

## **DHANALAXMI ROTO SPINNERS LIMITED**

### **BOARD OF DIRECTORS :**

<b>Sri Rajkumar Inani</b>	<b>Whole Time Director</b>
<b>Sri Rajiv Kumar Maheshwari</b>	<b>Director</b>
<b>Sri K.N. Prasad</b>	<b>Director</b>
<b>Sri Shyam Sunder Jakhotia</b>	<b>Director</b>

### **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)  
E-mail: dhanlaxmiroto@eth.net

### **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 / DEMAT REGISTRARS:**

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

## DHANALAXMI ROTO SPINNERS LIMITED

### NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of DHANALAXMI ROTO SPINNERS LIMITED will be held on Tuesday, the 30th September 2003, at 9.00 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 Audited Balance Sheet as at 31st March, 2003 and Profit and 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 K.N. Prasad, who retires by rotation and being eligible, offers himself for reappointment.
3. To Appoint M/s. G.D. Upadhyay and Company, Chartered Accountants, Hyderabad, the retiring 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 Narayan Inani 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(s) the following Resolution as a Special Resolution.  
"RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") and subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force), the Securities Contracts (Regulation) Act, 1956 and Rules framed thereunder, Listing Agreements and all other applicable rules, regulations and guidelines and subject to the approval(s), consent(s) permission(s) or sanction(s) of the Securities and Exchange Board of India, Stock Exchanges where the shares of the Company are listed and other appropriate authorities, institutions or regulations as may be prescribed or imposed by any authority while granting such approval(s), permission(s) and sanction(s) which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof constituted by the Board) the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from "The Hyderabad Stock Exchange Limited" where the equity shares of the Company are listed

BY ORDER OF THE BOARD  
For DHANALAXMI ROTO SPINNERS LIMITED

PLACE: THIMMAPUR  
DATE : 23-8-2003

RAJKUMAR INANI  
Whole Time Director

## **DHANALAXMI ROTO SPINNERS LIMITED**

### **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. The Register of members and Share Transfer Books will remain closed from 28th September, 2003 to 30th September 2003 (both days inclusive).
5. Members holding shares in Demat are requested to intimate their respective Depository Holders relating to their change of addresses.
6. 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.
7. Explanatory statement pursuant to sec.173(2) of the Companies Act,1956 is Annexed.

### **EXPLANATORY STATEMENT**

#### **(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)**

#### **ITEM NO. 4**

The Company has received a notice from one of the members proposing Sri Narayan Inani as a Director of the Company, alongwith a required deposit and as the members approval is required and the above resolution is recommended for the approval of the members.

Sri Narayan Inani is a Commerce Graduate and having vast experience in trading line of Paper & Pulp products.

None of the directors are deemed to be concerned or interested in the above resolution except Sri Rajkumar Inani, Whole Time Director.

#### **ITEM NO. 5**

The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India(Delisting of Securities) Guidelines, 2003, (hereinafter referred to as the "Delisting Guidelines") incorporating among others, provisions for delisting of securities of a Listed Company voluntarily by a promoter or an acquirer or any other person from the Stock Exchanges.

Presently the Company's Equity Shares are listed on the following Stock Exchanges:

## **DHANALAXMI ROTO SPINNERS LIMITED**

### **1. The Hyderabad Stock Exchange Limited, Hyderabad**

### **2. The Stock Exchange, Mumbai**

With the extensive networking of the Stock Exchange Mumbai (BSE) and the extension of the BSE terminals to other cities as well, investors have access to online dealings in the Company's equity shares across the country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE and the depth and liquidity of trading in the Company's equity shares on The Hyderabad Stock Exchange Limited, is low and insignificant.

The Securities and Exchange Board of India (SEBI) has specified for settlement of the company's equity shares only in dematerialised form by all investors. It is also observed that the listing fee paid to the Stock Exchanges is disproportionately high compared to the extremely low trading volumes of the Company's Securities on those exchanges.

The Company has proposed this resolution, which will enable it to delist its equity shares at any time in future from "The Hyderabad Stock Exchange Limited, Hyderabad".

The Company's equity shares will continue to be listed on The Stock Exchange, Mumbai after the proposed delisting.

Your Directors recommend the Resolution for approval.

None of the Directors of the Company is, in any way concerned or interested in this resolution.

### **Inspection of Documents :**

The documents pertaining to Special Business are available for inspection by the members on any working day between 2 PM to 4 PM at the Registered Office of the Company till the date of this meeting.

BY ORDER OF THE BOARD  
For **DHANALAXMI ROTO SPINNERS LIMITED**

PLACE: THIMMAPUR  
DATE : 23-8-2003

**RAJKUMAR INANI**  
Whole Time Director

**DHANALAXMI ROTO SPINNERS LIMITED****DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Sixteenth Annual Report together with Audited statement of Accounts of the Company for the year ended 31st March, 2003.

