

DHANALAXMI ROTO SPINNERS LIMITED

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**Annual Report
2005 - 2006**

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 Jakhota	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: inani@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, Progressive Towers,
Khairatabad, HYDERABAD - 500 004.

DHANALAXMI ROTO SPINNERS LIMITED

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of **DHANALAXMI ROTO SPINNERS LIMITED** will be held on Friday, the 29th September 2006, 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, 2006 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 & 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.

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

Plac : Thimmapur
Date : 21-08-2006

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 23rd September, 2006 to 29th September, 2006 (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 dematerialized form are requested to bring their client ID and DP numbers for easy identification of attendance at the meeting.
7. Pursuant to the directions/notifications of SEBI and Depositories, the Demat account holders can operate their accounts with effect from 1st October 2006, if they had already provided Income Tax Permanent Account Number either at the time of opening of the Account or subsequently. In case they have not furnished the Income Tax Permanent Account Number to the Depository Participants, such demat account holders are requested to contact their DPs with a photocopy of the PAN Card (with original PAN Card for verification) well before 30th September, 2006.

DHANALAXMI ROTO SPINNERS LIMITED**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Nineteenth Annual Report together with Audited statement of Accounts of the Company for the year ended 31st March, 2006.

FINANCIAL RESULTS

(Rupees In Lacs)		
	Year Ended 31-3-2006	Year Ended 31-3-2005
Sales and Other Income	523.24	778.74
Income before Interest and Depreciation	29.62	48.66
Depreciation	4.92	4.37
Financial Expenses	1.41	1.46
Profit/(Loss) before Taxation and Exceptional Items.	23.29	54.49
Exceptional Items	(0.04)	0.09
Profit before tax	23.33	54.58
Provision for Taxation:		
a) Current	(1.96)	(4.28)
b) Deferred	(7.90)	(6.56)
c) Fringe Benefits	(0.59)	NIL
Profit/(Loss) after Tax	12.88	43.74

REVIEW OF OPERATIONS

During the year under review, your company has made a Gross Income of Rs.523.24 Lacs in Trading Activity when compared to Rs. 778.74 Lacs in the earlier year. Net profit earned during the year under review amounted to Rs.23.29 Lacs, as against Rs.54.49 Lacs in the previous year. The Company expects to improve performance in the future years.

DIVIDEND :

In view of carry forward losses, Directors do not recommend dividend for the year 2005-2006.

DHANALAXMI ROTO SPINNERS LIMITED**DIRECTORS**

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

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., and The Mumbai Stock Exchange Limited. Your Company is regular in payment of listing fees to The Mumbai Stock Exchange Limited. 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 2005 - 06	Previous Year 2004 - 05
Earnings	Rs. 357514	- Nil
Out flow	Rs. 14897860	Rs. 15252403

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.

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, 2006 and of the Profit and 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 : 21-08-2006

(RAJKUMAR INANI)
Whole Time Director

(K.N. PRASAD)
Director

DHANALAXMI ROTO SPINNERS LIMITED**MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT :****a) Industry Structure and Developments :**

The Company is mainly engaged in Trading Activity in the line of Textiles, Paper and Wood Pulp. Within a short span the Company has established itself in Paper and Wood Pulp market. The company has made a small beginning by exporting paper as merchant exporter.

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 buyers and sellers for its growth.

During the year under review, the company has faced tough competition. However, efforts are being made to improve its presence in Wood Pulp market and with improvement in Industrial activity and going by the current trend, Company is hopeful of improving its performance. The company is also looking at opportunities to export allied products as merchant exporter.

c) Risk and Concerns :

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

d) 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.

e) 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 recognized 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.

f) 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 :**

We, at **Dhanalaxmi Roto Spinners Limited** are committed to the concept and philosophy of Corporate Governance as means of effective internal control, fair and transparent decision-making process and fullest support of the Board and Management for enhancing customer satisfaction and shareholder value.

Securities and Exchange Board of India has codified the code of Corporate Governance, which has been implemented by amending the listing agreement entered into by the Company with the Stock Exchange. Given below is a brief report of the practice followed at **Dhanalaxmi Roto Spinners Limited** towards achievement of good Corporate Governance.

2) Board of Directors:

During the period and under review 6 Board Meetings were held on 30th April, 2005, 30th July, 2005, 23rd August, 2005, 30th September, 2005, 31st October, 2005 and 31st January, 2006. 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 2005-2006 Board Meeting	Attendance At Last AGM	As on date	
				Committee Position Member	Chairman
Rajkumar Inani	Executive Director	6	Yes	2	--
Narayan Inani	Executive Director	6	Yes	--	1
Rajiv Kumar Maheshwari	Non-Executive Director	4	Yes	2	--
K.N. Prasad	Non-Executive Independent Director	6	Yes	2	--
Shyam Sunder Jakhota	Non-Executive Independent Director	6	Yes	2	--