

**DHANALAXMI ROTO
SPINNERS LIMITED**



**ANNUAL REPORT
2009 - 2010**

DHANALAXMI ROTO SPINNERS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS :

Sri Rajkumar Inani	Whole Time Director
Sri Anirudh Inani	Whole Time Director
Sri Narayan Inani	Executive Director
Sri K.N.Prasad	Director
Sri ShyamSunder Jakhotia	Director
Sri Simanth Roy Chowdhury	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 :

DHANALAXMI ROTO SPINNERS LTD.,
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, 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 :

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 Twenty Third Annual General Meeting of the Members of **DHANALAXMI ROTO SPINNERS LIMITED** will be held on Thursday, the 30th September, 2010, at 9.00 A.M. at the Registered Office of the Company at Sy.No.114 & 115, Thimmapur-509 325, 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, 2010 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 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 consider and, if thought fit, to pass with or without modification(s) the following resolution as Special Resolution:

"**RESOLVED** that pursuant to sections 269, 198, 309(3) and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto and subject to the approval of shareholders in general meeting and remuneration committee, and approval of Central Government (if applicable) Sri Narayan Inani be and is hereby appointed as Executive Director of the company for a period of 5 years from 1st July, 2010 on a monthly remuneration of Rs. 30,000/-."

"**RESOLVED FURTHER** that in the event of any loss or inadequacy of profits in any financial year of the company during the tenure of Sri Narayan Inani as Executive Director of the company, the remuneration payable to him shall be in accordance with the limits prescribed in section II Part II of Schedule XIII of the Companies Act, 1956 as amended from time to time subject to the compliance of provisions thereof but in any event shall not exceed the remuneration payable as provided aforesaid when the profits of the company are adequate."

DHANALAXMI ROTO SPINNERS LIMITED

"RESOLVED FURTHER that Sri Rajkumar Inani, Whole Time Director be and is hereby authorised to file necessary papers, forms, returns, documents with the Registrar of Companies, Andhra Pradesh."

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

"RESOLVED that pursuant to section 31 of the Companies Act, 1956, the Articles of Association of the company be altered by inserting the following new article 132 (3) after the existing article No.132 (2)"

Article No. 132 (3)

Every director shall be paid:

(a) Such sum not exceeding the limits of meeting fee laid down in the Companies Act, 1956 subject to minimum of Rs. 4,000 per director, per meeting of the Board of directors or as a member of any sub committee, or such higher amount as the Board of directors may fix from time to time for every meeting of the Board of directors of the company attended by him/her as a director/committee thereof.

(b) In addition to the above, all traveling and out of pocket expenses incurred, if any, for attending and returning from meeting of the Board of directors or any committee thereof.

By Order of the Board

For **DHANALAXMI ROTO SPINNERS LIMITED**

Sd/-

Place : Thimmapur

Date : 14-08-2010

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 24th September, 2010 to 30th September, 2010 (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 and 5 is annexed hereto

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956 as required by Section 173 of the Companies Act, 1956 ("Act"), the following explanatory statements set out all material facts relating to the business mentioned under Item Nos. 5 to 7 of the accompanying Notice dated 14th August, 2010.

Item No. 4

The Board has appointed Sri Narayan Inani as Executive Director with effect from 1st July, 2010 subject to the approval of the Members. The appointment is for a period of five years.

The main terms and conditions of the appointment of Sri Narayan Inani is as follows:

A. Tenure of Agreement:

The appointment of Sri Narayan Inani is effective 1st July, 2010. The appointment is for a period of five years.

B. Nature of Duties:

The appointees shall devote their whole time and attention to the business of the Company and carry out such duties as may be powers as may be assigned to them, subject to the superintendence, control and directions of the board in connection with and in the best interests of the business of the company and the business of any one or more of its associated companies and/or subsidiaries, including performing duties as assigned by the Managing Directors and/or the Board from time to time. by serving on the Board of such associated companies and/or subsidiaries or any other executive body or any committee of such a company.

C. Remuneration:

(i) Remuneration – (a) Salary of Rs. 30,000/- per month (b) Benefits, perquisites and allowances as may be determined by the Board from time to time.

(ii) Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Appointees, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of basic salary, benefits, perquisites and allowances and incentive remuneration, as specified above.

D. Other terms of Appointment:

The terms and conditions of the appointment of the Appointee(s) may be altered and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule XIII to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the concerned appointee, subject to such approvals as may be required.

The Directors are of the view that the appointment of Sri Narayan Inani as Executive Director will be beneficial to the operations of the Company and the remuneration payable to him is commensurate.

In compliance with the provision of Section 269 and 309 read with Schedule XIII of the Act, the terms of remuneration of the Appointees specified above, are now placed before the Members in the Annual General Meeting for their approval.

The Resolution at Item No. 4 of the Notice is commended for approval by the Members.

Except for Sri Narayan Inani, Sri Rajkumar Inani as a brother of appointee and Sri Anirudh Inani as a brother of appointee, no other Director of the Company is concerned or interested in the said resolution.

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Item No.5

It is proposed to increase the sitting fees payable to the Directors for attending Board or Committee Meetings. The Amendment of Articles of Association requires shareholders approval.

The Directors commend the Resolution for the approval of the members.
None of the Director are interested or concerned in the above resolution.

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

Sd/-

Place : Thimmapur

RAJKUMAR INANI

Date : 14.08.2010

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)

Particulars	Sri Narayan Inani	Sri K.N.Prasad
Date of Birth	10.9.1968	22.12.1963
Date of Appointment	30/09/2003	30/01/1999
Qualifications	B.Com.,	B.Com.,
Expertise in specific functional area	Procurement and Distribution of goods	Accounts and Administration matters
Directorships held in other Public Companies(excluding foreign companies and Section 25 companies)	-Nil-	-Nil-
Memberships/Chairmanships of committees of other Public companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee)	-Nil-	-Nil-
Number of Shares held in the Company	20,000	1,500

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the TwentyThird Annual Report together with Audited statement of Accounts of the Company for the year ended 31st March, 2010

FINANCIAL RESULTS

(Rupees In Lacs)		
	Year Ended 31-3-2010	Year Ended 31-3-2009
Sales and other Income	1427.52	1297.22
Income before Interest and Depreciation	58.98	106.60
Depreciation and Amortization	6.99	4.87
Financial Expenses	23.55	53.24
Profit before Taxation and Exceptional Items	28.43	48.49
Exceptional Items / Prior Period Items	2.32	11.13
Profit before Tax	30.75	59.62
Provision for Taxation:		
a) Current	20.75	17.82
b) Deferred	0.15	0.26
c) Fringe Benefits	-	0.35
d) Earlier Year Tax	3.52	-
Profit after Tax	13.36	41.19

REVIEW OF OPERATIONS

During the year under review, your company has made a Gross Income of Rs. **1427.52** Lacs when compared to Rs. **1297.22** Lacs in the earlier year. Net profit before Taxation and exceptional items earned during the year under review amounted to Rs. **28.43** Lacs, as against Rs. **48.49** Lacs in the previous year. Profit after Tax was at Rs. **13.36** Lacs against Rs. **41.19** Lacs of earlier year.

