

DHANLAXMI COTEX LIMITED



**22nd Annual Report
2007-2008**



DHANLAXMI COTEX LIMITED

22ND ANNUAL REPORT

Board of Directors

Shri Ramautar Jhawar - Chairman & Managing Director
Shri Mahesh Jhawar
Shri Ganesh Singh
Shri Vijay Kumar Moyal
Shri Navin Vyas

Registered & Administrative Office

285, Princess Street, 2nd Floor,
Chaturbhuj Jeevandas 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.
State Bank of Travancore

Auditors

M/s. S.G.Kabra & Co.
Chartered Accountants
1st Floor, Wavell House,
1st Dhobi Talav 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.

Listed on Stock Exchange

Bombay Stock Exchange Limited



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DHANLAXMI COTEX LIMITED

NOTICE

NOTICE is hereby given that the 22nd 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 Monday, the 29th day of September 2008 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, 2008 and Profit and Loss Account for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Mahesh Jhawar, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint a 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.
4. 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.

Place: Mumbai
Date: 31st July, 2008

For and behalf of the Board
Ramautar S. Jhawar

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 Monday, 22nd September, 2008 to Monday, 29th September, 2008 (both days inclusive).
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries so as to reach 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 immediately any change in their address to their respective Depository Participant (DP) in respect of their electronic share accounts and to the Company's Registrar & Transfer Agent at Bigshare Services Private Limited at E-2/3, Ansa Industrial Estate, Saki-vihar Road, Saki Naka, Andheri (East), Mumbai – 400 072 in respect of their physical share folios.
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. The relevant details as required by Clause 49 of the Listing Agreement entered into with the Stock Exchange, of persons, seeking re-appointment as Directors under Item No. 2 & 3 above, are annexed.

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

Particulars	Shri Mahesh Jhavar	Shri Ganesh Singh
Age	47 years	35 years
Date of Appointment	19-01-1987	22-03-2003
Qualifications	B.Com	B.Com
Nature of Expertise & Experience	Textile	Finance & Taxation
Name of the other Companies in which also holds Directorship	<ol style="list-style-type: none"> 1. Dhanlaxmi Fabrics Limited 2. Sohanlal Export Fabrics Pvt. Ltd 3. Dhanlaxmi Export Fabrics Pvt. Ltd 4. V R M Share Broking Private Limited 5. Semai Investments Private Limited 6. Jhavar Trade & Investments Pvt. Ltd 7. Western Chlorides & Chemicals Pvt. Ltd 	Nil
Name of other Companies in Committees of which holds membership/chairmanship	Nil	Nil
Shareholding of Non-Executive Directors in Dhanlaxmi Cotex Ltd.	Nil	Nil



DHANLAXMI COTEX LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their Twenty-Second Annual Report on the business operations of the Company along with the Audited Statement of Accounts for the year ended 31st March 2008.

FINANCIAL RESULTS:

Particulars	(Rs. in Lacs)	
	Year Ended 31 st March 2008	Year Ended 31 st March 2007
Income from Operations	4453.16	3512.82
Profit/ (Loss) before Depreciation & Tax	152.26	66.28
Less: Depreciation	1.67	4.78
Profit/ (Loss) before Tax	150.59	61.50
Less: Provision for Tax	15.40	11.57
Less: Security Turnover Tax	7.91	4.76
Less: Fringe Benefit Tax	0.32	0.66
Less: Income Tax For Earlier Year	0.00	0.90
Add: Earlier Year Adjustment	8.59	0.00
Add: Deferred Tax Assets Adjustments	0.06	0.97
Net Profit/(Loss) after Tax	118.42	46.38
Add: Balance brought forward from previous year	961.65	915.26
Balance carried to Balance Sheet	1080.07	961.65

OPERATIONS:

During the year under review, your Company earned a total Income of Rs. 4453.16 Lacs comprising mainly of Sale of Shares, interest & Dividend and long term share investments profit. Against this, the total expenses amounted to Rs. 4302.57 Lacs. As a result of this the Company has earned Net Profit of Rs. 118.42 Lacs as against the profit of Rs. 46.38 Lacs for the previous year. After adjusting thereto the deferred tax assets of Rs. 0.06 Lacs and the balance forward from last year of Rs.961.65 Lacs, a balance of Rs. 1080.07 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:

With a view to conserve the resources for the future operations, your Directors have thought it prudent not to declare dividend for the year ended 31st March, 2008.



DHANLAXMI COTEX LIMITED

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Mahesh Jhavar and Shri Ganesh Singh, Directors are liable to retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting. A brief profile of the Directors proposed to be re-appointed is annexed to 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, 2008 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, 2008 have been prepared on a going concern basis.

AUDITORS:

M/s. S. G. Kabra & Co., Chartered Accountants, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The members are requested to appoint the Auditors for the current year and to authorize the Board to fix their remuneration.

AUDITORS' REPORT:

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

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.



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CORPORATE GOVERNANCE:

A Report on Corporate Governance as also a Management Discussion and Analysis Report along with a certificate from M/s. Rath & Associates, Company Secretaries in practice, regarding compliance of requirements of Corporate Governance pursuant to Clause 49 of the Listing Agreement with the Stock Exchange 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, whether employed for the whole year or part thereof, was in receipt of remuneration aggregating to or in excess of the limits specified under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, and hence, no particulars are required to be furnished in connection with the same.

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.

For and on behalf of the Board

Place: Mumbai
Dated: 31st July, 2008

Ramautar Jhwar
Chairman & Managing Director



DHANLAXMI COTEX LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

TEXTILE DIVISION

Company did not undertake any manufacturing activities relating to textiles. The Company had sold out the old plant and machinery in previous year.

INVESTMENT AND TRADING DIVISION (SECURITIES)

(a) Industry Structure & Development

The Indian Capital Markets continued their upsurge during past financial year. The continued confidence of the FII's in Indian Capital Markets as a high potential emerging markets and strong belief making our capital markets as one of the favourite investment destinations, provide further growth opportunities to domestic and international players in the capital markets.

The Company over the past couple of years has developed its Investment and Trading Division (Securities) as a strong, profit earning sibling to its Textile division. The Company continues its focus on this division to achieve consistent improvement in its performance.

(b) Opportunities & threats

The strong fundamentals and depth of our finance and capital markets have enabled introduction of many new products and growth opportunities to the players. The Company expects this trend to continue and is fully geared up to reap the optimum benefits from emerging growth opportunities.

However, convergence of the Indian Capital Markets with leading capital markets of other countries and impact of their prevailing trends, volatility in the crude prices, continued tensions between US and Iran and its possible fallouts, are a few dampners to Indian Capital Markets growth story.

Your Company will continue to predominantly focus on broking services to Institutions to withstand the cyclical sluggish market trends.

(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



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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 continues to have an impact on the Company's operational performance 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 transaction 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.