

***DHANALAXMI ROTO
SPINNERS LIMITED***



**ANNUAL REPORT
2008 - 2009**

CORPORATE INFORMATION

BOARD OF DIRECTORS :

Sri. Rajkumar Inani	Whole Time Director
Sri. Narayan Inani	Executive Director
Sri. Rajiv Kumar Maheshwari	Director
Sri. K.N. Prasad	Director
Sri. Shyam Sunder Jakhotia	Director

AUDITORS :

M/s. G.D. Upadhyay & Co.
Chartered Accountants
15-1-53,
2nd Floor, Upstairs Andhra Bank,
Opp: Goshamahal High School,
Siddiamber Bazar,
HYDERABAD-500 012.

REGISTERED OFFICE :

Sy.No.114 & 115,
Station Road,
Thimmapur-509 325
Mahaboobnagar Dist. (A.P)
E-mail :
dhanlaxmiroto@yahoo.co.in
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.

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

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

Date : 19-08-2009

RAJKUMAR INANI

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 24th September, 2009 to 30th 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 30th 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

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.

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.

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.

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.

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 10 Board Meetings were held on 5th April, 2008, 30th April, 2008, 19th July, 2008, 31st July, 2008, 18th August, 2008, 19th August, 2008, , 31st October, 2008, 4th December, 2008 , 31st December, 2008 and 31st January, 2009. The composition of the Board, attendance at Board Meetings held during the financial year under review and the last Annual General Meeting (AGM), number of Directorships and memberships/ chairmanships in public companies (including the company) are given below :

Name of the Director	Category	Financial Year	Attendance	As on date	
		2008-2009 Board Meeting	At Last AGM	Committee Position Member	Chairman
Rajkumar Inani	Whole Time Director	10	Yes	2	--
Narayan Inani	Executive Director	10	Yes	--	1
Rajiv Kumar Maheshwari	Non-Executive Director	2	Yes	2	--
K.N. Prasad	Non-Executive Independent Director	6	Yes	2	--
Shyam Sunder Jakhotia	Non-Executive Independent Director	6	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.

Sri Shyam Sunder Jakhotia 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 Jakhotia and Sri Narayan Inani. Sri Narayan Inani is the Chairman of the Committee. The scope of the committee includes :

- a) Reviewing 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 service.
- 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.
- c) 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, 2008, 31st July, 2008, 31st October, 2008 and 31st January, 2009. 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/- and to the Executive Director Mr. Narayan Inani Rs.2,88,000/- as decided by the Board of Directors.

A Sitting Fees of Rs.1,000/- 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 Rajivkumar Maheshwari	2,000/-
Sri K.N. Prasad	10,000/-
Sri Shyamsunder Jakhotia	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 Jakhotia. During the year under review two Investors Grievance Committee meetings were held on 13th August, 2008 and 11th November, 2008.

Compliance Officer :

Mr. K.N. Prasad

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) .

8. Market Information :

Monthly closing high and low quotations of your Companies
Shares traded on BSE for the Financial Year 2008- 09 :

Months	High	Low
April 2008	10.09	8.03
May 2008	9.50	7.27
June 2008	7.90	5.11
July 2008	10.90	4.83
August 2008	10.43	7.14
September 2008	10.37	7.88
October 2008	10.10	8.68
November 2008	10.35	8.03
December 2008	8.00	5.02
January 2009	6.20	4.25
February 2009	5.35	4.42
March 2009	4.40	3.64

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 (P) 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
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
2005-2006	AGM	29-9-2006	Sy.No.114 & 115,Thimmapur	9.00 AM

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, 2009 at 9.00 AM
 Venue : Survey No.114 & 115, Thimmapur-509 325
 Dist : Mahaboobnagar.(A.P)
 Date of Book Closure : 24th September, 09 to 30th September, 09
 (both days inclusive)

Financial Calender : The following is the tentative financial
 (2009-10) calender of the Company which is subject to
 Change.

