

DHANALAXMI ROTO SPINNERS LIMITED

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**ANNUAL REPORT
2006 - 2007**

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 :

M/s. 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@yahoo.co.in

BANKERS :

TAMILNAD MERCANTILE BANK LIMITED

Kishangunj Branch, HYDERABAD-500 012.

CITI BANK, Begumpet Branch, HYDERABAD.

SHARETRANSFER AGENTS / DEMAT REGISTRARS :

VENTURE CAPITAL AND CORPORATE INVESTMENTS LIMITED

12-10-167, Bharat Nagar,
Hyderabad - 500 018.

DHANALAXMI ROTO SPINNERS LIMITED**NOTICE**

Notice is hereby given that the Twentieth Annual General Meeting of the Members of **DHANALAXMI ROTO SPINNERS LIMITED** will be held on Saturday, the 29th September 2007, at 9.30 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, 2007 and the 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 Rajiv Kumar Maheshwari, 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 consider and if thought fit, to pass, with or without modification the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the approval of the Remuneration Committee and 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 re-appointment of Sri Rajkumar Inani as whole Time Director of the Company for the period of another 5 years commencing from 26-8-2007 and to the payment of Remuneration a consolidated pay of Rs. 30,000/- per month 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 Sri Rajkumar Inani, provided that the remuneration of Sri Rajkumar 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 LIMITED**

Sd/-

Place :Thimmapur
Date :14-08-2007

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 their attendance slip duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Books will remain closed from 23rd September, 2007 to 29th September, 2007 (both days inclusive) for the purpose of AGM.
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. 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.

Sri Rajkumar Inani is a Diploma holder in Textiles and he has been on the Board of the Company since inception and has contributed significantly to the growth of the Company. The Board strongly feels that if Sri Rajkumar Inani be re-appointed as whole Time Director of the Company, the Company shall benefit at large as his full time be devoted to the working of the Company. The Remuneration payable to Sri Rajkumar 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 Sri Rajkumar Inani and Sri Narayan Inani, no other Director of the Company is interested in the said resolution.

By Order of the Board

For **DHANALAXMI ROTO SPINNERS LIMITED**

Sd/-

Place : Thimmapur

RAJKUMAR INANI

Date : 14-08-2007

Whole Time Director

DHANALAXMI ROTO SPINNERS LIMITED**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Twentieth Annual Report together with Audited statement of Accounts of the Company for the year ended 31st March, 2007.

FINANCIAL RESULTS

(Rupees In Lacs)		
	Year Ended 31-3-2007	Year Ended 31-3-2006
Sales and Other Income	632.29	523.24
Income before Interest and Depreciation	24.39	29.62
Depreciation	4.68	4.92
Financial Expenses	4.80	1.42
Profit before Taxation and Exceptional Items.	14.91	23.29
Exceptional Items	0.11	(0.04)
Profit before Tax	14.80	23.33
Provision for Taxation:		
a) Current	(2.67)	(1.96)
b) Deferred	(2.83)	(7.90)
c) Fringe Benefits	(0.39)	(0.59)
Profit after Tax	8.91	12.88

REVIEW OF OPERATIONS

During the year under review, your company's Gross Income was Rs. **632.29** Lacs when compared to Rs. **523.24** Lacs in the earlier year. Net profit before Taxation and exceptional items earned during the year under review amounted to Rs. **14.91** Lacs, as against Rs. **23.29** Lacs in the previous year. Profit after Tax was at Rs. **8.91** lacs against Rs. **12.88** lacs of earlier year. The Company expects to improve performance in the future years.

DIVIDEND :

In view of accumulated losses, Directors do not recommend any dividend for the year **2006-2007**.

DHANALAXMI ROTO SPINNERS LIMITED**DIRECTORS**

Sri Rajkumar Inani's term as whole Time Director expires on 26-8-2007 and the Remuneration Committee in its meeting held on 14-8-2007 has approved his re-appointment and recommend for the approval of the members.

Sri Rajiv Kumar Maheshwari, 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 Rajiv Kumar Maheshwari is a 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 re-appointment. The Company has received a Certificate from the said Auditors to the effect that their re-appointment, 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

	2006-07	2005 - 06
Earnings	Rs. 3482805	Rs. 357514
Out flow	Rs. 29143263	Rs. 14897860

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, 2007 and of the Profit 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

Place : Thimmapur

Date : 14-08-2007

Sd/-

(RAJKUMAR INANI)

Whole Time Director

Sd/-

(NARAYAN INANI)

Executive 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 fluctuate 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 7 Board Meetings were held on 29th April, 2006, 31st July, 2006, 21st August, 2006, 22nd September, 2006, 31st October, 2006, 9th November 2006 and 31st January, 2007. 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	Attendance	As on date	
		2006-2007 Board Meeting	At Last AGM	Committee Position Member	Chairman
Rajkumar Inani	Executive Director	7	Yes	2	--
Narayan Inani	Executive Director	7	Yes	--	1
Rajiv Kumar Maheshwari	Non-Executive Director	4	Yes	2	--
K.N. Prasad	Non-Executive Independent Director	7	Yes	2	--
Shyam Sunder Jakhota	Non-Executive Independent Director	7	Yes	2	--