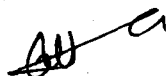


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For DHANLAXMI COTEX LIMITED



DIRECTOR / AUTHORISED SIGNATORY.



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DHANLAXMI COTEX LIMITED

20th Annual Report
2005-2006



DHANLAXMI COTEX LIMITED

20thTH ANNUAL REPORT

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DHANLAXMI COTEX LIMITED

20TH ANNUAL REPORT

Board of Directors	: Shri Ramautar Jhavar - Chairman & Managing Director Shri Mahesh Jhavar Shri Ganesh Singh Shri Vijay Kumar Moyal (w.e.f. 30th December 2005) Shri Navin Vyas (w.e.f 30th December 2005)
Registered & Administrative Office	: 285, Princess Street, 2nd Floor, Chaturbhuj Jivandas House, 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
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 on Stock Exchange	: Bombay Stock Exchange Ltd.



DHANLAXMI COTEX LIMITED

NOTICE

NOTICE is hereby given that the Twentieth 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 Friday, the 29th day of September 2006 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, 2006 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 Shri Ganesh Singh, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself 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 authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Navin Shyamsundar Vyas who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company and who vacates his office at the ensuing Annual General Meeting and in respect of which the Company has received a notice under Section 257 of the Companies Act, 1956 along with necessary deposit from a shareholder proposing the candidature of Shri Navin Shyamsundar Vyas as a Director of the Company be and is hereby appointed as a Director of the Company whose office shall be liable to retirement by rotation."

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Vijaykumar Moyal who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company and who vacates his office at the ensuing Annual General Meeting and in respect of which the Company has received a notice under Section 257 of the Companies Act, 1956 along with necessary deposit from a shareholder proposing the candidature of Shri Vijaykumar Moyal as a Director of the Company be and is hereby appointed as a Director of the Company whose office shall be liable to retirement by rotation."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT as per the recommendation of Remuneration Committee and pursuant to the provisions of Section 198, 269, 309 and 311 read with Schedule XIII to the Companies Act, 1956 and subject to such other approvals as may be necessary, Shri Ramautar Jhawar be and is hereby re-appointed as a Managing Director of the Company for a period of three years with effect from 1st August, 2006 upon the terms and subject to the conditions as set out hereunder, with further liberty to the Board of Directors of the Company to alter and vary the said terms and conditions, in such manner as may be agreed to between the Directors



DHANLAXMI COTEX LIMITED

and Shri Ramautar Jhavar but subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time."

Salary of Rs. 25,000/- per month

Perquisites:

Company's contribution to Provident Fund

Gratuity as per the Rules of the Company

Provision for use of company car for official duties and telephone at residence (including payment of local calls and long distance official calls)

"RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to the Managing Director shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification thereof and the same shall be treated as the Minimum Remuneration payable to the said Managing Director."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary resolution:

"RESOLVED THAT as per the recommendation of Remuneration Committee and pursuant to the provisions of Section 198, 269, 309 and 311 read with Schedule XIII to the Companies Act, 1956 and subject to such other approvals as may be necessary, Shri Mahesh Jhavar be and is hereby re-appointed as a Whole time Director of the Company for a period of three years with effect from 1st August, 2006 upon the terms and subject to the conditions as set out hereunder, with further liberty to the Board of Directors of the Company to alter and vary the said terms and conditions, in such manner as may be agreed to between the Directors and Shri Mahesh Jhavar but subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time."

Salary of Rs.25,000/- per month

Perquisites:

Company's contribution to Provident Fund

Gratuity as per the Rules of the Company

Provision for use of company car for official duties and telephone at residence (including payment of local calls and long distance official calls)

"RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to the Whole time Director shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification thereof and the same shall be treated as the Minimum Remuneration payable to the said Whole time Director."

