

# **DHANALAXMI ROTO SPINNERS LIMITED**



**ANNUAL REPORT  
2011 - 2012**

**CORPORATE INFORMATION**

**BOARD OF DIRECTORS :**

**Sri Rajkumar Inani**  
**Sri Anirudh Inani**  
**Sri Narayan Inani**  
**Sri K.N. Prasad**  
**Sri Simanth Roy Chowdhury**  
**Sri Shyam Sunder Jakhotia**

Whole Time Director  
Whole Time Director  
Executive Director  
Director  
Director  
Director

**AUDITORS :**

**M/s. G.D. Upadhyay & Co.**  
**Chartered Accountants**  
15-1-153,  
2nd Floor, Upstairs Andhra Bank,  
Opp: Goshamahal High School,  
Siddiamber Bazar  
HYDERABAD-500012

**REGISTERED OFFICE :**

**DHANALAXMI ROTO SPINNERS LTD.,**  
Sy.No.114 &115,  
Station Road,  
Thimmapur-509 325  
Mahabubnagar Dist. (A.P)  
E-mail dhanlaxmiroto@yahoo.co.in  
dhanroto@gmail.com

**BANKERS :**

**TAMILNAD MERCANTILE BANK LIMITED**  
15-2-696, 1<sup>st</sup> Floor, Siddiamber Bazar,  
Kishangunj, Hyderabad-500 012.

**CITI BANK N.A.**, Ground Floor, Queens Plaza,  
S.P. Road, Begumpet , Hyderabad-500 003

**CANBANK FACTORS LIMITED**  
(A SUBSIDIARY OF CANARA BANK)  
Hyderabad Branch  
Road No.19, Himayath Nagar, Hyderabad - 500 029.

**SHARE TRANSFER AGENTS / DEMAT REGISTRARS :**

**CIL SECURITIES LIMITED**  
214, RAGHAV RATNA TOWERS, CHIRAG ALI LANE , ABIDS  
HYDERABAD - 500 001

## **DHANALAXMI ROTO SPINNERS LIMITED**

### **NOTICE**

Notice is hereby given that the Twentyfifth Annual General Meeting of the Members of **DHANALAXMI ROTO SPINNERS LIMITED** will be held on Saturday, the 29th September, 2012, 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, 2012 and the Statement of Profit and Loss for the year ended on that date, 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.

By Order of the Board

For **DHANALAXMI ROTO SPINNERS LIMITED**

Sd/-

Place : Thimmapur

Date : 30.05.2012

RAJKUMAR INANI  
Whole Time Director

#### **Important Communication to Members.**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository Participants. Members who hold shares in physical form are requested to register their email address with Company's Registrar and Transfer Agents i.e **M/s. CIL SECURITIES LTD., 214, RAGHAVA RATNA TOWERS, CHIRAG ALI LANE, ABIDS, HYDERABAD -500 001.**

**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 / HERSELF 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, 2012 to 29th September, 2012 (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.

By Order of the Board

For **DHANALAXMI ROTO SPINNERS LIMITED**

Sd/-

Place : Thimmapur

**RAJKUMAR INANI**

Date : 30.05.2012

Whole Time Director

**Details of Directors Seeking Appointment /Re-appointment at the Annual General Meeting (Pursuant to Details As Required Under Clause 49 of the Listing Agreement)**

<b>Particulars</b>	<b>Mr. K.N.PRASAD</b>
Date of Birth	22-12-1963
Date of Appointment	30-01-1999
Qualification	B.Com.,
Expertise in specific functional area	Accounts & Administrative matters
Directorships held in other Public Companies(excluding foreign Companies and Section 25 of Companies)	-Nil-
Memberships/Chairmanships of committees of other <b>Public Companies</b> (includes only Audit Committee and Shareholders/Investors Grievance Committee)	-Nil-
Number of Shares held in the Company	1500

## DHANALAXMI ROTO SPINNERS LIMITED

### DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twentyfifth Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS		
(Rupees In Lacs)		
	Year Ended 31-3-2012	Year Ended 31-3-2011
Sales and other Income	3014.87	2309.61
Income before Interest and Depreciation	128.10	119.30
Depreciation and Amortization	11.13	8.13
Financial Expenses	36.22	44.93
Profit before Taxation and Exceptional Items	80.75	66.24
Exceptional Items / Prior Period Items	0.93	0.99
Profit before Tax	79.82	65.24
Provision for Taxation:		
a) Current	24.46	19.15
b) Deferred	1.01	1.99
Profit after Tax 54.34	44.10	

### REVIEW OF OPERATIONS :

During the year under review, your Company has made a Gross Income of Rs. 3014.87 Lacs when compared to Rs. 2309.61 Lacs in the earlier year. Net profit before taxation and exceptional items earned during the year under review amounted to Rs. 80.75 Lacs, as against Rs 66.24 Lacs in the previous year. Profit after Tax was at Rs. 54.34 Lacs against Rs. 44.10 Lacs of earlier year.

