

DHANALAXMI ROTO SPINNERS LTD.

**FIFTEENTH
ANNUAL REPORT
2001 - 2002**

DHANALAXMI ROTO SPINNERS LTD.

BOARD OF DIRECTORS:

Sri Rajiv Kumar Maheshwari	Director
Sri Raj Kumar Inani	Whole Time Director
Sri K.N. Prasad	Director

AUDITORS:

G.D. Upadhyay & Co.
Chartered Accountants
15-1-53,
IInd Floor, Upstairs Andhra Bank,
Opp: Goshamahal High School,
Siddiamber Bazar,
HYDERABAD - 500 012.

REGISTERED OFFICE:

Sy.No.114 & 115,
Station Road,
Thimmapur - 509 325
Mahaboobnagar Dist. (A.P)

BANKERS :

CITI BANK
Begumpet Branch,
HYDERABAD.

THE A.P. MAHESH CO-OPERATIVE URBAN BANK LTD.,
Siddiamber Bazar Branch,
HYDERABAD - 500 012.

TAMILNAD MERCANTILE BANK LTD.,
Kishangunj Branch,
HYDERABAD - 500 012.

SHARE TRANSFER AGENTS:

DHANALAXMI ROTO SPINNERS LTD.,
Sy.No.114,115, Station Road,
Thimmapur - 509 325.

DEMAT REGISTRARS:

VENTURE CAPITAL &
CORPORATE INVESTMENTS
LIMITED
6-2-913/914, 3rd Floor,
Khairatabad,
HYDERABAD - 500 004.

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of **DHANALAXMI ROTO SPINNERS LIMITED** will be held on Monday, the 30th September, 2002, at 11.00 A.M. at the Registered Office of the Company at Sy.No.114 & 115, Thimmapur - 509 325, Mahaboobnagar District (A.P) to transact the following Business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March,2002, Profit & Loss Account for the year ended on that date, statements and schedules annexed or attached thereto, together with the report of the Board of Directors and Auditor's thereof.
2. To Appoint a Director in place of Sri Rajiv Kumar Maheshwari who retires by rotation and being eligible, offers himself for reappointment.
3. To Appoint M/s. G.D. Upadhyay and Company, Chartered Accountants, Hyderabad, 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 to fix their remuneration.

SPECIAL BUSINESS :

4. To pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 Sri Shyam Sunder Jakhota be and is hereby appointed as Director of the Company liable to retire by rotation.

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269 and to other applicable provisions, if any, of the Companies Act 1956, the company hereby approves the terms of appointment of and the remuneration payable to Sri Raj Kumar Inani as a Whole Time Director of the Company for a period of five years with effect from 27-8-2002 as set out in the Explanatory Statement annexed to the notice, with liberty to the Board of Directors to alter and vary such terms and conditions including remuneration so as not to exceed the limits specified in Part II of Schedule XIII to the Companies Act, 1956 or any amendments there to as may be agreed to by the Board of Directors and Sri Raj Kumar Inani, provided that the Salary of Sri Raj Kumar Inani be reduced by 10% in the event of Loss or inadequacy of Profits in any Financial year of the Company during the aforesaid period.

By Order of the Board
For **DHANALAXMI ROTO SPINNERS LTD.**

PLACE : THIMMAPUR
DATE : 27.8.2002

RAJ KUMAR INANI
Whole Time Director

DHANALAXMI ROTO SPINNERS LTD.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be received by the company at its Registered Office not less than 48 hours before the commencement of the meeting.
3. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
4. Explanatory statement pursuant to sec.173(2) of the Companies Act, 1956 is Annexed.
5. The Register of Members and Share Transfer Books will remain closed from 25th September, 2002 to 30th September, 2002 (both days inclusive).
6. Members holding shares in Demat are requested to intimate their respective Depository Holders relating to their change of addresses.
7. Members who hold their shares in dematerialised form are requested to bring their client ID and DP numbers for easy identification of attendance at the meeting.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO. 4

The Board is of the view that to implement the corporate governance as per the clause 49 of the listing agreement the existing board has to be expanded and one independent director has to be inducted and one of the Members proposed the appointment of Sri Shyam Sunder Jakhota and the Board of Directors recommend the acceptance of the same.

Brief Resume of proposed director:

Sri Shyam Sunder Jakhota is a Commerce Graduate. Young & enthusiastic having vast experience in the commercial business line.

None of the directors are deemed to be concerned or interested in the above resolution.

ITEM NO. 5

The Board or Directors of the Company (The Board) at its meeting held on 27-08-2002 required the approval of members for the above appointment as per the provisions of the Companies Act, 1956. The Board recommends the resolution for the approval of the members.

The terms and conditions governing the appointment of Sri Raj Kumar Inani including the remuneration payable to him as Whole Time Director of the Company are as follows, such remuneration being in accordance with Schedule XIII of the Companies Act, 1956.

I. SALARY :

(i) Salary at the rate of Rs. 9000/- per month.

II. PERQUISITES :

In addition to the salary and commission as stated above, Sri Raj Kumar Inani, shall be entitled to the following perquisites, the monetary value of the perquisites under part A being restricted to an amount equal to Rs. 1,10,000/- per annum or an amount equal to the Annual Salary which ever is less.