DIVIDEND :

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

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, having vast experience in the Finance, Accounts & Administration 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. 2,00,000 per month 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, Scrip Code 521216 and 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

	2009-10	2008-09
Earnings	Rs. 18,06,514	Rs. 2,42,02,075
Out flow	Rs. 6,25,95,386	Rs. 6,81,40,881

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, 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 31st March, 2010 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

Place : Thimmapur

Date : 14.8.2010

Sd/-
(RAJKUMAR INANI)
Whole Time Director

Sd/-
(NARAYAN INANI)
Executive Director

DHANALAXMIROTO 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 in commodity trading and exports by exporting Cotton Seeds as merchant exporter during last year, during the current year not much activity on export front due to high commodity prices in India and quality problem.

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 for wood pulp was stable. If the same trend continues company can further improve its presence in wood pulp market. The company has started export of commodities as merchant exporter, due to high local prices and quality problems not much business on export front during the current financial year.

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. 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 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.

2. Board of Directors:

During the period and under review 11 Board Meetings were held on 1st April, 2009, 30th April, 2009, 15th June, 2009, 31st July, 2009, 19th August, 2009, 31st August, 2009, 6th October, 2009, 31st October 2009, 15th December, 2009, 28th January, 2010, and 30th January, 2010. 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 2009-2010 Board Meeting	Attendance At Last AGM	As on date	
				Committee Position Member	Chairman
Rajkumar Inani	Whole Time Director	11	Yes	2	-
Anirudh Inani	Whole Time Director	8	Yes	-	-
Narayan Inani	Executive Director	11	Yes	-	1
Simanth Roy Chowdhury	Non-Executive Director	9	Yes	1	-
K.N. Prasad	Non-Executive Independent Director	10	Yes	2	-
Shyam Sunder Jakhotia	Non-Executive Independent Director	4	Yes	2	

As seen from the above, the Non-Executive Directors constitute more than 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.

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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.

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 Jakhota and Sri Narayan Inani. Sri Narayan Inani is the Chairman of the Committee. The scope of the committee includes :

- a) Rewriting the Company's financial reporting process and disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending the appointment, re-appointment and removal of Statutory Auditors and fixation of the audit fee and approving payments for any other services.
- c) Reviewing with management the periodic financial statements before submission to the board, focusing primarily on:
 - Any changes in accounting policies and practices
 - Significant adjustments arising out of audit
 - Compliance with Accounting Standards
 - Compliance with Stock Exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e. transactions of the Company of material nature, with promoters, or the management, their subsidiaries, or relatives etc., that may have a potential conflict with the interest of the Company at large
- d) Reviewing with the management, reports by statutory and the adequacy of internal control system and recommending improvements to the management.

During the period under review four Audit Committee meetings were held on 30th April, 2009, 31st July, 2009, 31st October, 2009 and 30th January, 2010. All the members of the Audit Committee were present at all the meetings. In these meetings, inter alia, the committee considered the audit reports covering operational, financial and other business risk related areas. The Audit Committee meetings were held at the registered office of the Company.

4. Remuneration :

Remuneration to Directors :

The remuneration and perks paid during the year to the Whole Time Director Sri Rajkumar Inani is Rs.3,60,000/- Whole Time Director, Sri Anirudh Inani is Rs.2,92,500/- and to the Executive Director Sri Narayan Inani is Rs.2,88,000/- as decided by the Board of Directors.

DHANALAXMI ROTO SPINNERS LIMITED

Sitting Fees: A sitting fees of Rs.1,000/- per meeting was paid to Non-Executive Directors and the details of Sitting Fees paid to Non-Executive Directors are as under :

Non-Executive Directors	Sitting Fees (Rs.)
Sri Simanth Roy Chowdhury	9,000/-
Sri K.N. Prasad	16,000/-
Sri Shyamsunder Jakhota	10,000/-

5. Investors' Grievance Committee :

The Investors' Grievance Committee of the Board is empowered to review the redressal of investors' complaints pertaining to Share Transfers, non-receipt of Annual Reports, issue of duplicate certificates, transmission (with and without legal representation) of shares. Its scope also includes delegation of powers to the executives of the Company Share Transfer Agents to process share transfers and other investor allied matters. The Investors' Grievance Committee comprises of Sri Rajkumar Inani, Sri K.N. Prasad and Sri Shyamsunder Jakhota. During the year under review two Investors Grievance Committee meetings were held on 20th August, 2009 and 13th November, 2009.

Compliance Officer :

Sri ANIRUDH INANI
DHANALAXMI ROTO SPINNERS LIMITED
Survey No.114 & 115
THIMMAPUR-509 325, Phone: (08548) 257181

6. Listing :

Presently, the Company's securities are listed on The Mumbai Stock Exchange Limited (BSE).

7. Other Details :

The ISIN Number of the Company's ordinary shares is INE220C01012. The stock code for the Company's ordinary shares at the BSE is 521216 (rolling settlement) .

DHANALAXMI ROTO SPINNERS LIMITED**8. Market Information :**

Monthly closing high and low quotations of your Companies Shares traded on BSE for the Financial Year 2009- 2010 :

Months	High	Low
April 2009	5.35	3.89
May 2009	9.79	5.35
June 2009	9.65	5.90
July 2009	6.95	5.00
August 2009	7.35	5.00
September 2009	8.03	5.70
October 2009	13.11	8.39
November 2009	16.03	10.80
December 2009	18.10	13.00
January 2010	14.70	9.99
February 2010	11.60	9.52
March 2010	15.00	11.00

9. Registrar and Transfer Agents :

Members are requested to correspond with the Company's Registrar and Transfer Agents for transfer lodgement, delivery and other correspondence:

Venture Capital and Corporate Investments Ltd.,
12-10-167, Bharat Nagar, Hyderabad - 500 018.
Tel.No.(040) 23818476, 2386 8023
E-mail : pv_srinu@hotmail.com

10. General Body Meetings :

Location and time of last three Annual General Meetings :

Year	Type	Date	Venue	Time
2008-2009	AGM	30-9-2009	Sy.No.114 & 115,Thimmapur	9.00 AM
2007-2008	AGM	30-9-2008	Sy.No.114 & 115,Thimmapur	9.00 AM
2006-2007	AGM	29-9-2007	Sy.No.114 & 115,Thimmapur	9.30 AM

DHANALAXMI ROTO SPINNERS LIMITED

11. Disclosures :

There have been no transactions of material nature with the Promoters, Directors or the management or their subsidiaries or relatives during the year under review. There has been no non-compliance of any legal requirements by the Company; nor has there been any strictures imposed by any stock exchanges, SEBI or any statutory authority, on any matters relating to the capital market over the last three years.