1st Quarter results : 31.07.2009 Already sent to Stock Exchange
 2nd Quarter/Half-Year results : 31.10.2009
 3rd Quarter results : 31.01.2010
 4th Quarter results : 30.04.2010
 AGM 2009-2010 : 30.09.2010

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 31.3.2009

Share Holding of Nominal Value (Rs)			Share Holders		Share Amount	
			Number	% to Total	Number	% to Total
Upto	-	500	3,973	87.70	6,22,786	15.96
501	-	1000	239	5.27	2,00,028	5.12
1001	-	2000	108	2.38	1,63,709	4.19
2001	-	3000	56	1.23	1,41,533	3.62
3001	-	4000	18	0.39	62,375	1.59
4001	-	5000	29	0.64	1,36,868	3.50
5001	-	10000	36	0.79	2,38,229	6.10
10001	and above		71	1.56	23,34,772	59.86
Total			4530	100.00	39,00,300	100.00

15. Share Holding Pattern as on 31-3-2009

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	226493	5.81
2.	Foreign Promoters	-	-
3.	Financial Institutions / Banks	2600	0.07
4.	FII's & OCB's	-	-
5.	Mutual Funds / UTI	-	-
6.	Non Government Institutions		
	a) Bodies Corporate	141385	3.62
	b) Individuals	2738748	70.22
7.	Non Resident Individuals	4124	0.10
		3900300	100.00

16. Dematerialization of Shares :

Electronics holding by Members comprises 63.77% of the paid up ordinary Share Capital of the Company held through National Securities Depositories Ltd. (27.60%) and Central Depository Services (India) Ltd. (36.17%) as on 31st March, 2009.

17. Address for Correspondence :

Venture Capital & Corporate Investments (P) Ltd.,
 # 12-10-167, Bharat Nagar, Hyderabad - 500 018.
 Tel.No.(040) 2381 8475 / 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 2008-09.

For DHANALAXMI ROTO SPINNERS LIMITED

Sd/-

Place :Thimmapur

Date : 19-08-2009

RAJKUMAR INANI

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, 2009 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 Management. Our examination was limited review of 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.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor grievances remaining unattended/pending for more than 30 days as at 31st March, 2009.

We further 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

Sd/-
G.D. UPADHYAY

Partner

Membership No.27187

Place:Thimmapur
Date : 19-08-2009

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, 2009, 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;
 - e. on the basis of written representations received from directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31st, 2009 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 Significant Accounting Policies, 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, 2009;
 - 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 flows for the year ended on that date.

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

Sd/-

G.D. UPADHYAY

Partner

Membership No.27187

Place: Thimmapur

Date : 19-08-2009

**Annexure referred to in paragaraph 3 of our report dated :
19th August, 2009 to the members of DHANALAXMI ROTO
SPINNERS LIMITED on the financial statements for the year ended
31st March, 2009**

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. During the year the company has disposed off a substantial part of land. According to the information and explanations given to us, we are of opinion that the sale of the said part of land has not affected the going concern status of the company.
2. a. As explained to us, the inventories were physically verified by the management at reasonable intervals during the year.
- b. The existing procedures of reconciliation of stock followed by the management at periodical interval are reasonable and adequate in relation to the size of the Company and nature of its business.
- c. 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 Company to/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 4 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 balances of such loans Aggregate to Rs.122.09 Lacs and Rs.59.41 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 the internal control procedure for purchase of inventory, fixed assets, shares and securities, units and sale of goods are commensurate with the size of the company and its nature of business. 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, the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
7. In our Opinion, the Company has an internal audit system commensurate with its size and 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 generally regular in depositing with appropriate authorities undisputed statutory dues including Income Tax, Wealth Tax, Value Added Tax,

Service Tax, Professional 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 are not applicable to the company.