### DIVIDEND :

To conserve the reserves of the Company, the Company has not proposed any dividend during the year.

### 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, having vast experience in the Accounts & Administrative Matters.

### FIXED DEPOSITS :

Your Company has not accepted any deposits from the public pursuant to Section 58 A 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 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 :**

There is no employee of your Company drawing a remuneration requiring disclosure under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended by Companies (Particulars of Employees) Amendment Rules, 2011.

**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, Scrip Code is 521216 & Scrip ID :DHANROTO.

**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 :**

	2011-12	2010-11
Earnings	Rs. 1,43,67,112	Rs. 14,28,628
Out flow	Rs. 20,64,45,418	Rs. 16,69,40,441

**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 Annexure forming part of this report.

## **DHANALAXMI ROTO SPINNERS LIMITED**

### **DIRECTORS RESPONSIBILITY STATEMENT:**

As required under section 217 (2AA) of the Companies Act, 1956, we hereby state:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures, if any;
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 31<sup>st</sup> March, 2012 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.

### **ACKNOWLEDGEMENTS :**

We take this opportunity to thank the employees for their dedicated service and Contribution to the Company. We also thank our Bankers, Business Associates and Shareholders for their support towards conduct of operations of the Company.

By Order of the Board

For **DHANALAKXMI ROTO SPINNERS LIMITED**

Place : Thimmapur

Date : 30.05.2012

Sd/-  
**(RAJKUMAR INANI)**  
Whole Time Director

Sd/-  
**(NARAYAN INANI)**  
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.

The Company has established itself in Paper and Wood Pulp market. The Company is trying to improve on small beginning made in last couple of years in commodity trading and exports. The Company started Trading of New Commodity "Dudh Nahar" (Cattle Feed) during the financial year.

**b) Opportunities and threats :**

The Company feels happy to inform that it has established itself in the Indian Wood Pulp Market. Giving timely and excellent services company has established dedicated customers whose base is steadily improving. However, the Wood Pulp market fluctuates according to international rates which effect margins and being a trader the company is very much dependent on buyers and sellers for its growth.

During the year under review, the international market for wood pulp was stable. If the same trend continues company can further improve its presence in wood pulp market. The Company is still trying to stabilize its export market (export of commodities 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 and foreign currency fluctuations 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.

**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 judgments used therein.

**f) Material developments in Human Resources/Industrial Relations front, including x 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 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:**

Board of Directors consists of 3 Promoter Directors and 3 Independent Directors. The Non-Executive Directors constitute half of the total number of Directors. The Company has no Chairman and 1/3rd of the total strength of the Board comprises of Independent Directors. The day to day operations of the Company are being managed by Sri Rajkumar Inani, Whole Time Director and Sri Narayan Inani, Executive Director of the Company.

Sri K.N. Prasad is liable to retire by rotation and being eligible, offers himself for re-appointment, information as required under Clause 49 (VI) of the Listing Agreement is mentioned in the Directors Report.

## DHANALAXMI ROTO SPINNERS LIMITED

During the period and under review 8 Board Meetings were held on, 16th April 2011, 30<sup>th</sup> April, 2011, 30th July, 2011, 31st July, 2011, 13<sup>th</sup> August 2011, 31<sup>st</sup> October, 2011, 31st January, 2012 and 1st March, 2012. 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 members chairmanships in public companies (including the company) are given below :

Name of the Director	Category	Financial Year 2011-2012 Board Meeting	Attendance At Last AGM	As on date Committee Member	Position Chairman
Rajkumar Inani	Whole Time Director	11	Yes	2	--
Anirudh Inani	Whole Time Director	7	Yes	--	--
Narayan Inani	Executive Director	11	Yes	--	1
Simanth Roy Chowdhury	Non-Executive Independent Director	2	Yes	1	--
K.N. Prasad	Non-Executive Independent Director	11	Yes	2	--
Shyam Sunder Jakhotia	Non-Executive Independent Director	8	Yes	2	--

### 3. Audit Committee :

The Audit Committee of the Company consists of Two Non- Executive Independent Directors and One Executive Director namely Sri K.N. Prasad, Sri Shyam Sunder Jakhotia and Sri Narayan Inani. Sri Narayan Inani is the Chairman of the Committee. The scope of the committee includes :

- Reviewing the Company's financial reporting process and disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment, re-appointment and removal of Statutory Auditors and fixation of the audit fee and approving payments for any other services.
- Reviewing with the management the periodic financial statements before submission to the board, focusing primarily on :