12. Means of Communication :

Quarterly and half yearly results	Sent to all the Stock Exchanges
Any Web site where displayed	Yes www.bseindia.com
Whether it displays official news release and presentations made to institutional investors or to the analysts.	Yes
Whether MD & A report is part of the Annual Report	Yes

Annual General Meeting :

Date and Time	: 30th September, 2010 at 9.00 AM
Venue	: Survey No.114 & 115, Thimmapur-509 325 Dist : Mahaboobnagar.(A.P)
Date of Book Closure	: 24th September, 2010 to 30th September, 2010 (both days inclusive)
Financial Calender (2010-2011)	: The following is the tentative financial calender of the Company which is subject to Change.
1st Quarter results	: 31.07.2010 Already sent to Stock Exchange(s)
2nd Quarter/Half-year results	: 30.10.2010
3rd Quarter results	: 31.01.2011
4th Quarter results	: 30.04.2011
AGM 2010-2011	: 30.09.2011

DHANALAXMI ROTO SPINNERS LIMITED**13. Share Transfer System :**

Securities lodged for transfers at the Registrar's address are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Senior Executives of the Company are empowered to approve transfer of shares. Grievances received from investors and other miscellaneous correspondence on change of address, mandates etc., are processed by the Registrars within 30 days. The Company extends the facility of simultaneous transfer and dematerialization of shares to the shareholders.

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis have been issued by the Company Secretary in Practice for due compliance of Share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary in Practice for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the Company.

14. Distribution of Share Holdings as on 31.3.2010

Share Holding of Nominal Value (Rs)	Share Holders		Share Amount	
	Number	% to Total	Value in Rs.	% to Total
Upto - 5000	3,837	87.62	59,35,260	15.21
5001 - 10000	225	5.13	18,77,090	4.81
10001 - 20000	103	2.35	15,63,930	4.01
20001 - 30000	56	1.27	13,99,320	3.58
30001 - 40000	20	0.45	6,99,790	1.79
40001 - 50000	29	0.66	13,62,480	3.49
50001 - 100000	38	0.86	26,02,700	6.67
100001 and above	71	1.62	2,35,62,430	60.41
Total	4379	100.00	3,90,03,000	100.00

DHANALAXMI ROTO SPINNERS LIMITED**15. Share Holding Pattern as on 31-3-2010**

Sl. No.	Type of Shareholders	Number of Shares Held	% of Total
1	Promoters and Promoters Group		
	a) Individuals / Hindu Undivided Family	786950	20.18
	b) Central / State Government(s)	-	-
	c) Bodies Corporate	203825	5.22
2.	Foreign Promoters	-	-
3.	Financial Institutions / Banks	2600	0.06
4.	FII's & OCB's	-	-
5.	Mutual Funds / UTI	-	-
6.	Non Government Institutions		
	a) Bodies Corporate	149594	3.84
	b) Individuals	2755418	70.65
7.	Non Resident Individuals	1913	0.05
		3900300	100.00

16. Dematerialization of Shares :

Electronics holding by Members comprises 63.91% of the paid up ordinary Share Capital of the Company held through National Securities Depositories Ltd. (24.29%) and Central Depository Services (India) Ltd. (39.62%) as on 31st March, 2010.

17. Address for Correspondence :

Venture Capital & Corporate Investments Ltd.,
12-10-167, Bharat Nagar, Hyderabad - 500 018.
Tel.No.(040) 23818475 / 23818476 / 23868023
E-mail: pv_srinu@hotmail.com.

CERTIFICATE OF COMPLIANCE WITH CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement relating to Corporate Governance with the Stock Exchanges, all the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct during the financial year 2009-10

For **DHANALAXMI ROTO SPINNERS LIMITED**

Sd/-

Place : Thimmapur

RAJKUMAR INANI

Date : 14.08.2010

Whole Time Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO
THE MEMBERS OF
DHANALAXMI ROTO SPINNERS LIMITED.

We have examined the compliance of conditions of Corporate Governance by **DHANALAXMI ROTO SPINNERS LIMITED** during the year ended 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the listing agreement) issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **G.D. UPADHYAY & CO.**
Chartered Accountants
Firm Regd No.05834S

Sd/-

G.D. UPADHYAY

Partner

Membership No.027187,

Place: Thimmapur

Date : 14.08.2010

AUDITORS' REPORT

TO
THE MEMBERS OF
DHANALAXMI ROTO SPINNERS LTD.

1. We have audited the attached Balance Sheet of DHANALAXMI ROTO SPINNERS LTD as at 31st March, 2010, and also the Profit and Loss Account for the year ended as on that date annexed there to and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report), (Amendment) Order, 2004 (herein after referred to as "The Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in para 3 above, we report that :
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit:
 - b. In our opinion, proper books of account as required by law, have been kept by the company so far as appears from our examination of those books.
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-sec. (3C) of Sec.211 of the Companies Act, 1956;

DHANALAXMI ROTO SPINNERS LIMITED

- e. On the basis of written representations received from directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-sec (1) of section 274 of the Companies Act, 1956; and
5. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Company's accounting policies and the Notes thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b. in the case of the Profit and Loss Account, of the Profit for the year ended as on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For **G.D. UPADHYAY & CO.**
Chartered Accountants
Firm Regd No.05834S

Sd/-

G.D. UPADHYAY
Partner
Membership No.027187

Place : Thimmapur

Date : 14.08.2010

DHANALAXMI ROTO SPINNERS LIMITED

Annexure referred to in paragraph 1 of our report dated : 14th August, 2010 to the members of DHANALAXMI ROTO SPINNERS LTD on the financial statements for the year ended 31st March, 2010 .

