

DHANALAXMI ROTO SPINNERS LIMITED

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17th

ANNUAL REPORT
2003-2004

DHANALAXMI ROTO SPINNERS LIMITED

BOARD OF DIRECTORS:

Sri Rajkumar Inani	Whole Time Director
Sri Narayan Inani	Director
Sri Rajiv Kumar Maheshwari	Director
Sri K.N. Prasad	Director
Sri Shyam Sunder Jakholia	Director

AUDITORS:

G.D. Upadhyay & Co.

Chartered Accountants

15-1-53, IInd Floor Upstairs Andhra Bank,
Opp: Goshamahai High School,
Siddiamber Bazar,
HYDERABAD - 500 012.

REGISTERED OFFICE:

Sy.No.114 & 115,
Station Road,
Thimmapur - 509 325
Mahaboobnagar Dist.(A.P)
E-mail: ghanlaxmiroto@eth.net

BANKERS:

TAMILNAD MERCANTILE BANK LIMITED,

Kishangunj Branch, HYDERABAD-500 012

CITI BANK, Begumpet Branch, HYDERABAD.

THE A.P. MAHESH CO-OPERATIVE URBAN BANK LTD.,

Siddiamber Bazar 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 Seventeenth Annual General Meeting of the Members of **DHANALAXMI ROTO SPINNERS LIMITED** will be held on Thursday, the 30th September 2004, 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, 2004 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 Auditors' thereof
2. To Appoint a Director in place of Sri Shyam Sunder Jakhotia, 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 consider and if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT subject to the provisions of Section 198, 269 & 309 and other applicable provisions of the Companies Act, 1956 (the "Act"), consent of the members be and is hereby accorded to the appointment of Shri Narayan Inani as Executive Director of the Company for the period of 5 years commencing from 30th September, 2004 and to the payment of remuneration and perquisite mentioned below, 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 of the Act or any amendments there to as may be agreed to by the Board and Shri Narayan Inani, provided that the salary of Shri Narayan 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:

Salary Rs. 12, 000/- p.m.

DHANALAXMI ROTO SPINNERS LIMITED

PERQUISITES:

- a) Rent free furnished accommodation alongwith benefits of gas, fuel, water, electricity and telephone/fax as also upkeep and maintenance of the Company's furnished accommodation, the value of such accommodation and its upkeep and maintenance being equivalent in accordance with the provisions of Income Tax Rules, 1962. Personal long distance calls will be billed to Shri Narayan Inani.
- b) Medical Reimbursement : Reimbursement of medical expenses incurred for himself and his family subject to the ceiling limit of one month's salary per year or three months salary in a period of three years
- c) Leave: With full pay and allowance and the right to accumulate in accordance with the rules of the Company.
- d) Leave Travel Concession: For self and family once in a year incurred in accordance with the rules of the Company
- e) Personal Accident Insurance: Premium not to exceed Rs.1,000/- p.a.
- f) Shri Narayan Inani will not be entitled to sitting fees for meetings of the Board/ Committee of the Board attended by him.
- g) Contribution by the Company to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961."

BY ORDER OF THE BOARD
for DHANALAXMI ROTO SPINNERS LIMITED

RAJKUMAR INANI
Whole Time Director

PLACE : THIMMAPUR
DATE : 24-8-2004

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 24th September, 2004 to 30th September 2004 (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:

Shri Narayan Inani is a Commerce Graduate. Sri Narayan Inani has been on the Board of the Company since last Annual General Meeting and has contributed significantly to the growth of the Company. The Board strongly feels that if Shri Narayan Inani be appointed as Executive Director of the Company, the Company shall benefit at large as his full time be devoted to the working of the Company.

The salary and perquisites payable to Shri Narayan Inani, is outlined in the Resolution before the members.

The remuneration payable to Shri Narayan Inani is within the permissible limits specified by the Companies Act, 1956 and is commensurate with his responsibilities.

The Board recommends the Resolution for members' favourable consideration.

Except Shri Narayan Inani and Shri Rajkumar Inani, no other Director of the Company is interested in the said Resolution.

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

**PLACE: THIMMAPUR
DATE : 24-8-2004**

**RAJKUMAR INANI
Whole Time Director**

DHANALAXMI ROTO SPINNERS LIMITED**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Seventeenth Annual Report together with Audited statement of Accounts of the Company for the year ended 31st March, 2004.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	2003-04	2002-03
Sales & Other Income	462.14	615.64
Income before Interest & Depreciation	51.84	86.19
Depreciation	4.13	4.13
Financial Expenses	0.59	1.64
Profit/(Loss) before Taxation & extra ordinary items	47.12	80.42
Prior year adjustments	0.58	(0.05)
Provision for Taxation:		
a) Current Tax	2.79	-
b) Deferred Tax	(10.98)	(30.97)
Profit/(Loss) after Tax	32.77	49.50
Profit/(Loss) of Previous Year	(110.40)	(159.90)
Balance c/f to Balance Sheet	(77.63)	(110.40)

REVIEW OF OPERATIONS

During the year under review, your company has made a Gross Income of Rs.462.14 Lakhs in Trading Activity. Net profit earned during the year under review amounted to Rs.47.12 Lacs, as against Rs. 80.42 Lacs in the previous year. Due to tough competition & unfavourable Government policies the company could not reach its targets resulting in fall in the profit levels. The company is applying for CC & FLC Limits from its Banker, M/s. Tamilnad Mercantile Bank Limited, which would be utilised to expand the Imports and trading activity to increase the profitability of the company.

DHANALAXMI ROTO SPINNERS LIMITED

DIVIDEND:

In view of carry forward losses, Directors do not recommend dividend for the year 2003-2004.

DIRECTORS

Sri Shyam Sunder Jakhotia, Director of your Company retires by rotation at the ensuing Annual General Meeting. Being eligible for re-appointment, offers himself for the re-appointment.

Sri Shyam Sunder Jakhotia is a Commerce Graduate. He is young, enthusiastic and having vast experience in the Commercial Business Line of Activity.

FIXED DEPOSITS

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

AUDITORS

M/s. G.D. Upadhyay & Company, Chartered Accountants, the auditors of your company retire at the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for 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. The Board recommends their appointment.

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/- p.m. 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 Stock Exchange Ltd, & The Stock Exchange Mumbai. Your Company is regular in payment of listing fees to The Stock Exchange, Mumbai. Listing fee of The Stock Exchange Ltd, Hyderabad 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.

DHANALAXMI ROTO SPINNERS 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.

	2003-04	2002-03
FOREIGN EXCHANGE OUT GO	Rs.6210359	Rs.1655970

CORPORATE GOVERNANCE

Pursuant to the provisions of the Listing Agreement, a Management Discussion and Analysis Report and a report on Corporate Governance together with the Auditors' Certificate on the compliance of the conditions of Corporate Governance are furnished as Annexures forming part of this Directors Report.

DIRECTORS' 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;
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, 2004 and of the Profit & Loss of the Company for that period;

DHANALAXMI ROTO SPINNERS LIMITED

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

The Directors place on record their appreciation of the continued encouraging performance by the employees and the support received at all times from the Share Holders.

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

(RAJKUMAR INANI)

(K.N. PRASAD)

DATE : 24-8-2004

WHOLE TIME DIRECTOR

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 faced tough competition. However, efforts are made to improve 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 of Financial Performance with respect to Operational Performance:

The Financial Statements are prepared under the historical cost convention in accordance with Indian 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.