

DHANLAXMI COTEX LIMITED



18th ANNUAL REPORT 2003-2004

DHANLAXMI COTEX LIMITED

18TH ANNUAL REPORT

Board of Directors

Shri Ramautar Jhavar - Chairman & Managing Director
Shri Mahesh Jhavar
Smt. Radhika Sarda
Shri Rajkumar Pandey
Shri Ganesh Singh

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.)

Bankers

Bank of Baroda
HDFC Bank Ltd.
Ichalkaranji Janta Sahkari Bank Ltd.
State Bank of Travancore
UTI Bank Ltd.

Auditors

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

**Registrar and Share
Transfer Agents**

Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E) Mumbai - 400 072.

Listing

The Stock Exchange Mumbai.

DHANLAXMI COTEX LIMITED

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DHANLAXMI COTEX LIMITED

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of Dhanlaxmi Cotex Limited will be held at the Registered Office of the Company at 285, Princess Street, 2nd Floor, Chaturbhuj Jivandas House, Mumbai – 400 002 on Saturday, the 25th day of September 2004 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2004 and Profit and Loss Account for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To appoint Director in place of Mr. Rajkumar Pandey who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

By order of the Board of Directors

Place: Mumbai
Dated: 9th August 2004

Ramautar Jhawar
Chairman & Managing Director

Registered Office:
285, Princess Street, 2nd Floor,
Chaturbhuj Jeevandas House,
Mumbai- 400 002.

DHANLAXMI COTEX LIMITED

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 (forty-eight) hours before the time fixed for holding the meeting.
3. The Register of Members and Share Transfer Books will remain closed from Saturday, 18th September 2004 to Saturday, 25th September 2004 (both days inclusive).
4. Members are requested to notify change of address, if any, to the Company's Registrar & Transfer Agent, M/s. Bigshare Services Private Limited, SEBI recognized Category I Registrars and Transfer Agent having its office at E-2/3, Ansa Industrial Estate, Sakinaka Road, Saki naka, Andheri (East), Mumbai - 400 072.
5. Members are requested to bring their copy of Annual Report to the Meeting.
6. Members are requested to bring the Attendance Slip sent herewith duly filled for attending the Meeting.

BRIEF RESUME OF PERSON PROPOSED TO BE RE-APPOINTED AS DIRECTOR OF THE COMPANY AT THE ANNUAL GENERAL MEETING:

Particulars	Mr. Rajkumar Pandey
Age	34 Years
Date of Appointment	22-03-2003
Qualifications	B.Com
Expertise in specific functional areas	Finance & Taxation
Directorship of other Companies	Nil
Chairman/Member of the Committees of the board of the Companies on which he is a Director	Nil

DHANLAXMI COTEX LIMITED

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their Eighteenth Annual Report on the business operations of the Company along with the Statement of Audited Accounts for the year ended 31st March 2004.

FINANCIAL RESULTS:

Particulars	(Rs. In Lacs)	
	Year Ended 31 st March 2004	Year Ended 31 st March 2003
Income from operations	4285.53	6544.32
Profit/ (Loss) before Depreciation & Tax	38.38	(71.98)
Less: Depreciation	13.72	12.88
Profit/ (Loss) before Tax	24.66	(84.86)
Less: Provision for Tax	0.49	0.00
Add: Deferred Tax Assets Adjustments	0.96	1.14
Net Profit/ (Loss) after Tax	25.13	(83.72)
Add: Balance brought forward from previous year	204.35	288.08
Balance carried to Balance Sheet	229.48	204.35

OPERATIONS:

During the year under review, your Company earned total Income of Rs. 4285.53 Lacs comprising mainly of Sale of Goods, Sale of Shares, interest & Dividend and long term share investments profit. Against this, the total expenses amounted to Rs. 4280.87 Lacs. As a result of this the Company has earned net Profit of Rs. 24.66 Lacs as against the loss of Rs. 84.86 Lacs for the previous year. After adjusting thereto the deferred tax assets of Rs. 0.96 Lacs and the balance forward from last year of Rs.204.35 Lacs, a balance of Rs. 229.48 Lacs has been carried forward to the Balance Sheet.

Barring unforeseen circumstances, your Directors are optimistic that the Company would be able to report better performance during the current year.

DIVIDEND:

Your Directors regret their inability to declare dividend considering meager profit earned by the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm the following:

DHANLAXMI COTEX LIMITED

- In the preparation of the annual accounts, the applicable standards have been followed.
- Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2004 and of the profit of the Company for the year ended on that date.
- Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- Your Directors have prepared the attached Statement of Accounts for the year ended 31st March, 2004 on a going concern basis.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Rajkumar Pandey, Director is liable to retire by rotation and being eligible, offer himself for re-appointment at the ensuing Annual General Meeting. Your Board recommends his re-appointment.

AUDITORS:

M/s. S. G. Kabra & Co., Chartered Accountants, Statutory Auditors of the Company retires at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a certificate from the Auditors to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. The members are requested to appoint the Auditors and authorise the Board to fix their remuneration.

AUDITORS' REPORT:

Observations made by the Auditors of the Company in their report read with relevant Notes to the Accounts are self-explanatory and do not call for any further comments under Section 217(3) of the Companies Act, 1956.

CHANGE IN REGISTRAR AND SHARE TRANSFER AGENT :

During the period under review the company's erstwhile Registrar and Share Transfer agent namely R & D Consultants Limited had closed down their business operations. In view of the same, the Company had to shift its shareholder's database to a new Registrar and Share Transfer Agent. The Company has appointed Bigshare Services Private Limited as its new Registrar and Share Transfer Agent in place of R & D Consultants Limited. All incidental formalities in connection with establishing electronic connectivity with the aforesaid new Registrar and Share Transfer Agent have been complied with.