1.
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed assets.
 - b) The Company has phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with such programme, the management has physically verified fixed assets during the year and no material discrepancies were noticed on such verification.
 - c) In our opinion, a substantial part of fixed assets has not been disposed of by the company during the year.
2.
 - a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year.
 - b) In our opinion and according to the information and explanations given to us, the procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) In our opinion and according to the information and explanations given to us, and the basis of our examination of the records of the inventory, the company is maintaining proper records of its inventory and no material discrepancies were noticed on the reconciliation as mentioned above, as compared with book records.
3. *In respect of loans, secured or unsecured granted/taken by Companyto/ from Companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.*
 - a) The Company has granted unsecured loans to 3 parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end

DHANALAXMI ROTO SPINNERS LIMITED

balances of such loans Aggregate to Rs.167.55 Lacs and Rs.238.49 Lacs respectively.

- b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima- facie prejudicial to the interest of the Company.
 - c) In respect of the aforesaid loans, the parties are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.
 - d) In respect of the aforesaid loans granted, there is no overdue amount more than Rupees one Lakh.
 - e) The Company has not taken any loans from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As the company has not taken any loans, the provisions of sub clause (e), (f) and (g) of clause (iii) of paragraph 4 of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventories, fixed assets, shares and securities, and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
5. a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, having regard to the comments in (a) above, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public and consequently, the directive issued by the Reserve Bank of India, and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.

DHANALAXMI ROTO SPINNERS LIMITED

7. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
9.
 - a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Income Tax, Value added Tax, Service Tax, Investor Education and Protection Fund, Wealth Tax and any other material Statutory dues applicable to it. As per information and explanations given to us, the Provident fund act and Employees State Insurance Act is not applicable to the company.
 - b) According to the information and explanations given to us, no undisputed dues payable in respect of Sales Tax, Income Tax, Service Tax, Wealth Tax, Customs Duty and Cess were outstanding at 31st March, 2010 for a period of more than six months from the date they became payable.
10. The Company does not have any accumulated losses at the financial year and has not incurred cash losses in the current financial year or in the immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in the payment of dues to its bankers, financial institutions and debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the Order is not applicable.
14. The Company has maintained proper records of transactions and contracts in respect of trading in shares, debentures, and other securities and timely entries have been made therein. The investments are held by the company in its own name.

DHANALAXMI ROTO SPINNERS LIMITED

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4(xv) of the Order is not applicable.
16. In our opinion and according to the information and explanation given to us, the during the year company has loans taken by others from banks or financial institutions. Accordingly, clause 4(xvi) of the Order is not applicable. .
17. On the basis of an overall examination of the Balance Sheet and Cash Flow Statement of the Company, no funds raised on short- term basis have been used for long term investment.
18. The company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. The Company has not issued any debentures. Accordingly clause 4(xix) of the Order is not applicable.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and on the basis of information and explanations provided by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **G.D. UPADHYAY & CO.**
Chartered Accountants
Firm Regd No.05834S

Sd/-

G.D. UPADHYAY

Partner

Membership No.027187,

Place : Thimmapur

Date : 14.08.2010

DHANALAXMI ROTO SPINNERS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31.3.2010	As at 31.3.2009
SOURCES OF FUNDS :			
1) Share Holders' Funds :			
a) Share Capital	1	39,003,000	39,003,000
b) Reserves and Surplus	2	9,382,923	8,046,523
2) Loan Funds			
a) Secured Loans	3	11,525,974	6,029,266
3) Deferred Tax Liability (Net)		764,764	749,800
4) Total Funds Employed		60,676,661	53,828,589
APPLICATION OF FUNDS :			
5) Fixed Assets :			
a) Gross Block	4	14,777,929	13,524,992
b) Less : Depreciation		5,989,932	5,290,294
		8,787,997	8,234,698
c) Capital Work-In -Progress		3,880,000	-
d) Net Block		12,667,997	8,234,698
6) Investments	5	2,759,750	7,141,857
7) Current Assets, Loans And Advances			
a) Inventories	6	3,009,486	611,361
b) Sundry Debtors	7	36,446,250	13,723,547
c) Cash and Bank Balances	8	10,057,162	11,944,757
d) Loans and Advances	9	27,651,020	24,433,140
		77,163,918	50,712,805
8) Current Liabilities and Provisions:			
a) Current Liabilities	10	28,946,892	9,863,061
b) Provisions	11	2,968,112	2,397,710
9) Net Current Assets		45,248,914	38,452,034
10) Total Assets		60,676,661	53,828,589
11) Significant Accounting Policies and Notes to Accounts	16		

As per our report of even date attached

For **G.D. UPADHYAY & CO.**

Chartered Accountants

Firm Regd. No. 05834S

Sd/-

(G.D. UPADHYAY)

Partner

Membership No. 027187

Place: Thimmapur

Date : 14.08.2010

For and on behalf of the Board

Sd/-

(RAJKUMAR INANI)

Whole Time Director

Sd/-

(NARAYAN INANI)

Executive Director

DHANALAXMI ROTO SPINNERS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		For the year ended	
	Schedule No.	31-03-2010	31-03-2009
Income :			
1) Sales		144,796,961	127,418,122
2) Other Income	12	-2,045,412	2,303,774
		<u>142,751,549</u>	<u>129,721,896</u>
Expenditure :			
3) Materials		126,299,902	107,522,221
4) Staff Cost	13	1,503,951	1,457,464
5) Administrative and Selling Expenses	14	9,049,518	10,082,238
6) Financial Expenses	15	2,355,483	5,323,607
7) Depreciation	4	699,638	487,011
		<u>139,908,492</u>	<u>124,872,541</u>
Profit Before Taxation And Exceptional Items		2,843,057	4,849,355
8) Exceptional Items :			
a) Profit on Sale of Land		-	1,227,508
b) Prior Period Adjustments (Net)		232,001	114,409
Net Profit Before Taxation		3,075,058	5,962,454
9) Provision for Taxation			
a) Current		2,075,243	1,782,435
b) Deferred		14,963	25,717
c) Fringe Benefits		-	35,180
d) Earlier Year Tax		-351,548	-
Net Profit after Taxation		1,336,400	4,119,122
Profit/(Loss) brought forward from previous year		4,637,657	518,535
Balance Carried to Balance Sheet		5,974,057	4,637,657
Earnings per Share, of par value Rs. 10/- each including exceptional items - Basic and Diluted (See Note No. 16 on Page No. 41)		0.34	1.06
Significant Accounting Policies and Notes on Accounts	16		