- b. According to the information and explanations given to us, no undisputed dues payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty and Cess were outstanding at 31st March, 2009 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 end of financial year and has not incurred any cash losses in the current financial year or in the immediately preceding financial year.
11. During the year the Company has availed the term loan from bank and has not defaulted in the repayment. The Company has not issued any debentures during the year
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities accordingly, clause 4(xii) of the Order is not applicable.
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 is not a dealer or trader in shares, securities, debentures and other investments. Accordingly clause 4(xiv) of the Order is not applicable.
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, on and over all basis, the term loans have been applied for the purpose for which they were obtained .
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

Sd/-
G.D. UPADHYAY

Partner
Membership No.27187

Place: Thimmapur
Date : 19-08-2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.3.2009	As at 31.3.2008
SOURCES OF FUNDS :			
1) Share Holders' Funds :			
a) Share Capital	1	39,003,000	39,003,000
b) Reserves and Surplus	2	8,046,523	3,927,401
2) Loan Funds			
a) Secured Loans	3	6,029,266	5,681,858
3) Deferred Tax Liability (Net)		749,800	724,083
4) Total Funds Employed		53,828,589	49,336,342
APPLICATION OF FUNDS :			
5) Fixed Assets :	4		
a) Gross Block		13,524,992	11,477,601
b) Less : Depreciation and amortisation		5,290,294	4,803,283
c) Net Block		8,234,698	6,674,318
6) Investments	5	7,141,857	8,553,407
7) Current Assets, Loans and Advances			
a) Inventories	6	611,361	13,442,458
b) Sundry Debtors	7	13,723,547	12,183,175
c) Cash and Bank Balances	8	11,944,757	18,680,821
d) Loans and Advances	9	24,433,140	21,602,719
		50,712,805	65,909,173
8) Current Liabilities and Provisions:			
a) Current Liabilities	10	9,863,061	30,645,973
b) Provisions	11	2,397,710	1,154,583
9) Net Current Assets		38,452,034	34,108,617
10) Total Assets		53,828,589	49,336,342
11) Significant Accounting Policies and Notes on Accounts	16		

As per our report of even date attached

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

Sd/-

(G.D. UPADHYAY)

Partner

Place : Thimmapur

Date : 19-08-2009

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, 2009

(Amount in Rupees)

	Schedule No.	For the year ended	
		31.3.2009	31.3.2008
Income :			
1) Sales		127,418,122	109,603,276
Other income	12	2,303,774	3,921,794
		129,721,896	113,525,070
Expenditure :			
3) Materials		107,522,221	102,134,395
4) Staff Cost	13	1,457,464	558,377
5) Administrative and Selling Expenses	14	10,082,238	6,381,814
6) Financial Expenses	15	5,323,607	1,528,763
7) Depreciation	4	487,011	444,257
		124,872,541	111,047,606
Profit Before Taxation and Exceptional Items			
8) Exceptional Items		4,849,355	2,477,464
a) Profit on Sale of Land		1,227,508	-
b) Prior Period Adjustments (Net)		114,409	19,822
Net Profit Before Taxation		5,962,454	2,457,642
9) Provision for Taxation			
a) Current		1,782,435	676,356
b) Deferred		25,717	8,868
c) Fringe Benefits		35,180	43,467
Net Profit After Taxation		4,119,122	1,728,951
Profit / (Loss) brought forward from previous year		518,535	1,210,416
Balance carried to Balance Sheet		4,637,657	518,535
Earnings per share, of Par value Rs. 10/- each including exceptional items - Basic and Diluted (See note no. 15 on page no.43)		1.06	0.44
Significant Accounting Policies and Notes on Accounts	16		

As per our report of even date attached

For G.D. UPADHYAY & CO.

