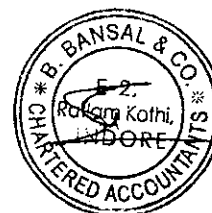
B. NOTES ON ACCOUNTS

1. Share Capital

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

2. Secured Loans

- a) The company's debts from banks/IDBI had been restructured involving carving out of working capital term loans (WCTLs) from the existing working capital limits, reduction in interest rates, waiver of liquidated damages/ penal interest etc., funding of interest and 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*, IDBI and State Bank of Indore* are secured by first charge ranking pari passu by way of mortgage/hypothecation of the fixed assets (excluding assets acquired under hire purchase agreements) of the Company at Pithampur and pologround, Indore. Working capital term loans and funded interest term loans from State Bank of India*, State Bank of Indore*, Canara Bank and State Bank of Saurashtra* and funded interest term loan from Industrial Development Bank of India are secured by pari passu charge on the assets of the Company.
- c) Working Capital Limits from State Bank of India*, State Bank of Indore*, Canara Bank and State Bank of Saurashtra* are secured by second charge ranking pari passu by way of Mortgage/ Hypothecation of the fixed assets of the Company at Pithampur and pologround, Indore.



- d) All the above loans are further secured by way of personal guarantees of Managing Director, one director and others.
- e) Sales tax deferred is secured by first available charge by way of hypothecation of the fixed assets of the Company.

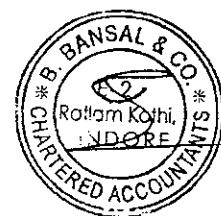
3. Contingent Liabilities

(Rs. in Lacs)

S.No.	Particulars	This Year	Previous Year
a.	Guarantees issued by bankers	2.00	2.00
b.	Lease rent payable over the unexpired portion of the lease agreements on leased Plant & Machinery	17.55	17.55
c.	Commercial Tax in respect of which the company is in appeal	Nil	4.04
d.	Income Tax in respect of which the company is in appeal	7.40	7.40
e.	Excise Duty in respect of which the company is in appeal	18.28	18.28
f.	Cumulative Preference Dividend (to become payable when the dividend would be declared)	403.00	403.00
g.	Damages for delayed payment of Provident Fund in respect of which company is in appeal	9.72	9.72

4. Particulars of Investments

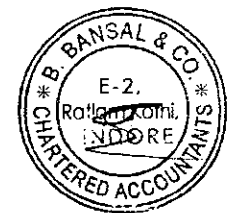
Particulars	No. of Shares	Cost of acquisition	Market Price as at 31-03-2009
Arlabs Ltd.	200	5678	0
Decora Tubes Ltd.	8200	182532	0
Jindal Iron & Steel Ltd.	100	15923	0
Ruchi Strips Ltd.	200	1818	0
Surya Agroils Ltd.	2000	15000	0
STI Granite Ltd.	2600	28938	0
Indo American Fin. Ltd.	2500	56851	0
Motorola	2000	113500	0
Rajadhiraj Industries Ltd.	2600	17082	0
Rajratan Synthetic Ltd.	3400	26792	0
Uniplus Ltd.	200	5073	0
Total		469187	0



The investments being long term investments are valued at cost of acquisition. Accordingly, no provision is made for temporary diminution in value of such investments to the tune of Rs. 469187. There is no market value of these investments and as per Accounting Standard (AS) 13 "Accounting for Investments" it should be shown at market value.

5. Information related to Related Parties has not been produced before us.
6. Sales and Purchases include inter –division transfer of yarn and waste material of Rs.467379 (Previous year Rs. 657590).
7. As per Accounting Standard (AS) 5 "Net profit or loss for the prior period items and changes in accounting policies" Prior period expenses of Rs. 139859 (Previous years Rs.759264).
8. Accounting Standard (AS) 17 "Segment Reporting" is not applicable as the company operates in a single segment Textiles.
9. As per Accounting Standard (AS) 22 "Accounting for Taxes on Income". The deferred tax assets have, however not been recognized and carried forward in the absence of a reasonable or virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
10. Earning per share

Loss as per Profit & Loss A/c (Rs. in Lacs)	-2416.67
Number of shares used in computing earning per share	6308753
Earning per share (Basic and diluted) (In Rs.)	-38.31
Face value per share (In Rs.)	10.00
11. In view of insufficient information from the suppliers regarding their status as SSI unit, amount overdue to them as on 31.03.09 cannot be ascertained.
12. Balances of Bank, Debtors, 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 division is closed.
14. Interest on secured loan from banks and financial institution is provided on suomoto estimated basis for Rs.18,95,16,752 (Previous year Rs.17,01,55,862).
15. No provision for Income tax has been made due to accumulated business losses and unabsorbed depreciation as per the Income Tax Act 1961. No provision has been made for Fringe benefit Tax for the Assessment Year 2008-09 and 2009-10 for Rs.142140 and Rs. 92642.
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.



THE DHAR TEXTILES MILLS LTD. INDORE**ACCOUNTING YEAR 2008-2009****BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I) Registration details: -****Registration No: U15490MP2008PTC020685****State Code 18****Balance Sheet Date- 31.3.2009****II) Capital raised during the year (Amount in Rs. Thousands)****Public Issue****NIL****Right Issue****NIL****Bonus Issue****NIL****Private Placement****NIL****III) Position of Mobilization and Deployment of Funds (Amount in 1000)****Total Liabilities****2019656****Total Assets****2019656****Source of Funds****Paid up Capital****9808****Reserve & Surplus****315443****Secured Loans****1675502****Unsecured Loans****20624****Application of Funds****Net Fixed Assets****281166****Investment****469****Net Current Assets****(75293)****Misc. Expenditure****NIL****Accumulated Losses****Nil****IV) I Performance of Company (Amount in Rs. Thousands)****Turnover****324337****Total Expenditure****558747****Profit Before Tax****(241238721)****Profit After Tax****(241238721)****Earning Per Share in Rs.****(-.3824)****Dividend Rate %****NIL****V) Generic Names of Principal Products of company (as per monetary terms) Item****Code No.****(IIC Code)****N.A****Place: INDORE****Date: 29/09/2009**

THE DHAR TEXTILE MILLS LTD.

Computation of Raw material

Op. Stock

	THIS YEAR	PREVIOUS YEAR
Cotton	2474923	13611468
Yarn	1743793	2664503
Grey	193225	3162908
Colour & Chemicals	2327000	8060000
Finished Cloth	0	0

6738941 27498879

Add: Purchase

Cotton	172355023	160088392
Yarn	16676941	23882373
Grey	5622109	18635979
Colour & Chemicals	12632321	36104424
Finished Cloth	669828	3047587

207956222 241758755

Less: Cl. Stock

Cotton	1754402	2474923
Yarn	0	1743793
Grey	409795	193225
Colour & Chemicals	0	2327000
Finished Cloth	0	0

2164197 6738941

Consumption

Cotton	173075544	171224937
Yarn	18420734	24803083
Grey	5405539	21605662
Colour & Chemicals	14959321	41837424
Finished Cloth	669828	3047587

Total 212530966 262518693

Increase / (Decrease) in SIP & FG

A. WIP

Cl. Stock	1142409	1999251
Less: Op. Stock	1999251	15000524
	-856842	-13001273

B. Finished Goods

Cl. Stock	2140233	8454860
Less: Op. Stock	8454861	33794128
	-6314628	-25339268

Total (A + B)

Cl. Stock	3282642	10454111
Less: Op. Stock	10454112	48794652
	-7171470	-38340541