As per our report of even date attached

For **G.D. UPADHYAY & CO**

Chartered Accountants
Firm Regd. No. 05834S

Sd/-

(G.D. UPADHYAY)

Partner

Membership No.027187

For and on Behalf of the Board

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

Sd/-
(**NARAYAN INANI**)
Executive Director

Place : Thimmapur

Date : 14.08.2010

DHANALAXMI ROTO SPINNERS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Amount in Rupees)

	Year ended	
	31.3.2010	31.3.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
a) Net Profit / (Loss) Before Tax	3,075,058	5,962,454
Adjustments for :		
Depreciation	699,638	487,011
Profit/(Loss) on Investments and Transaction of Shares Securities and Commodities	(1,897,595)	(180,024)
Dividend Income	(2,045)	(818)
Other Income and Rent	(1,382,794)	(21,22,932)
Interest Expenses	2,355,483	5,323,607
Profit on Sale of Land	-	(1,227,508)
Prior Period Adjustments	232,001	114,409
b) Operating Profit / (Loss) Before Working Capital Changes	3,079,747	8,356,199
Adjustments for :		
Trade & Other Receivables	(22,722,703)	(1,540,372)
Inventory	(2,398,125)	12,831,097
Other Current Assets	(3,217,880)	(2,830,420)
Trade payables	20,815,580	(17,866,962)
Other Current Liabilities	(1,161,347)	(1,672,823)
Interest Paid	(2,355,483)	(5,323,607)
Direct Taxes paid	(1,723,695)	(1,817,616)
c) Cash Flow Before Extraordinary Item	(9,683,906)	(9,864,504)
Prior Period Adjustments	(232,001)	(114,409)
Net Cash Flow From Operating Activities (A) :	(9,915,908)	(9,978,913)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(5,132,937)	(2,263,883)
(Increase)/Decrease in Investment	4,382,107	1,411,550
Profit on account of Sale of Land	-	1,227,508
Profit/(Loss) on Investments and Transaction of Shares, Securities and Commodities	1,897,595	180,024
Other Income and Rent	1,382,794	2,122,932
Dividend received	2,271	818
Sale of Fixed Assets	-	216,492
Net Cash Flow / (Used) in Investing Activities (B) :	2,531,603	2,895,215

DHANALAXMI ROTO SPINNERS LIMITED

(Amount in Rupees)

	Year ended	
	31.3.2010	31.3.2009
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Borrowings /(Repayment of loan)	5,496,709	347,634
NET CASH FLOW FROM FINANCING ACTIVITIES (C) :	5,496,709	347,634
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(1,887,596)	(6,736,064)
Cash and Cash equivalent as at the beginning of the year	11,944,758	18,680,821
Cash and Cash equivalent as at the end of the year	10,057,162	11,944,757

This is the Cash Flow Statement referred to in our report of even date

We have verified the above Cash Flow Statement of M/s. Dhanalaxmi Roto Spinners Limited derived from the Audited Financial Statements for the year ended 31st March, 2010 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the Listing Agreement with the Stock Exchanges.

For **G.D. UPADHYAY & CO.**
Chartered Accountants
Firm Regd. No. 05834S

For and on behalf of the Board

Sd/-
(**G.D. UPADHYAY**)
Partner
Membership No. 027187

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

Sd/-
(**NARAYAN INANI**)
Executive Director

Place : Thimmapur

Date : 14.08.2010

DHANALAXMI ROTO SPINNERS LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET

(Amount in Rupees)

	As at 31.3.2010	As at 31.3.2009
SCHEDULE 1 :		
SHARE CAPITAL :		
AUTHORISED		
50,00,000 Equity Shares of Rs.10/- each	<u>50,000,000</u>	<u>50,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
39,00,300 Equity Shares of Rs.10/- each fully paid up	<u>39,003,000</u>	<u>39,003,000</u>
SCHEDULE 2 :		
RESERVES AND SURPLUS :		
Central Subsidy	1,500,000	1,500,000
Capital Reserve	20,000	20,000
Investment Allowance Utilized Reserve	1,888,866	1,888,866
Profit and Loss Account	5,974,057	4,637,657
SCHEDULE 3 :	<u>9,382,923</u>	<u>8,046,523</u>
SECURED LOANS :		
Canbank Factors Ltd.	5,306,824	-
(Secured against the PDC's for the full value of factored Invoices of M/s. Sigachi Chloro Chemicals Pvt. Ltd.)		
HDFC Bank Ltd. Car Loan (Secured Against Mortgage of i10 Car)	237,884	342,400
Kotak Mahindra Prime Ltd. (Auto Loan) (Secured Against Mortgage of Jetta Car)	830,285	1,199,200
HDFC Bank Ltd Car Loan (Secured Against Mortgage of Ford Figo Car)	419,096	-
Tamilnad Mercantile Bank Ltd (Refer note no 5 of notes to accounts)	1,363,617	-
The A.P Mahesh Bank Co-op Urban Bank Ltd. (Secured Against FDRs worth Rs. 5000000)	3,368,268	4,487,666
	<u>11,525,974</u>	<u>6,029,266</u>

SCHEDULE - 4 FIXED ASSETS

(Amount in Rupees)

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01-04-2009	Additions/ (Deletions) during the year	As at 31-03-2010	As at 01-04-2009	Depreciation for the year	As at 31-03-2010	As at 31-03-2010	As at 31-03-2009
Land	107,438	-	107,438	-	-	-	107,438	107,438
Buildings	9,135,752	-	9,135,752	4,289,926	305,134	4,595,060	4,540,692	4,845,826
Borewell	72,174	16,000	88,174	58,153	3,968	62,121	26,053	14,021
Office Equipments	92,527	47,050	139,577	3,753	5,832	9,585	129,992	88,774
Live Stock	4,550	-	4,550	-	-	-	4,550	4,550
Time Share	39,000	-	39,000	6,294	394	6,688	32,312	32,706
Furniture and Fixtures	1,549,495	-	1,549,495	485,192	98,083	583,275	966,220	1,064,303
Computer and Printers	479,505	58,475	537,980	443,707	83,098	526,805	11,175	35,798
Vehicles	2,044,551	1,131,412	3,175,963	3,269	203,129	206,398	2,969,565	2,041,282
TOTAL	13,524,992	1,252,937	14,777,929	5,290,294	699,638	5,989,932	8,787,997	8,234,698
PREVIOUS YEAR	11,477,601	2,047,391	13,524,992	4,803,283	487,011	5,290,294	8,234,698	66,74,318

DHANALAXMI ROTO SPINNERS LIMITED

DHANALAXMI ROTO SPINNERS LIMITED

(Amount in Rupees)