Chartered Accountants

Sd/-

(G.D. UPADHYAY)

Partner

Place: Thimmapur

Date : 19-08-2009

For and on behalf of the Board

Sd/-

(RAJKUMAR INANI)

Whole Time Director

Sd/-

(NARAYAN INANI)

Executive Director

DHANALAXMI ROTO SPINNERS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

(Amount in Rupees)

	Year ended	
	31.3.2009	31.3.2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
a) Net Profit / (Loss) Before Tax	5,962,454	2,457,642
Adjustments for :		
Depreciation	487,011	444,257
Profit / (Loss) on Investments and Transaction of Shares, Securities and Commodities	(180,023)	(407,167)
Dividend Income	(818)	(8,768)
Other Income and Rent	(2,122,932)	(3,791,083)
Interest Expenses	5,323,607	1,813,987
Profit on account of Sale of Land	1,227,508	-
Prior Period Adjustments	114,409	19,822
b) Operating Profit / (Loss) Before Working Capital Changes	8,356,200	528,690
Adjustments for :		
Trade & Other Receivables	(1,540,372)	(4,087,676)
Inventory	12,831,097	(3,815,415)
Other Current Assets	(2,830,420)	1,690,138
Trade payables	(17,866,962)	8,210,852
Other Current Liabilities	(1,672,823)	4,661,559
Interest Paid	(5,323,607)	(1,813,987)
Direct Taxes paid	(1,817,616)	(719,823)
c) Cash Flow before Extraordinary Item	(9,864,503)	4,654,337
Prior Period Adjustments	(114,409)	(19,822)
Net Cash Flow from Operating Activities (A) :	(9,978,912)	4,634,515
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(2,263,883)	(499,250)
(Increase) / Decrease in Investment	1,411,550	(400,487)
Profit on account of Sale of Land	1,227,508	-
Profit / (Loss) on Investments and Transaction of Shares, Securities and Commodities	180,023	407,167
Other Income and Rent	2,122,932	3,791,083
Dividend received	818	8,768

DHANALAXMI ROTO SPINNERS LIMITED

(Amount in Rupees)

	Year ended	
	31.3.2009	31.3.2008
Sale of Fixed Assets	216,492	-
Net Cash Flow / (used) in Investing Activities (B) :	2,895,215	3,307,281
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Borrowings /(Repayment of loan)	347,634	2,993,628
NET CASH FLOW FROM FINANCING ACTIVITIES (C) :	347,634	2,993,628
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(6,736,063)	10,935,424
Cash and Cash equivalent as at the beginning of the year	18,680,821	7,745,397
Cash and Cash equivalent as at the end of the year	11,944,757	18,680,821

Cash flow statement has been prepared under the indirect method as set out in Accounting Standard (AS-3) "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

As per our report of even date attached

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

For and on behalf of the Board

Sd/-
(**G.D. UPADHYAY**)
Partner

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

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

Place: Thimmapur
Date : 19-08-2009

**SCHEDULES FORMING PART OF BALANCE SHEET AND
PROFIT AND LOSS ACCOUNT**

(Amount in Rupees)

	As at 31.3.2009	As at 31.3.2008
SCHEDULE 1 :		
SHARE CAPITAL :		
AUTHORISED		
50,00,000 Equity Shares of Rs.10/- each	50,000,000	50,000,000
ISSUED, SUBSCRIBED AND PAID UP		
39,00,300 Equity Shares of Rs.10/- each fully paid up	39,003,000	39,003,000
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	4,637,657	518,535
	8,046,523	3,927,401
SCHEDULE 3 :		
SECURED LOANS :		
Canbank Factors Ltd.	-	5,681,858
(Secured against PDC's for the full value of factored Invoices of M/s. Sigachi Chloro Chemicals Pvt. Ltd.)		
HDFC BANK LTD CAR LOAN	342,400	-
(Secured Against Mortgage of i10 Car)		
KOTAK MAHINDRA PRIME LTD (AUTO LOAN .)	1,199,200	-
(Secured Against Mortgage of Jetta Car)		
The A.P Mahesh Co-op Urban Bank Ltd	4,487,666	-
(Secured Against FDRs worth Rs.5,000,000)		
	6,029,266	5,681,858

SCHEDULE - 4 FIXED ASSETS

(Amount in Rupees)