PART A:

Housing - Provision by the Company of furnished residential accommodation with all facilities and amenities including such services as gas, electricity, water, etc. provided that:

- a) the Company shall deduct 10% of the Salary of Sri Raj Kumar Inani for providing such accommodation.
- b) the expenditure by the Company on hiring unfurnished accommodation for Sri Raj Kuamar Inani will be subject to the following ceiling 50% of the salary, over and above 10% payable by Sri Raj Kumar Inani.
- c) If any time, the Company does not have to hire any accommodation for him, Sri Raj Kumar Inani, shall be entitled to House Rent Allowance at the rate of 50% of his salary.
- d) The expenditure incurred by the company on gas, electrcity, water and furnshings will be valued as per the Income Tax rules, 1992. This will however be subject to a ceiling of 10% of Sri Raj Kumar Inani.
2. **MEDICAL REIMBURSEMENT** Expenses incurred for Sri Raj Kumar Inani and his family subject to a ceiling of one month's salary per year or three months salary in a period of three years.
3. **LEAVE** With full pay and allowance and the right to accumulate in accordance with the Rules of the Company.
4. **LEAVL TRAVEL CONCESSION:** For self and family once in a year incurred in accordance with the rules of the Company.
5. **CLLUB FEES:** Fees of Clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
6. **PERSONAL ACCIDENT INSURANCE:** Premium not to exceed Rs.1,000/- per annum.

Part B:

i) Contributions by the Company to Provident Fund and Pension Fund Sri Raj Kumar Inani benefit of an amount not exceeding the aggregate 25% of his remuneration set out at (i) above, provided these are either singly or put together not taxable under the Income Tax Act, 1961.

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ii) Payment of gratuity to Sri Raj Kumar Inani on his retirement or in the event of his earlier death to his estate for each completed year of service with the Company, if an amount equal to half of his monthly salary immediately prior to retirement or death subject to a ceiling of Rs. 1,00,000/-

PART C:

The Company shall provide a car driver and a telephone at the residence of Sri Raj Kumar Inani provisions of car for use on the Company's business and telephone at residence will not be considered as perquisites. Personal long distance call on telephone and use of car for private purposes shall be billed by the Company to Sri Raj Kumar Inani.

Sri Raj Kumar Inani shall not be paid any sitting fees for attending meeting of the Board of Committee thereof. In the event of loss or inadequacy of Profits in any Financial Year of the Company during the terms of his appointment the salary of Sri Raj Kumar Inani shall be reduced by 10%.

Subject to the superintendence control and direction of the Board of Sri Raj Kumar Inani shall perform such duties and exercise such powers as may from time to time be lawfully entrusted to and conferred upon him by the Board.

Sri Raj Kumar Inani has been instrumental in setting up the project. He has been with the Company since inception. He has done his Diploma Course in Textile Business.

The Ordinary Resolution set out at item of the convening Notice is intended to obtain the sanction of the company to the appointment of and the remuneration payable to Sri Raj Kumar Inani as a Whole Time Director of the Company as stated above and the Board recommends the acceptance thereof.

No Director other than Sri Raj Kumar Inani is concerned or interested in the Ordinary Resolution set out.

By Order of the Board

For DHANALAXMI ROTO SPINNERS LTD.

PLACE : THIMMAPUR

RAJ KUMAR INANI

DATE : 27.8.2002.

WHOLE TIME DIRECTOR

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Fifteenth Annual Report together with Audited statement of Accounts of the Company for the year ended 31st March, 2002.

Rs. in Lacs

FINANCIAL RESULTS	2001-2002	2000-2001
Sales & Other Income	283.04	30.65
Income before Interest & Depreciation	65.49	5.69
Depreciation	4.12	4.15
Financial Expenses	4.06	3.64
Profit/(Loss) before Tax	57.31	(2.10)
Prior year adjustment	0.21	4.77
Tax	(28.20)	80.29
Profit/(Loss) after Tax	28.90	82.26
Profit/(Loss) of Previous Year	(188.80)	(271.76)
Balance c/f to Balance Sheet	(159.90)	(188.80)

REVIEW OPERATIONS

During the year under review, your Company has made a gross income of Rs.283.04 lakhs in Trading Activity. Net profit earned during the year under review amounted to Rs.57.31 lakhs as against Rs. 2.10 Lacs loss in the previous year.

DIVIDEND :

In view of carry forward losses, Directors do not recommend dividend for the year 2001-02.

DIRECTORS :

Sri Rajiv Kumar Maheshwari retires by rotation at the ensuing General Meeting. Being eligible for the re-appointment, offered himself for the re-appointment.

The Board is of the view of that to implement the corporate governance as per the clause 49 of the Listing Agreement, the existing board has to be expanded and some independent Director has to be inducted and one of the Members proposed the appointment of **Sri Shyam Sunder Jakhota** and the Board of Directors recommend the acceptance of the same.

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FIXED DEPOSITS:

During the year under review, your company has not accepted any Fixed Deposits from the public pursuant to Section 58A of the Companies Act, 1956.

LISTING:

Your Company's shares are presently listed on the Hyderabad and Mumbai Stock Exchanges. Trading at Bombay Stock Exchange has again started from 1-7-2002 after complying all the formalities with the Bombay Stock Exchange.

DIRECTOR'S RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors state.

1. that in the preparation of the Annual Accounts, the applicable accounting standards have been followed.
2. that your Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit & Loss of the company for that period.
3. that your Directors have been proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
4. that your Directors have prepared Annual Accounts on a going concern concept.