	As at 31.3.2010	As at 31.3.2009
SCHEDULE-5: INVESTMENTS :		
QUOTED INVESTMENTS :		
A) EQUITY SHARES :		
1. Inani Securities Ltd. (35,000 shares of Rs. 10/- each fully paid up, Market Value as at 31.3.2009 Rs. 724,500/-)	-	350,000
2. Rain Commodities Ltd. (285 Shares of Rs. 10/- each fully paid up, Market Value as at 31.3.2009 Rs.23,085/-)	-	49,614
3. Kotak Select Portfolio Management Scheme (Market value as at 31.3.2009 Rs. 3,186/-)	-	3,186
4. Hindustan Dorr Oliver Limited (990 Shares of Rs. 10/- each fully paid up, Market value as at 31.3.2009 Rs. 37,917/-)	-	153,479
5. Cauveri Software Limited (2500 Shares of Rs. 10/- each fully paid up)	-	135,000
6. Four C Software Limited (9000 Shares of Rs. 10/- each fully paid up)	-	184,500
7. Gujarat Leasing Finance Limited (499 Shares of Rs. 10/- each fully paid up, Market value as at 31.3.2009 Rs. 1,272/-)	-	35,928
8. Intradeco Limited (5000 Shares of Rs. 10/- each fully paid up, *Market Value as at 31-3-2009 Rs.1,200/-)	-	150,000
9. K2 Systems Limited (200 Shares of Rs. 10/- each fully paid up)	-	12,600
10. Remi Metals Limited (150 Shares of Rs. 10/- each fully paid up, Market value as at 31.3.2009 Rs.3135/-)	-	66,000
11. S Kumars Online Limited (100 Shares of Rs. 10/- each fully paid up, Market value as at 31.3.2009 Rs. 250/-)	-	5,200

DHANALAXMI ROTO SPINNERS LIMITED

(Amount in Rupees)

	As at 31.3.2010	As at 31.3.2009
12. Value Mart Limited (100 Shares of Rs. 10/- each fully paid up, Market value as at 31.3.2009 Rs. 103/-) <small>* Market value not available. Hence not provided.</small>	-	4,100
UN QUOTED INVESTMENTS :		
1. Ketki Finance Ltd. (75000 shares of Rs.10/- each fully paid up)	753,750	753,750
2. Rajlaxmi Petro Chemicals Pvt. Ltd. (100 shares of Rs.10/- each fully paid up)	1,000	1,000
3. Dhanshree Syntex (P) Ltd. (1,00,000 shares of Rs.10/- each fully paid up)	-	1,000,000
4. P.K.Industries Tool (P) Ltd. (65,000 shares of Rs. 10/- each fully paid up)	-	650,000
5. Prix Mercantiles (P) Ltd (1,00,000 Shares of Rs.10+10/- allotment) (Previous Year 60,000 Additional Shares@ Rs. 10/- each)	2,000,000	2,600,000
6. Karmanghat Securities (P) Ltd (500 Shares of Rs 10 /- each fully paid up)	5,000	-
7. Ranganath Enterprises (P) Ltd. (25,000 Shares of Rs.10/- each fully paid up)	-	987,500
	2,759,750	7,141,857
SCHEDULE 6 :		
Inventories : (As valued and Certified by the Management)		
Wood Pulp	3,009,486	611,361
	3,009,486	611,361

DHANALAXMI ROTO SPINNERS LIMITED

(Amount in Rupees)

	As at 31.3.2010	As at 31.3.2009
SCHEDULE 7 :		
Sundry Debtors :		
Unsecured :		
Debts outstanding for a period exceeding 6 months - considered good	231,710	4,755,828
Other Debts		
Considered good	36,214,540	8,967,719
	<u>36,446,250</u>	<u>13,723,547</u>
SCHEDULE 8 :		
Cash and Bank Balances :		
Cash in hand	77,280	29,560
Bank Balances (With Scheduled Banks)		
In Current Accounts	160,567	3,401,502
In Fixed Deposit Accounts	9,819,315	8,513,695
	<u>10,057,162</u>	<u>11,944,757</u>
SCHEDULE 9 :		
Loans and Advances :		
Advance (Recoverable in cash or in kind or for the value to be received)	27,071,666	20,164,407
Deposits with Public Bodies, Government etc.	340,308	540,308
Tax deducted at source	239,046	728,425
	<u>27,651,020</u>	<u>24,433,140</u>
SCHEDULE 10 :		
Current Liabilities :		
Sundry Creditors	28,066,746	7,251,166
Advances Received from Customers	524,509	2,259,836
Other Liabilities	355,517	352,059
	<u>28,946,812</u>	<u>9,863,061</u>

DHANALAXMI ROTO SPINNERS LIMITED

(Amount in Rupees)

	As at 31.3.2010	As at 31.3.2009
SCHEDULE 11 :		
PROVISIONS :		
TDS Payable	3,477	2,672
CST Payable	185,400	55,494
Professional Tax Payable	54,040	-
VAT Payable	648,544	(2,909)
FBT Payable	-	35,180
Income Tax Payable	2,075,243	2,303,592
Service Tax Payable	1,408	3,681
	<u>2,968,112</u>	<u>2,397,710</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	For the Year ended	
	31-3-2010	31-3-2009
SCHEDULE 12 :		
OTHER INCOME :		
Foreign Exchange Currency Fluctuation	602,409	-
Dividend	2,045	818
Profit/(Loss) on Currency Transactions	(350,594)	-
Profit/(Loss) on Dealing in Shares and Securities	-	(317945)
Profit/(Loss) on investments	(3,079,657)	
Profit/(Loss) on Dealing in Derivative Transactions	(1,897,595)	497,969
Interest and Other receipts	2,677,980	2,122,932
	<u>(2,045,412)</u>	<u>2,303,774</u>
SCHEDULE 13 :		
STAFF COSTS :		
Salaries	1,446,000	1,446,000
Staff Welfare and other benefits	57,951	11,464
	<u>1,503,951</u>	<u>1,457,464</u>

DHANALAXMI ROTO SPINNERS LIMITED

(Amount in Rupees)

For the Year ended

31-3-2010

31-3-2009

SCHEDULE 14 :

ADMINISTRATIVE AND SELLING EXPENSES :