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01-04-2008	Additions/ (Deletions)	As at 31-03-2009	As at 01-04-2008	Depreciation For the year	As at 31-03-2009	As at 31-03-2009	As at 31-03-2008
Land	323,930	(216,492)	107,438	-	-	-	107,438	323,930
Buildings	9,135,752	-	9,135,752	3,984,792	305,134	4,289,926	4,845,826	5,150,960
Borewell	72,174	-	72,174	54,725	3,428	58,153	14,021	17,449
Office Equipments	19,458	73,069	92,527	1,252	2,501	3,753	88,774	18,206
Live Stock	4,550	-	4,550	-	-	-	4,550	4,550
Time Share	39,000	-	39,000	5,900	394	6,294	32,706	33,100
Furniture and Fixtures	1,431,232	118,263	1,549,495	389,690	95,502	485,192	1,064,303	1,041,542
Computer and Printers	451,505	28,000	479,505	366,924	76,783	443,707	35,798	84,581
Vehicles	-	2,044,551	2,044,551	-	3,269	3,269	2,041,282	-
TOTAL	11,477,601	2,047,391	13,524,992	4,803,283	487,011	5,290,294	8,234,698	6,674,318
PREVIOUS YEAR	10,978,351	499,250	11,477,601	4,359,026	444,257	4,803,283	6,674,318	6,619,325

DHANALAXMI ROTO SPINNERS LIMITED

(Amount in Rupees)

	As at 31.3.2009	As at 31.3.2008
SCHEDULE-5: INVESTMENTS :		
A) QUOTED INVESTMENTS :		
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/- as at 31.3.2008 Rs. 1,258,250/-)	350,000	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/- as at 31.3.2008 Rs. 55,604/-)	49,614	49,614
3. Kotak Select Portfolio Management Scheme (Market value as at 31.3.2009 Rs.3,186/- as at 31.3.2008 Rs. 14,14,736/-)	3,186	1,414,736
4. Hindustan Dorr Oliver Limited (990 Shares of Rs. 10/- each fully paid up, Market value as at 31.3.2009 Rs. 37,917/- as at 31.3.2008 413 Shares Rs.39,669/-)	153,479	153,479
5. Cauveri Software Limited (2500 Shares of Rs. 10/- each fully paid up *Market value as at 31-03-2009 *Market value as at 31-03-2008)	135,000	135,000
6. Four C Software Limited (9000 Shares of Rs. 10/- each fully paid up, *Market value as at 31-03-2009 *Market value as at 31-03-2008)	184,500	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/- as at 31-03-2008 Rs.2,909/-)	35,928	35,928
8. Intradeco Limited (5000 Shares of Rs. 10/- each fully paid up, Market Value as at 31-3-2009 Rs.1,200/- as at 31-3-2008 Rs.2,550/-)	150,000	150,000

DHANALAXMI ROTO SPINNERS LIMITED

(Amount in Rupees)

	As at 31.3.2009	As at 31.3.2008
9. K2 Systems Limited (200 Shares of Rs. 10/- each fully paid up, *Market value as at 31-03-2009 *Market value as at 31-03-2008)	12,600	12,600
10. Remi Metals Limited (150 Shares of Rs. 10/- each fully paid up, Market value as at 31.3.2009 Rs.3,135/- as at 31-3-2008 1500 Shares Rs. 11,775/-)	66,000	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/- as at 31-3-2008 Rs. 429/-)	5,200	5,200
12. Value Mart Limited (100 Shares of Rs. 10/- each fully paid up, Market value as at 31.3.2009 Rs. 103/- as at 31-3-2008 Rs. 420/-)	4,100	4,100
* Market value not available. Hence not provided.		
B) UN QUOTED INVESTMENTS :		
1. Ketki Finance Ltd. (75,000 Shares of Rs.10/- each fully paid up)	753,750	753,750
2. Rajlaxmi Petro Chem 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	1,000,000
4. P.K.Industries Tool (P) Ltd. (65,000 Shares of Rs. 10/- each fully paid up)	650,000	650,000
5. Prix Mercantiles (P) Ltd (1,00,000 Shares of Rs.10+10/- allotment & 60,000 Shares at Rs.10/- each fully paid up)	2,600,000	2,600,000
6. Ranganath Enterprises (P) Ltd. (25,000 Shares of Rs.10/- each fully paid up)	987,500	987,500
	7,141,857	8,553,407