On behalf of the Board
For Dhanlaxmi Cotex Limited

Place : Mumbai
Dated: 25th August 2006

Ramautar Jhavar
Chairman & Managing Director

Registered Office:
285, Princess Street, 2nd Floor,
Chaturbhuj Jivandas 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 Friday, 22nd September, 2006 to Friday, 29th September, 2006 (both days inclusive).
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Registered Office of the Company at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.
5. Members are requested to notify change of address, if any, to the Company's Registrar & Transfer Agent, Bigshare Services Private Limited, SEBI recognized Category I Registrars and Transfer Agent having its office at E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki naka, Andheri (East), Mumbai - 400 072.
6. Members are requested to bring their copy of Annual Report to the Meeting.
7. Members are requested to bring the Attendance Slip sent herewith duly filled for attending the Meeting.
8. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Item Nos. 4 to 7 is appended hereto.

BRIEF RESUME OF THE PERSONS PROPOSED TO BE APPOINTED / RE-APPOINTED AS DIRECTORS OF THE COMPANY AT THE ANNUAL GENERAL MEETING:

Particulars	Shri Ganesh Singh	Shri Navin Shyamsunder Vyas	Shri Vijaykumar Moyal
Age	33 years	31 years	33 years
Date of Appointment	22-03-2003	30-12-2005	30-12-2005
Qualifications	B. Com	B. Com	B. Com
Expertise in specific functional areas	Finance & Taxation	Accounts	Accounts
Directorship of other Companies	Nil	Nil	Nil
Chairman/Member of the Committees of the board of the Companies on which he is a Director	Nil	Nil	Nil
Shareholding of Non - Executive Directors in Dhanlaxmi Cotex Ltd.	Nil	Nil	Nil



DHANLAXMI COTEX LIMITED

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

Item Nos. 4 & 5:

Shri Navin Shyamsundar Vyas and Shri Vijaykumar Moyal were appointed as Additional Directors of the Company with effect from 30th December, 2005 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company. Pursuant to the provisions of the said section, the respective term of the office of the said Directors expires at the ensuing Annual General Meeting of the Company. The Company has received Notices under Section 257 of the Companies Act, 1956 along with the necessary deposit from shareholders proposing the respective candidature of the said Additional Directors for the office of Directors of the Company.

The Board recommends the appointment of Shri Navin Shyamsundar Vyas and Shri Vijaykumar Moyal as the Directors of the Company.

The resolutions vide Item Nos. 4 and 5 are therefore proposed for approval of the Members.

Shri Navin Shyamsundar Vyas and Shri Vijaykumar Moyal are concerned or interested in the respective resolutions at Item Nos. 4 and 5 of the Notice for their respective appointment as Director of the Company. No other Director is interested or concerned in the said resolutions.

Item No. 6:-

Shri Ramautar Jhavar is acting as a Director of the Company since its incorporation.

The Board of Directors of the Company at their meeting held on 9th August 2006, re-appointed Shri Ramautar Jhavar as a Managing Director of the Company for a period of three years with effect from 1st August 2006 on terms and conditions as stated in the resolution.

The appointment of Shri Ramautar Jhavar as the Managing Director of the Company would require the consent of the shareholders of the Company pursuant to Section 269, 309, 311 and other applicable provisions of the Companies Act, 1956 (hereinafter referred to as "the said Act") and subject to the limits laid down in Schedule XIII to the said Act.

The said resolution is therefore, recommended for your approval.

Shri Ramautar Jhavar is concerned or interested in the resolution given under Item No.6 of the Notice for his re-appointment as Managing Director. None of the Directors of the Company except Shri Mahesh Jhavar are interested or concerned in the said resolution.

Item No. 7:-

The Board of Directors of the Company at their meeting held on 9th August 2006, re-appointed Shri Mahesh Jhavar as the Whole time Director of the Company for a period of three years with effect from 1st August 2006 on terms and conditions as stated in the resolution.

The appointment of Shri Mahesh Jhavar as the Whole Time Director of the Company, would require the consent of the shareholders of the Company pursuant to Section 269, 309, 311 and other applicable provisions of the Companies Act, 1956 and subject to the limits laid down in Schedule XIII to the said act.

The said resolution is therefore, recommended for your approval.

Shri Mahesh Jhavar is concerned or interested in the resolution given under Item No.7 of the Notice for his re-appointment as Whole time Director. None of the Directors of the Company except Shri Ramautar Jhavar are interested or concerned in the said resolution.