Rent, Rates, Taxes and Renewals	140,421	345,354
Postage, Telegram and Telephone charges	240,274	233,581
Conveyance and Vehicle Maintenance	264,232	238,658
Electricity expenses	114,457	181,674
Insurance	48,590	14,671
Travelling Expenses	247,462	69,021
LIC Keyman Policy Premium	113,087	255,971
Directors Remuneration	940,500	648,000
Directors' Sitting Fee	35,000	22,000
Auditors' Remuneration	44,120	55,150
Balances Written Off	971,954	24,331
Repairs & Maintenance	43,090	515,835
AGM Expenses	82,700	59,260
Printing and Stationery	21,679	17,988
Discount	110,918	87,915
Commission and Brokerage	3,039,722	2,841,757
Other Miscellaneous Expenses	2,534,312	4,394,272
Consultancy and Service Charges	57,000	76,800
	9,049,518	10,082,238

SCHEDULE 15 :

FINANCIAL EXPENSES :

Bank Charges	1,425,789	4,573,379
Interest	929,694	750,228
	2,355,483	5,323,607

SCHEDULE 16:

Significant Accounting Policies and Notes forming part of the Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended 31st March, 2010

1. SIGNIFICANT ACCOUNTING POLICIES :

1) Basis of preparation of financial statements:

The accompanying financial statements are prepared under the historical cost convention in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") comprising the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, on accrual basis. These accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted by the company.

2) Use of Estimates:

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized.

3) Fixed Assets :

All Fixed Assets are stated at cost of acquisition, less accumulated depreciation. Cost is inclusive of freight, installation cost, duties, taxes and other direct incidental expenses.

4) Capital Work-In-Progress:

Capital Work-In-Progress is carried at cost comprising direct cost and (related incidental expenses).

5) Depreciation:

Depreciation on fixed assets (other than land and livestock where no depreciation has been provided) is provided on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

6) Impairment:

The carrying amount of assets is reviewed at each balance sheet date for any indication of impairment based on internal external factors. An impairment loss is recognized wherever the carrying amount of an asset materially exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

7) **Revenue Recognition :**

Revenue from sale of goods and services rendered is recognized upon passage of title and rendering of services.

8) **Inventories:**

Inventories are valued at lower of cost and net realizable value which ever is lower.

9) **Dividend:**

Income from Dividend is recognized as and when received.

10) **Investments:**

Quoted Investments:

Investments are valued at cost. No provision is made for the temporary decrease in the value of the long term investments

Unquoted Investments: In the opinion of the management Investment in the Unquoted Investment in Associates and other Companies are of Long Term nature meant to be held permanently and any diminution in the latest available book value as compared to the cost of such shares is considered temporary by the management and hence not provided (not ascertained)

11) **Employee Benefits :**

a) Short term employee benefits :

Employee Benefits such as salaries, allowances, and non-monetary benefits which fall due for payment within a period of twelve months after rendering of services, are charged as expense to the profit and loss account in the period in which the service is rendered.

b) Post- employment benefits :

No provision has been made towards retirement benefits as in the opinion of the board; none of the employees are eligible for the same.

12) **Taxation :**

Tax expenses comprises of current, and deferred. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

Provision for Current Tax is made on the basis of Taxable Income of the Current Accounting Year in accordance with Income Tax Act, 1961. The company is providing and recognizing deferred tax on timing differences between Taxable Income and accounting Income subject to consideration of prudence.

13) **Provisions and Contingent Liabilities:**

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

DHANALAXMI ROTO SPINNERS LIMITED

14) Earnings per share:

In determining Earnings per share, the company considers the net profit after tax and includes the post tax effect of any extra ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

II) Notes to Accounts:

S.No	Particulars	31/03/2010	31/03/2009
1	Estimated amount of contracts remaining to be executed on Capital account not provided for (Net of advances)	40,00,000	Nil
2	Contingent Liabilities not provided for Bank Guarantee and FLC issued By the Bank	97,79,433	73,15,508
3	Managerial Remuneration to directors		
	Salary	9,40,500	6,48,000
	Contribution to Provident fund	Nil	Nil
	Perquisites	Nil	Nil
	Others/Allowances	Nil	Nil
4	Auditors Remuneration :		
	Audit Fees	30,000	35,000
	Tax Representation Fees	10,000	15,000
	Service Tax	4,120	5,150

5) Secured Loans:

Cash Credit (Stock) and Foreign Letter of Credit from Tamilnad Mercantile Bank Ltd are Secured against Hypothecation of Stocks, Receivables, Collateral Security of land in the name of Company and Personal guarantees of Directors.

- 6) In the opinion of the Board of Directors, Current Assets and Loans and Advances have the value at which these are stated in the Balance Sheet, if, realized in the ordinary course of business, unless otherwise stated and adequate provisions of all known liabilities have been made and are not in excess of the amount reasonably required.
- 7) As confirmed by the management, there are no dues above Rs. 1.00 Lakh outstanding for more than 45 days to Micro and Small Scale Undertakings.
- 8) The company does not have whole time Company Secretary, as per requirements of Section 383A of the Companies Act, 1956. Hence, the accounts have not been signed by the company Secretary.
- 9) The company operates in only one segment i.e. 'India'. Hence separate information on geographical segment is not required. The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparation of financial information of the Company.

DHANALAXMI ROTO SPINNERS LIMITED

10) Deferred Tax Liability :

Particulars	2009-10	2008-09
Deferred Tax liability / (Asset)		
Opening Balance	7,49,800	7,24,083
Timing Difference on account of Depreciation	14,963	25,717
Closing Balance	7,64,763	7,49,800

11) Quantitative particulars:

Product	Opening Stock	Purchases	Sales	Closing Stock
Wood Pulp	23.67 MT (439.95 MT)	1709.62 MT (2760.83 MT)	1634.90 MT (3177.11 MT)	98.39 MT (23.67 MT)
Paper	NIL MT (NIL MT)	92.056 MT (59.87 MT)	92.056 MT (59.87 MT)	NIL MT (NIL MT)
Waste Paper	NIL MT (NIL MT)	NIL MT (55.37 MT)	NIL MT (55.37 MT)	NIL MT (NIL MT)
Cotton Seed	NIL MT (NIL MT)	NIL MT (1401.90)	NIL MT (1401.90)	NIL MT (NIL MT)
Cotton Seed Oil Cake	NIL MT (NIL MT)	17.040 MT (NIL MT)	17.040 MT (NIL MT)	NIL MT (NIL MT)

	31-03-2010	31-03-2009
12) Value Of imports On CIF Basis		
Raw Materials	NIL	NIL
Spare parts and consumables	NIL	NIL
Capital Goods	NIL	NIL
13) Expenditure in Foreign Currency		
Towards Purchases	6,24,72,586	6,81,40,881
Towards Travelling	1,22,800	NIL
14) Earnings in Foreign Currency	18,06,514	2,42,02,075

DHANALAXMI ROTO SPINNERS LIMITED**15) Related Party Disclosure as per Accounting Standard -18 :**

During the year, the Company entered into transactions with the related parties. Those transactions along with related balances as at 31st March, 2010 and for the year ended are presented in the following table.

