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DHANLAXMI COTEX LIMITED

CERTIFIED TRUE COPY

Report

For DHANLAXMI COTEX LIMITED

[Signature]

DIRECTOR / AUTHORIZED SIGNATORY

**12 th ANNUAL REPORT
YEAR 1997-98.**



DHANLAXMI COTEX LIMITED

12TH ANNUAL REPORT

Board of Directors

Shri Ramautar Jhavar - Chairman & Managing Director
Shri Mahesh Jhavar
Shri Bhanwarlal Sharda

Bankers

Bank of India
Bank of Baroda
State Bank of Travancore
The Vaibhav Co-op Bank Ltd.,
Syndicate Bank.
Tamilnadu Mercantile Bank Ltd.

Auditors

M/s. S.G.Kabra & Co.
Chartered Accountants
Wavell House, 1st Floor,
1st Dhobi Talao Lane,
Mumbai - 400 002.

Registered & Administrative Office

285, Princess Street,
C.J. House, 2nd Floor,
Mumbai - 400 002.

Works

Sector B-2/15/16;
Parvati Co-op. Industrial Estate,
Post Yadrav, Tal. Shirol
Dist. KOLHAPUR (M.S.)

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of DHANLAXMI COTEX LIMITED will be held at 285, Princess Street, 2nd Floor, Chaturbhuj Jeevandas House, Mumbai - 400 002, on Monday, 28th September, 1998, at 11.00 A.M. to transact the following business :

AS ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March, 1998, and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint Director in place of Mr. Ramautar Jhawar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS :

4. 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 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be amended by insertion of a new Article 5(e) as specified hereunder immediately after the existing Article 5(d) thereof :

Article 5(e)

Buy-Back of Shares	Notwithstanding anything contained in these Articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, if and when thought fit, buy-back such of the Company's own shares or securities as it may decide, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted by law."
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5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT, if and when permitted by the law and subject to all applicable provisions of the law including modifications, re-enactments or promulgation of an ordinance and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board, the consent of the Company be and is hereby accorded to the Board to purchase

such number of Equity Shares of the Company, as may be thought fit, from the holders of the Equity Shares of the Company in such proportion and manner as may be permitted by law, not exceeding such percentage of the capital of the Company as may be permitted by law, from such funds of the Company as are permitted to be used for this purpose or out of the proceeds of any issue made by the Company, on such terms and subject to such conditions as may be prescribed by the law."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the said purchase of Equity Shares or other securities."

"RESOLVED FURTHER THAT nothing hereinabove contained shall confer any right on any shareholder to offer or any obligation on the Company or the Board to buy-back any Equity Shares."

6. 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 Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII to the said act and subject to such consents, approvals and sanctions as may be applicable in this regard, consent of the Company be and is hereby granted for the re-appointment of Mr. Ramautar Jhawar as the Managing Director of the Company for a period of five years commencing from 1st August, 1998 to 31st July, 2003 on the following terms and conditions :

A) Salary : Rs. 25,000/- per month.

B) Perquisites :

1) Housing : Rent Free Accommodation or House Rent Allowance : Rs.12,500/- per month.

2) Medical Reimbursement for self and family as per the Rules of the Company : value not exceeding one month's salary.

3) Leave Travel Assistance, as per the rules of the Company : value not exceeding one month's salary.

4) Personal Accident Insurance : Rs. 4,000/- p.a.

In addition, the Managing Director shall also be entitled for the following :

a) Contribution to Provident Fund, Superannuation Fund or

annuity Fund. This will not be included in computation of the ceiling on the perquisites to the extent these either singly or together are not taxable under the Income tax Act, 1961,

- b) Gratuity payable shall not exceed half-a- month's salary for each completed year of service,
- c) Encashment of leave at the end of tenure will not be included in the computation of the ceiling on the perquisites.
- d) Reimbursement of membership fees for clubs in India including admission and life membership fees.
- 5) Provision of Car for use on Company's business and Telephone at residence. These will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

C) Commission : In addition to salary and perquisites, commission is also payable every year to the Managing Director and it will be calculated as follows :

5% of the net profit for the year will be calculated and from the amount so calculated, the aggregate of the salary and perquisites payable to the Managing Director shall be deducted.

7. 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 Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII to the said act and subject to the consent of shareholders of the Company in General Meeting, Mr. Mahesh Jhawar be and is hereby re-appointed as the Wholetime Director of the Company for a period of five years commencing from 1st August 1998 to 31st July 2003 on the following terms and conditions:

A) Salary : Rs. 25,000/- per month.

B) Perquisites :

- 1) Housing : Rent Free Accommodation or House Rent Allowance : Rs.12,500/- per month.
- 2) Medical Reimbursement for self and family as per the Rules of the Company : value not exceeding one month's salary.
- 3) Leave Travel Assistance, as per the rules of the Company: value not exceeding one month's salary.
- 4) Personal Accident Insurance : Rs. 4,000/-p.a.