FIXED DEPOSITS:

During the year under review, the Company has not accepted or renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

CORPORATE GOVERNANCE:

The report on Corporate Governance in line with Clause 49 of the Listing Agreement alongwith the certificate of the statutory auditors on the said Corporate Governance is annexed herewith.

DHANLAXMI COTEX LIMITED

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Management Discussion & Analysis Report is annexed herewith.

PARTICULARS AS PER SECTION 217(2A) OF COMPANIES ACT, 1956:

During the year under review, none of the employees of the Company were in receipt of remuneration aggregating to Rs. 24,00,000/- or more for the whole of the year, if employed throughout the year or Rs. 2,00,000/- or more per month, in case employed for part of the year. Hence, there are no particulars to be annexed to this report as required under Section 217 (2A) of the Companies Act, 1956 and the rules made thereunder.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars as required under 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 are given in the Annexure to this report.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to place on record their appreciation towards bankers, clients and all the business associates for their continuous support to the Company and to the Shareholders for the confidence reposed in the Company's management. The Directors also convey their appreciation to the employees at all levels for their enormous personal efforts as well as collective contribution.

For and on behalf of the Board

Place: Mumbai
Dated: 9th August 2004

Ramautar Jhawar
Chairman & Managing Director

DHANLAXMI COTEX LIMITED

ANNEXURE-I TO DIRECTORS' REPORT

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

During the year under review, the Company had strict control on wasteful electrical consumption.

Conservation of Energy:

1. Energy conservation measures taken;
2. Additional investment and proposals, if any, being implemented for reduction of consumption ;
3. Impact of the measure at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods ;
4. Total energy consumption and energy consumption per unit of production are as under :

		Year Ended 31/03/2004	Year Ended 31/03/2003
A. Power and Fuel Consumption			
1. Electricity			
a) Purchase			
Unit			
Total Amount	(Rs.)	494636.50	203540.00
Rate/ Unit	(Rs.)		
b) Own generation			
(Through D.G. Set)			
Unit			
Diesel Oil Consumed	(Ltr.)		
Total Amount	(Rs.)		
Avg. Per Ltr.	(Rs.)		
2. Furnace Oil			
Quantity	(Ltr.)		
Total Amount	(Rs.)		
Avg. Per Ltr.	(Rs.)		
B. Consumption Per Mtr. of Production			
Production	(Mtrs.)		
Electricity	(Rs.)	343660.00	203540.00
Diesel Oil	(Rs.)	150976.50	0.00
Furnance Oil	(Rs.)		

Technology Absorption:

The Company does not need any technology for its existing business.

Foreign Exchange Earnings and Outgo:

Foreign Exchange Outgo:	Nil
Foreign Exchange Earned :	Nil

For and on behalf of the Board

Ramautar Jhawar
Chairman & Managing Director

Place: Mumbai
Date: 9th August, 2004

DHANLAXMI COTEX LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:-

TEXTILE DIVISION

(a) Industry Structure and Developments:

Textile is the largest industrial sector in India. It is the largest employer in the manufacturing sector in India. Exports of textile products cover approx. 25% of India's total exports. The textile industry has a wide scope to introduce their products in North-East region and to enter into the global market of developed countries.

The main thrust for improvements will come from investment in modernization of weaving and making up as well as upgradation of infrastructural facilities.

(b) Opportunities & threats:

In the international market, there is an opportunity to expand our market share, particularly in the Ready made garments.

On the other hand, there is a clear threat from modern textile manufacturing units in China, East Europe and South America. These competitors have an edge over us in manufacturing costs, better productivity and better infrastructure facilities. The other factor which erodes our market share is the introduction of anti dumping products in the Market

INVESTMENT AND TRADING DIVISION (SECURITIES)

(a) Industry Structure & Development:

Investment in Shares & Securities and trading in Shares & securities are the core business of our company. The main thrust for improvement in performance will come from investment in various Shares & securities by which the company can improve their net worth by earning dividend, interest and Sale of investments.

In these type of industries, the following golden rule to be applied i.e "the right decision at the right time."

(b) Opportunities & threats:

The Company has an opportunity to grow in trading market as the main business segment of the Company is trading in equities which constitutes more than 90% of its turnover.

With the introduction of products like Derivatives and many other positive developments in the Indian Capital Market gives your Company tremendous opportunity for growing its business.

The overall sluggish economic environment, and its possible negative impact on the stock markets is a possible risk to the business volume expansion

(c) Outlook:

The Company is proactively responding to the changing business environment and is confident of sustaining its market share by improving competitive position in the market. The overall business outlook for the company is promising with improvement in overall economic environment. Efforts towards higher operational efficiencies shall continue. The company continues to examine the possibilities of expansion and will make the necessary investments when attractive opportunities arise.

(d) Risks and concerns

The Company continues to remain focused on its competence product i.e. textile products and also concentrate on trading in Securities. Competition in the market place continues to have an impact on the company's realisations and also exerts pressure on the margins.

(e) Internal Control Systems and their adequacy

The Company's operating and business control procedures have been framed in order that they ensure efficient use of resources and comply with the procedures and regulatory requirements. The company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

(f) Human Resource Development

The Company believes that the human resources are vital resource in giving the company a competitive edge in the current business environment. The company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition/dissemination, creativity and responsibility. As in the past, the company enjoyed cordial relations with the employees at all levels.