(The information is given as compiled and certified by the management.)

SL.No	ASSOCIATE CONCERNS
1	Anirudh Marketing
2	Inani Distributors
3	Inani Real Estate and Developers (P) Ltd
4	Dhansree Syntex (P) Ltd
5	Inani Commodities & Finance Ltd
6	Inani Securities Limited
7	Karmanghat Securities (P) Ltd

Directors/Key Management Personnel

1	Raj Kumar Inani
2	Narayan Inani
3	Anirudh Inani
4	K.N.Prasad
5	Shyam Sunder Jakhotia
6.	Simanth Roy Chowdhury

Relatives of Directors/Key Management Personnel

1	Natasha Inani
2	Sangita Inani
3	Divya Inani
4	Sri Gopal Inani
5	Lakshmikanta Inani

DHANALAXMI ROTO SPINNERS LIMITED

Related Party Transactions

(Amount in Rs.)

Particulars	Key Person/Relatives	Associates
Remuneration	18,40,500	-
Investment	-	5,000
Advance given/repayment	-	7,00,08,831/5,97,00,779
Sale of Asset/Investments	13,01,136	-
Sitting Fees	35,000	-

- 16) Basic and Diluted Earnings per Share ("EPS") computed in accordance with Accounting Standard (AS) 20 "Earnings per Share"

Particulars		2009-10	2008-09
Basic			
Profit after Tax as Per Profit and Loss account	A	13,36,400	41,19,122
Number of Shares subscribed	B	39,00,300	39,00,300
Basic EPS (Rupees)	A/B	0.34	1.06
Diluted			
Profit after Tax as Per Profit and Loss account	A	13,36,400	41,19,122
Number of Shares subscribed	B	39,00,300	39,00,300
Diluted EPS (Rupees)	A/B	0.34	1.06

- 17) Figures in brackets in these notes are in respect of previous year.
- 18) Figures of previous have been regrouped/rearranged/reclassified, wherever considered necessary to confirm to current year's presentation.

As per our report of even date attached

For **G.D. UPADHYAY & CO.**
Chartered Accountants
Firm Regd No.05834S

For and on behalf of the Board

Sd/-
(G.D. UPADHYAY)
Partner
Membership No.027187

Sd/-
(RAJKUMAR INANI)
Whole Time Director

Sd/-
(NARAYAN INANI)
Executive Director

Place : Thimmapur

Date : 14.08.2010

DHANALAXMI ROTO SPINNERS LIMITED

**ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF
SCHEDULE VI OF THE COMPANIES ACT, 1956.**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. State Code No.

Balance Sheet Date

II. Capital raised during the year (Rs. in thousand)

Public Issue	Bonus Issue	Rights Issue	Private Placements
<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

III. Position of Mobilisation and Deployment of Funds (Rs. in thousand)

Total Liabilities	Total Assets
<input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="7"/>	<input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="7"/>

Sources of Funds

Paid up Capital	Reserves and Surplus	Deferred Tax Liabilities
<input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="3"/>	<input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="3"/>	<input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="5"/>

Application of Funds

Net Fixed Assets	Investments	Net Current Assets
<input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="8"/>	<input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="0"/>	<input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="9"/>
Misc. Expenditure	Accumulated Losses	
<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	

V. Performance of the Company

Total Income	Total Expenditure		
<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="2"/>	<input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="8"/>		
Profit/(Loss) before Tax and Exceptional Items	Profit/(Loss) after Tax and Exceptional Items	Earnings per share in Rs.	Dividend Rate %
<input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="3"/>	<input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="6"/>	<input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="4"/>	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

VI. Generic Names of the three Products/Services of the Company

Item Code No. (ITC Code)	-
Production Description	-
Item Code No. (ITC Code)	-
Production Description	-

For and on behalf of the Board

Place : Thimmapur

Sd/-
(RAJKUMAR INANI)
Whole Time Director

Sd/-
(NARAYAN INANI)
Executive Director

Date : 14.08.2010

FOR SHARE HOLDERS NOTING

DHANALAXMI ROTO SPINNERS LIMITED

FOR SHARE HOLDERS NOTING

DHANALAXMI ROTO SPINNERS LTD.
Sy.No.114 & 115, Thimmapur-509 325

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)
23rd Annual General Meeting - 30th September, 2010

I/We hereby record my/our presence at 23rd AGM of the Company to be held on Thursday, the 30th September, 2010 at 9.00 A.M. at Registered Office, Sy.No.114 & 115, Station Road, Thimmapur-509 325, Mahaboobnagar District (A.P) and at the adjournment thereof.

NAME & ADDRESS OF THE MEMBER	FOLIO NO./ CLIENT ID NO./ DPID NO.	NO. OF SHARE HELD

Full Name of Proxy :

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING
.....

DHANALAXMI ROTO SPINNERS LTD.

Regd. Office: Sy.No.114 & 115, Station Road,
THIMMAPUR-509 325, Mahaboobnagar Dist. (A.P.)

PROXY FORM

Reg.Folio No./Client ID No. _____ No. of Shares held _____

or D.P.I.D.No. _____ Client Id.No. _____ No. of Share held _____

I/We _____ of _____ in the district
of _____ Being a member/members of **DHANALAXMI ROTO SPINNERS**

LTD., hereby appoint _____ in the district

of _____ falling him/her _____ of _____ in the district

of _____ as my/our proxy to attend and vote for me/us and on my/our behalf

at the 23rd Annual General Meeting of the Company to be held on Thursday, the

30th September, 2010 at 9.00 A.M. at the Registered Office, Sy.No.114 & 115,

Station Road, Thimmapur-509325, Mahaboobnagar District (A.P.) and at any

adjournment thereof.

As Witness my hand/our hands this _____ day of _____ 2010

Signature

Affix 1/- Rupee
Revenue Stamp

NOTE : This form in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company 48 hours before the meeting.

**PRINTED MATTER
BOOK - POST**



To,

If undelivered please return to :

DHANALAXMI ROTO SPINNERS LTD.,
Sy.No.114 & 115, Station Road, THIMMAPUR - 509 325.
Mahaboobnagar District (A.P.)