

***DHANALAXMI ROTO  
SPINNERS LIMITED***

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**ANNUAL REPORT  
2008 - 2009**

**DHANALAXMI ROTO SPINNERS LIMITED**

**CORPORATE INFORMATION**

**BOARD OF DIRECTORS :**

<b>Sri. Rajkumar Inani</b>	Whole Time Director
<b>Sri. Narayan Inani</b>	Executive Director
<b>Sri. Rajiv Kumar Maheshwari</b>	Director
<b>Sri. K.N. Prasad</b>	Director
<b>Sri. Shyam Sunder Jakhotia</b>	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  
 dhanroto@gmail.com

**BANKERS :**

**TAMILNAD MERCANTILE BANK LIMITED**

Kishangunj Branch, HYDERABAD-500 012.

**CITI BANK**, Begumpet Branch, HYDERABAD.

**CANBANK FACTORS LIMITED**

**(A SUBSIDIARY OF CANARA BANK)**

**Hyderabad Branch**

Flat No. 201-202, II Floor,  
 "Sanatana Eternal",  
 Door No. 3-6-108/1, Road No. 19, Himayath Nagar,  
 Hyderabad - 500 029.

**SHARE TRANSFER AGENTS / DEMAT REGISTRARS :**

**VENTURE CAPITAL AND CORPORATE INVESTMENTS (P) LIMITED**

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

## DHANALAXMI ROTO SPINNERS LIMITED

## NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of **DHANALAXMI ROTO SPINNERS LIMITED** will be held on Wednesday, the 30th September, 2009, 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, 2009 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 Shyam Sunder Jakhota, 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(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Anirudh Inani who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, 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 an Ordinary Resolution(s):

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Shri Anirudh Inani as Whole-Time Director of the Company, for a period of five years, with effect from 30.6.2009, with liberty to the Board of Directors (hereinafter referred to as "The Board" which term shall be deemed to include any committee of the board constituted to exercise its powers, including

**DHANALAXMI ROTO SPINNERS LIMITED**

the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and / or remuneration and / or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Anirudh Inani

By Order of the Board  
For **DHANALAXMI ROTO SPINNERS LIMITED**  
Sd/-

Place : Thimmapur

**RAJKUMAR INANI**

Date : 19-08-2009

Whole Time Director

**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 24<sup>th</sup> September, 2009 to 30<sup>th</sup> September, 2009 (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. The Explanatory Statement pursuant to Section 173 (2) of The Companies Act, 1956 in respect of Item No (s) 4 & 5 is annexed hereto

**DHANALAXMI ROTO SPINNERS LIMITED****EXPLANATORY STATEMENT**

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

Item No. 4

Pursuant to Article 126 of Articles of Association of the Company and in terms of Section 260 of the Companies Act, 1956 Shri Anirudh Inani, was appointed as Additional Director on the Board of the Company and pursuant to provisions of Section 260 of the Companies Act, 1956, he holds office as Director up to the date of the ensuing Annual General Meeting. The Board recommends that he may be appointed as Director liable to retire by rotation.

Shri Anirudh Inani is interested in the resolution to the extent of his appointment as Director. No other Director of the Company is in any way concerned or interested in the proposed resolution.

Item No. 5

Your Directors at their meeting held on 30.6.2009 have, subject to the shareholders' approval and provisions of the Articles of Association of the Company, appointed Shri Anirudh Inani as Whole-Time Director for a period of five years with effect from 30<sup>th</sup> June, 2009 on the remuneration recommended by the Nomination/ Remuneration Committee of the Board.

The terms and conditions set out for appointment and payment of remuneration herein and / or in the agreement may be altered and varied from time to time by the Board as it may, at its discretion, deem fit within the overall ceiling fixed herein.

Your Directors recommend the resolution for your approval. The above may also be treated as an abstract of the terms of the contract/ agreement between the Company and Shri Anirudh Inani pursuant to Section 302 of the Companies Act, 1956.

Shri Anirudh Inani is interested in the resolution which pertains to his appointment and / or remuneration payable to him. Save and except the above, no other Director of the Company is in any way, concerned or interested in this resolution.

By Order of the Board

For **DHANALAXMI ROTO SPINNERS LIMITED**

Sd/-

Place : Thimmapur

**RAJKUMAR INANI**

Date : 19-08-2009

Whole Time Director

## DHANALAXMI ROTO SPINNERS LIMITED

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Second Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March, 2009.

**FINANCIAL RESULTS**

(Rupees In Lacs)		
	Year Ended 31-3-2009	Year Ended 31-3-2008
Sales and other Income	1297.22	1135.25
Income before Interest and Depreciation	106.60	44.50
Depreciation and Amortisation	4.87	4.44
Financial Expenses	53.24	15.29
Profit before Taxation and Exceptional Items	48.49	24.77
Exceptional Items	11.13	0.20
Profit before Tax	59.62	24.58
Provision for Taxation:		
a) Current	17.82	6.76
b) Deferred	0.26	0.09
c) Fringe Benefits	0.35	0.43
Profit after Tax	41.19	17.29

**REVIEW OF OPERATIONS**

During the year under review, your Company has made a Gross Income of Rs. 1297.22 Lacs when compared to Rs. 1135.25 Lacs in the earlier year. Net profit before Taxation and exceptional items earned during the year under review amounted to Rs. 48.49 Lacs, as against Rs. 24.77 Lacs in the previous year. Profit after Tax was at Rs. 41.19 Lacs against Rs. 17.29 Lacs of earlier year.

**DIVIDEND :**

In absence of adequate Profits, Directors do not recommend any dividend for the year 2008-2009.

**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 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 Mumbai Stock Exchange Limited. Your Company is regular in payment of listing fees to The Mumbai 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 optimize the use of energy through improved operational methods and other means will continue.

## DHANALAXMI ROTO SPINNERS LIMITED

**DETAILS OF FOREIGN EXCHANGE IN FLOW/OUT FLOW**

	2008-09	2007-08
Earnings	Rs. 24202075	Rs. 3969929
Out flow	Rs. 68140881	Rs. 61526534

**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, 2009 and of the Profit of the Company for that period;
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.

## DHANALAXMI ROTO SPINNERS LIMITED

**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.

On behalf of the Board of Directors

Place : Thimmapur

Sd/-

Sd/-

Date : 19-08-2009

**(RAJKUMAR INANI)**

**(NARAYAN INANI)**

Whole Time Director

Executive Director

**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 in commodity trading and exports by exporting **Cotton Seeds** as merchant exporter during the current year.

**b. Opportunities and threats :**

Wood Pulp market has very few traders and the Company has established itself in the Indian Market. However, the market fluctuates according to international rates which effect margins and being a trader company is very much dependent on buyers and sellers for its growth.

During the year under review, the international market was in turmoil, woodpulp prices has fallen more than 50% giving opportunity to company to increase its import and market more quantity of the product increasing its market share . If the same trend continues company can further improve its presence in Wood Pulp market . The company has also started export of commodities as merchant exporter in a small way.

**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. Commodity export market has good scope however company has to compete and supply goods at international prices. Government policies on commodity export keep on changing based on local production/consumption pattern.

## DHANALAXMI ROTO SPINNERS LIMITED

**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.

**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 share holder 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.