

DHANALAXMI ROTO SPINNERS LIMITED

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ANNUAL REPORT
2004 - 2005

DHANALAXMI ROTO SPINNERS LIMITED

BOARD OF DIRECTORS :

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

AUDITORS :

G.D. Upadhyay & Co.
Chartered Accountants
 15-1-53,
 2nd 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 :

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

CITI BANK, Begumpet Branch, HYDERABAD.

SHARETRANSFER 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 Eighteenth Annual General Meeting of the Members of **DHANALAXMI ROTO SPINNERS LIMITED** will be held on Friday, the 30th September 2005, at 9.00 A.M. at the Registered Office of the Company at Sy.No.114 & 115, Thimmapur-509325, 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, 2005 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 K.N. Prasad, who retires by rotation and being eligible, offers himself for reappointment.
3. To Appoint M/s. G.D. Upadhyay & 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 authorize the Board to fix their remuneration.

SPECIAL BUSINESS :

4. To increase the remuneration payable to Sri. Raj Kumar Inani, Whole Time Director of the Company :

To consider and if thought fit, to pass with (or) without modification(s), the following resolution as a Special Resolution:

DHANALAXMI ROTO SPINNERS LIMITED

"RESOLVED THAT as per the recommendations of the remuneration committee and pursuant to the provisions of Section 309 and Schedule XIII and other Sections of the Companies Act, 1956, the remuneration of Sri. Raj Kumar Inani, Whole Time Director of the Company be increased from existing Rs.15,150/- to a consolidated pay of Rs.21,000/- per month, with effect from 1st September, 2005."

5. To increase the remuneration payable to Sri. Narayan Inani, Executive Director of the Company :

To consider and if thought fit, to pass with (or) without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT as per the recommendations of the remuneration committee and pursuant to the provisions of Section 309 and Schedule XIII and other Sections of the Companies Act, 1956, the remuneration of Sri. Narayan Inani, Executive Director of the Company be increased from existing Rs.20,200/- to a consolidated pay of Rs.24,000/- per month, with effect from 1st September, 2005."

By order of the Board
For **DHANALAXMI ROTO SPINNERS LIMITED**

Plac : Thimmapur
Date : 23-08-2005

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 Explanatory Statement setting out the material facts concerning Special Business in respect of item No.4 & 5 is annexed hereto, pursuant to section 173(2) of the Companies Act, 1956.
5. The Register of Members and Share Transfer Books will remain closed from 24th September, 2005 to 30th September, 2005 (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 dematerialized form are requested to bring their client ID and DP numbers for easy identification of attendance at the meeting.

DHANALAXMI ROTO SPINNERS LIMITED**EXPLANATORY STATEMENT**

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

Item No. 4 & 5 :

Due to the increase in the activities and operations of the Company, the work load of Sri Rajkumar Inani, Whole Time Director was increased enormously. The Board of Directors of the Company is of the view that it is advisable to increase the remuneration payable to Sri Raj Kumar Inani, Whole Time Director. Accordingly the Remuneration Committee in its Meeting, held for fixing the remuneration, on 23rd August 2005, fixed a consolidated remuneration of Rs. 21,000/- per month subject to the approval of the members.

Due to the increase in the activities and operations of the Company, the workload of Sri Narayan Inani, Executive Director was increased enormously. The Board of Directors of the Company is of the view that it is advisable to increase the remuneration payable to Sri Narayan Inani, Executive Director. Accordingly the Remuneration Committee in its Meeting, held for fixing the remuneration, on 23rd August 2005, fixed a consolidated remuneration of Rs. 24,000/- per month subject to the approval of the members.

Hence the above resolutions are recommended for the approval of the Members.

None of the Directors of the Company is concerned or interested in the above resolutions except Sri Raj Kumar Inani and Sri Narayan Inani.

By order of the Board
For **DHANALAXMI ROTO SPINNERS LIMITED**

Plac : Thimmapur
Date : 23-08-2005

RAJKUMAR INANI
Whole Time Director

DHANALAXMI ROTO SPINNERS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Eighteenth Annual Report together with Audited statement of Accounts of the Company for the year ended 31st March, 2005.

FINANCIAL RESULTS

(Rupees In Lacs)		
	Year Ended 31-3-2005	Year Ended 31-3-2004
Sales and Other Income	779.14	462.14
Income before Interest and Depreciation	60.73	51.84
Depreciation	4.37	4.13
Financial Expenses	1.46	0.59
Profit/(Loss) before Taxation & Exceptional Items.	54.89	47.12
Exceptional Items	0.31	(0.58)
Profit before tax	54.58	46.54
Provision for Taxation:		
a) Current Tax	(4.28)	(2.79)
b) Deferred Tax	(6.56)	(10.98)
Profit/(Loss) after Tax	43.74	32.77

REVIEW OF OPERATIONS

During the year under review, your company has made a Gross Income of Rs.779.14 Lakhs in Trading Activity when compared to Rs. 462.14 Lacs in the earlier year. Net profit earned during the year under review amounted to Rs.54.89 Lacs, as against Rs.47.12 Lacs in the previous year. The Company expects good performance in the future years.

DIVIDEND :

In view of carry forward losses, Directors do not recommend dividend for the year 2004-2005.

DHANALAXMI ROTO SPINNERS LIMITED**DIRECTORS**

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

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 is 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 Hyderabad Stock Exchange Ltd., is paid upto 2001-2002 and the Company proposes one time settlement for the same and get delisted from The Hyderabad Stock Exchange Ltd.,

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 optimize the use of energy through improved operational methods and other means will continue.

DETAILS OF FOREIGN EXCHANGE IN FLOW/OUT FLOW

	Current Year 2004 - 05	Previous Year 2003 - 04
Earnings	- Nil	- Nil
Out flow	Rs. 15252403	Rs. 6210359

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 report.

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;
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, 2005 and of the Profit & Loss of the Company for that period;

DHANALAXMI ROTO SPINNERS LIMITED

3. 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; and
4. That the Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS :

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.

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For and on behalf of the Board

Plac : Thimmapur
Date : 23-08-2005

(RAJKUMAR INANI)
Whole Time Director

(K.N. PRASAD)
Director