**FINANCIAL RESULTS**

	(Rs. in Lacs)	
	2002-03	2001-02
Sales & Other Income	<b>615.64</b>	283.04
Income before Interest & Depreciation	<b>86.19</b>	65.49
Depreciation	<b>4.13</b>	4.12
Financial Expenses	<b>1.64</b>	4.06
Profit/(Loss) before Tax	<b>80.42</b>	57.31
Prior year adjustment	<b>0.05</b>	(0.21)
Deferred Tax	<b>(30.97)</b>	(28.20)
Profit/(Loss) after Tax	<b>49.50</b>	28.90
Profit/(Loss) of Previous Year	<b>(159.90)</b>	(188.80)
Balance carried to Balance Sheet	<b>(110.40)</b>	(159.90)

**REVIEW OF OPERATIONS**

During the year under review, your company has made a Gross Income of Rs.615.64 Lacs in Trading Activity. Net profit earned during the year under review amounted to Rs.80.42 Lacs, as against Rs. 57.31 Lacs in the previous year.

**DIVIDEND :**

In view of carry forward losses, Directors do not recommend dividend for the year 2002-2003.

**DIRECTORS**

Sri K.N. Prasad , Director of Company retires by rotation at the ensuing Annual General Meeting. Being eligible for re-appointment, offered himself for the re-appointment.

Sri K.N. Prasad is a Commerce Graduate from Andhra University, having vast experience in Accounts, Administration and Liasion work.

**FIXED DEPOSITS**

Your Company has not accepted any deposits from the public pursuant to Section 58A of the Companies Act, 1956.

## DHANALAXMI ROTO SPINNERS LIMITED

### AUDITORS

M/s. G.D. Upadhyay & Company, Chartered Accountants, the auditors of your company retire at the conclusion of the forthcoming Annual General Meeting and are eligible for the reappointment. The Company has received a Certificate from the said Auditors to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

### PERSONNEL

No Employee of your company is in receipt of remuneration of Rs. 24 Lacs per Annum and above and no employee in receipt of remuneration of Rs. 200000/- PM for any part of the Financial Year whose particulars are required to be disclosed pursuant to section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees), Rules 1975 as amended.

### LISTING

Your Company's shares are presently listed on the Hyderabad and Mumbai Stock Exchanges. Your Company is regular in payment of listing fees to The Stock Exchange, Mumbai. Listing fee of The Hyderabad Stock Exchange Limited is paid upto 2001-2002 and the Company proposes one time settlement for the same and get delisted from the The Hyderabad Stock Exchange Limited.

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

Wherever possible energy conservation measures have already been implemented and there are no major areas, where further energy conservation measures can be taken. However, efforts to conserve and optimise the use of energy through improved operational methods and other means will continue.

	2002-03	2001-02
<b>FOREIGN EXCHANGE OUT GO</b>	<b>Rs.1655970</b>	<b>Rs.4930594</b>

### CORPORATE GOVERNANCE

The Corporate Governance requirements prescribed under the listing agreements between the Company and the Stock Exchanges would required to be mandatorily complied by your Company not later than 31st March,2003. Your Company has already complied with the same.

## **DHANALAXMI ROTO SPINNERS LIMITED**

### **DIRECTOR'S RESPONSIBILITY STATEMENT:**

As required under section 217(2AA) of the Companies Act, 1956, the Directors state and confirm :

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures, if any there from :
2. 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 at the end of the financial year ended 31st March, 2003 and of the Profit & Loss of the Company for that period;
3. That the Directors had 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; and
4. That the Directors had prepared the annual accounts on a going concern basis.

### **ACKNOWLEDGEMENT**

Your Directors would like to place on record their deep appreciation and gratitude to the Company's Members & Directors for their support and confidence.

Your Directors wish to thank and deeply acknowledge the co-operation and assistance extended by the Bankers, Financial Institutions, Government Authorities and other business associates during the year.

For and on behalf of the Board

PLACE: THIMMAPUR  
DATE : 23-8-2003

**RAJKUMAR INANI**  
Whole Time Director

**(K.N. PRASAD)**  
Director

## DHANALAXMI ROTO SPINNERS LIMITED

### MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT :

**a) Industry Structure and developments :**

Your company was running Open End Spinning Unit however, due to recession in cotton spinning company closed down the plant and started Trading Activity mainly in Textiles, Paper and Wood Pulp. Company has established itself in Paper and Wood Pulp market.

**b) Opportunities and Threats :**

Wood Pulp market has very few traders giving the Company an opportunity to establish itself. However, the market fluctuates according to international rates which could effect margins and being a trader Company is very much dependent on buyer and seller for its growth.