On behalf of the Board
For Dhanlaxmi Cotex Limited

Place: Mumbai
Dated: 25th August 2006

Ramautar Jhavar
Chairman & Managing Director



DHANLAXMI COTEX LIMITED

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their Twentieth Annual Report on the business operations of the Company along with the Statement of Audited Accounts for the year ended 31st March 2006.

FINANCIAL RESULTS :

Particulars	(Rs. in Lacs)	
	Year Ended 31 st March 2006	Year Ended 31 st March 2005
Income from Operations	3563.85	2516.85
Profit/ (Loss) before Depreciation & Tax	705.35	13.63
Less: Depreciation	12.20	13.35
Profit/ (Loss) before Tax	693.15	00.28
Less: Provision for Tax	05.30	00.00
Less: Security Turnover Tax	03.88	01.63
Less: Fringe Benefit Tax	00.51	00.00
Add: Deferred Tax Assets Adjustments	02.37	01.31
Net Profit/(Loss) after Tax	685.82	(0.04)
Add: Balance brought forward from previous year	229.44	229.48
Balance carried to Balance Sheet	915.26	229.44

OPERATIONS :

During the year under review, your Company earned a total Income of Rs. 3563.85 Lacs comprising mainly of Sale of Shares, interest & Dividend and long term share investments profit. Against this, the total expenses amounted to Rs. 2858.50 Lacs. As a result of this the Company has earned Net Profit of Rs. 705.35 Lacs as against the profit of Rs. 13.63 Lacs for the previous year. After adjusting thereto the deferred tax assets of Rs. 2.37 Lacs and the balance forward from last year of Rs.229.44 Lacs, a balance of Rs. 915.26 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 do not recommend any Dividend for the Financial Year 2005-2006 with a view to conserve the resources for the future years.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Ganesh Singh, 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.



DHANLAXMI COTEX LIMITED

Shri Navin Shyamsundar Vyas and Shri Vijaykumar Moyal who were appointed as Additional Directors with effect from 30th December, 2005 pursuant to the provisions of Section 260 of the Companies Act, 1956, would vacate their respective offices on the date of the ensuing Annual General Meeting of the Company. The Company has received Notices under Section 257 of the said Act from shareholders proposing the respective candidature of the said Additional Directors for the office of Director of the Company.

During the year Smt. Radhika Sarda and Shri Rajkumar Pandey resigned as Directors of the Company w. e. f. 30th December, 2005. We place on record our deep appreciation of the services rendered by Smt. Radhika Sarda and Shri Rajkumar Pandey during their respective tenure on the Board.

A brief profile of Shri Ganesh Singh, Shri Navin Shyamsundar Vyas and Shri Vijaykumar Moyal as required by Clause 49(IV)(G) of the Listing Agreement with the Stock Exchange is given in the Notice of the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
- That the 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, 2006 and of the profit of the Company for that period;
- That 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.
- That the Annual Accounts for the year ended March 31, 2006 have been prepared on a going concern basis.

AUDITORS :

M/s. S. G. Kabra & Co., Chartered Accountants, Statutory Auditors of the Company retires at the ensuing Annual General Meeting and is 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 authorize 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.



DHANLAXMI COTEX LIMITED

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 there under.

CORPORATE GOVERNANCE :

A Report on Corporate Governance along with a certificate from M/s. Rathi & Associates, Company Secretaries in practice, regarding compliances of requirements of Corporate Governance is annexed herewith.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The report on Management Discussion and Analysis 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 there under.

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

There are no foreign exchange earnings and outgo during the year under review. Information 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 not applicable in view of the nature of operations of your Company.

ACKNOWLEDGEMENTS :

The Board would like to express their gratitude for the continued support which the Company has received from its Shareholders, Customers, Suppliers, Bankers, Statutory Authorities and all other business associates.

The Board wishes to place on record their sincere appreciation to all the Company's employees for their collective contribution to the Company's improved performance.

**On behalf of the Board
For Dhanlaxmi Cotex Limited**

Place: Mumbai
Dated: 25th August 2006

**Ramautar Jhawar
Chairman & Managing Director**