In addition, the Wholetime Director shall also be entitled for the following :

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund. This will not be included in computation of the ceiling on the perquisites to the extent these either singly or together are not taxable under the Income tax Act, 1961,
- b) Gratuity payable shall not exceed half-a- month's salary for each completed year of service,
- c) Encashment of leave at the end of tenure will not be included in the computation of the ceiling on the perquisites.
- d) Reimbursement of membership fees for clubs in India including admission and life membership fees.
- 5) Provision of Car for use on Company's business and Telephone at residence. These will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

C) Commission : In addition to salary and perquisites, commission is also payable every year to the Wholetime Director and it will be calculated as follows :

5% of the net profit for the year will be calculated and from the amount so calculated, the aggregate of the salary and perquisites payable to the Wholetime Director shall be deducted.

By order of the Board of Directors

Place : Mumbai
Dated : 31st July, 1998

(RAMAUTAR JHAWAR)
Chairman & Managing Director.

NOTES:

- a. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE VALID, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- b. Members are requested to notify the change in address, if any, immediately to the Company quoting their respective Folio Number.
- c. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 21st September 1998 to Monday, 28th September 1998 (both days inclusive).
- d. Any query relating to the accounts should be notified to the Company at least 7 days before the date of Annual General Meeting.

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :

Item Nos. 4 & 5 :

Presently the Companies Act, 1956 prohibits the Company from purchasing its own shares and securities. However, it is anticipated that the law may, in future, permit a Company to buy back its own securities, subject to certain terms, conditions and limitations. However, to enable a company to purchase its own shares/securities, there ought to be necessary provisions for the said purpose in its Articles of Association. Hence, the Articles of Association of the Company are proposed to be altered by including a new Article 5(e) immediately after the existing Article No. 5(d) as set out in the Resolution at Item No. 4, providing for necessary powers to enable the Company to purchase its own Shares and/or Securities from the members of the Company either in the open market or from the holders of odd lots in the event it is permitted by law.

Further, it is also necessary to pass a Special Resolution for obtaining approval of the members for enabling the Company to purchase its own shares/Securities as and when permissible under the law.

The Resolution, if approved, will be operative for and will be given effect to within a period of 15 months from the date of passing the Resolution or such other time limit as is laid down by law.

The Directors commend the Resolution vide Item No. 5 for approval by the members.

None of the Directors of the Company shall be deemed to be concerned or interested in the above resolution.

Item Nos. 6 & 7 :

Considering the important contribution made by Mr. Ramautar Jhavar, Managing Director and Mr. Mahesh Jhavar, Wholetime Director towards the Company's growth and keeping in view the key role envisaged to be played by them in the future operations and endeavours, the Board of Directors at its meeting held on 31st July, 1998 has thought it prudent to re-appoint Mr. Ramautar Jhavar as Managing Director and Mr. Mahesh Jhavar as Wholetime Director for a further period of five years with effect from 1st August, 1998 at remuneration, perquisites and benefits as per Part II of Schedule XIII of the Companies Act, 1956.

DHANLAXMI COTEX LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting the Twelfth Annual Report on the business operations of the Company alongwith their Statement of Audited Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS :-

	(Rs. in lacs)	
	Year ended 31-3-98	Year ended 31-3-97
Income from Operations	2733.43	2095.71
Profit before Depreciation	68.94	21.14
Less : Depreciation	6.60	28.59
Profit/(Loss) before Tax	62.33	(7.45)
Less : Provision for Income Tax	21.70	1.74
Profit/(Loss) after Tax	40.63	(9.19)
Add/(Less): Balance brought forward from Last year	15.27	24.46
Balance carried to Balance Sheet	55.90	15.27

OPERATIONS :-

The Income from Operations for the financial year under review amounted to Rs. 2733.43 Lacs registering an increase of approx.30% over the previous year. The Company has earned Profits after Tax of Rs. 39.97 Lacs for the year under review after providing for Depreciation of Rs.6.60 Lacs and Taxation of Rs.21.70 Lacs. After adjustment of the balance of Rs. 15.27 Lacs brought from previous year, a net balance of Rs. 55.90 Lacs has been carried to the Balance sheet.

The Company caters mostly to the garment exporters but due to recession in the markets of European Countries and U.S.A., there is less demand for the fabrics from the garment exporters.

The Company has modernize its plant and installed 16 sulzer looms to increase production and to improve the quality of fabrics.

DIVIDEND :-

The Board of Directors has decided to plough back the profits and accordingly, has not recommended any divided for the year ended 31st March, 1998.

DIRECTORS :-

Considering, the important contribution made by Mr. Ramautar Jhawar, Managing Director and Mr. Mahesh Jhawar, Wholetime Director towards Company's growth and keeping in view the key role envisaged to be played by them in the future operations and endeavors, the Board of Directors at its meeting held on 31st July, 1998 has thought it prudent to re-appoint Mr. Ramautar Jhawar as Managing Director and Mr. Mahesh Jhawar as Wholetime Director for a further period of five years with effect from 1st August, 1998 at remuneration,perquisites and benefits pursuant to Part II of Schedule XIII of the Companies Act, 1956.