- c) Year under review company has improved its presence in Wood Pulp market with improvement in Industrial activity and going by the current trend, Company is hopeful of improving its performance.**

**d) Risk and Concerns :**

Wood Pulp rates fluctuates according to international market and being a trader Company is dependent on its buyer and suppliers. The Company is exposed to stiff competition in its operation.

**e) Internal Control system and their adequacy :**

The Company has a proper and adequate system of internal control proportionate to its size and volume of business. The internal control system of the Company is designed to ensure that the financial and other records are reliable for preparing financial statements and other data for maintaining accountability of assets.

**f) Discussion on Financial Performance with respect to Operational Performance:**

The Financial Statements are prepared under the historical cost convention in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956. All Income and Expenditure having a material bearing on the Financial Statements are recognised on accrual basis. The Management has taken utmost care for the integrity and the objectivity of these Financial Statements, as well as for various estimates and judgements used therein.

**g) Material developments in Human Resources/Industrial Relations front, including number of people involved :**

The Company continues to maintain excellent relationship with its buyers and sellers. Relationship with the staff is quite cordial and supportive for continuous human resource development. During the year under review Company performance has improved due to efforts put in by the existing and additional staff recruited.



## DHANALAXMI ROTO SPINNERS LIMITED

### REPORT ON CORPORATE GOVERNANCE

#### 1) Company's Philosophy :

The Corporate Governance Code is professional system framed for ensuring compliance of statutes. It is a system framed to safeguard in the long term the interest of its members, creditors, customers and employees. The Corporate Governance Code has been made applicable to the Company since this year and the company has been taking all steps to ensure high ethical standards in the business activity, while implementing the Corporate Governance Code. The Management places on records in the business activity, while implementing the Corporate Governance Code. The Management places on record that the mandatory compliances are complied with and the various Committees are constituted in accordance with the provisions as suggested in Clause 49 of the Listing Agreement with the Stock Exchanges.

#### 2) Board of Directors:

During the year under review 6 Board Meetings were held on 30th April, 2002, 30th July, 2002, 27th August, 2002, 30th Sept., 2002, 31st October, 2002, and 31st January, 2003. The composition of the Board, attendance at Board Meetings held during the financial year under review and the last Annual General Meeting (AGM), number of Directorships and memberships/chairmanships in public companies (including the company) are given below :

Name of the Director	Category	Financial Year 2002 - 03		As on date Committee	
		Attendance at BM	Last AGM	Position	Chairman
<b>Rajkumar Inani</b>	Executive Director	6	Yes	1	-
<b>Rajiv Kumar Maheshwari</b>	Non-Executive Director	4	No	2	-
<b>K.N. Prasad</b>	Non-Executive Independent Director	6	Yes	-	-
<b>Shyam Sunder Jakhota</b>	Non-Executive Independent Director	6	Yes	-	-

As seen from the above, the Non-Executive Directors constitute more than half of the total number of Directors. The Company has no Chairman and 1/3<sup>rd</sup> of the total strength of the Board comprises of Independent Directors. The day to day operations of the Company are being overseen by Sri Rajkumar Inani, Whole Time Director of the Company.

Sri K.N. Prasad is liable to retire by rotation and being eligible, offer himself for re-appointment, information as required under Clause 49 (VI) of the Listing Agreement is mentioned in the Directors Report.

**DHANALAXMI ROTO SPINNERS LIMITED****3. Audit Committee:**

The Audit Committee of the Company consist of three Non-Executive and Independent Directors namely Sri K.N. Prasad, Sri Rajivkumar Maheshwari, and Sri Shyam Sunder Jakhotia. Sri K.N. Prasad is the Chairman of the Committee. The scope of the committee includes:

- a) Overseeing the Company's financial reporting process and disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending the appointment, re-appointment & removal of Statutory Auditors and fixation of the audit fee and approving payments for any other service.
- c) Reviewing with management the periodic financial statements before submission to the board, focussing primarily on:
  - Any changes in accounting policies and practices
  - Significant adjustments arising out of audit
  - Compliance with Accounting standards
  - Compliance with Stock Exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e transactions of the Company of material nature, with promoters, or the management, their subsidiaries, or relatives etc. that may have a potential conflict with the interest of the Company at large.
- d) Reviewing with the management, statutory and internal auditors, and the adequacy of internal control system and recommending improvements to the management.

During the period under review two Audit Committee meetings were held on 27th August, 2002 and 31st January, 2003. All the members of the Audit Committee were present at all the meetings. In these meetings, inter alia, the committee considered the audit reports covering operational, financial and other business risk related areas. The Audit Committee meetings were held at the registered office of the Company.