DHANALAXMI ROTO SPINNERS LIMITED

(Amount in Rupees)

	As at 31.3.2009	As at 31.3.2008
SCHEDULE 6 :		
Inventories : (As valued and Certified by the Management)		
Wood Pulp	<u>611,361</u>	<u>13,442,458</u>
	<u>611,361</u>	<u>13,442,458</u>
SCHEDULE 7 :		
Sundry Debtors :		
Unsecured :		
Debts outstanding for a period exceeding 6 months - considered good	4,755,828	336,234
Other Debts		
Considered good	<u>8,967,719</u>	<u>11,846,941</u>
	<u>13,723,547</u>	<u>12,183,175</u>
SCHEDULE 8 :		
Cash and Bank Balances :		
Cash in hand	29,560	256,597
Cash with Scheduled Banks in Current Accounts	3,401,502	33,092
In Fixed Deposit Accounts	<u>8,513,695</u>	<u>18,391,132</u>
	<u>11,944,757</u>	<u>18,680,821</u>
SCHEDULE 9 :		
Loans and Advances :		
Advance (Recoverable in cash or in kind or for the value to be received)	23,144,361	20,668,339
Deposits with Public Bodies, Government etc.	560,354	559,668
Tax deducted at source	<u>728,425</u>	<u>374,712</u>
	<u>24,433,140</u>	<u>21,602,719</u>

DHANALAXMI ROTO SPINNERS LIMITED

(Amount in Rupees)

	As at 31.3.2009	As at 31.3.2008
SCHEDULE 10 :		
Current Liabilities :		
Sundry Creditors	7,251,166	25,118,129
Advances Received from Customers	2,259,836	994,841
Other Liabilities	352,059	4,533,003
	<u>9,863,061</u>	<u>30,645,973</u>
SCHEDULE 11 :		
PROVISIONS :		
TDS Payable	2,672	343,593
CST Payable	55,494	29,968
VAT Payable	(2,909)	19,024
FBT Payable	35,180	43,467
Income Tax Payable	2,303,592	676,356
Service Tax Payable	3,681	42,175
	<u>2,397,710</u>	<u>1,154,583</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	For the Year ended	
	31-3-2009	31-3-2008
SCHEDULE 12 :		
OTHER INCOME :		
Foreign Exchange Currency Fluctuation	-	1,314,939
Dividend	818	8,768
Profit /(Loss) on Sale of Investments-Long Term	-	(24,390)
Profit /(Loss) on Dealing in Shares and Securities	(317,945)	431,557
Profit /(Loss) on Dealing in Derivative Transactions	497,969	-
Rent	-	125,507
Interest and Other receipts	2,122,932	2,065,413
	<u>2,303,774</u>	<u>3,921,794</u>

DHANALAXMI ROTO SPINNERS LIMITED

(Amount in Rupees)

	For the Year ended	
	31-3-2009	31-3-2008
SCHEDULE 13 :		
STAFF COST :		
Salaries	1,446,000	548,900
Staff Welfare and other benefits	11,464	9,477
	<u>1,457,464</u>	<u>558,377</u>
SCHEDULE 14 :		
ADMINISTRATIVE AND SELLING EXPENSES :		
Rent, Rates, Taxes and Renewals	345,354	181,935
Postage, Telegram and Telephone charges	233,581	233,401
Conveyance and Vehicle Maintenance	238,658	249,354
Travelling Expenses	69,021	234,945
LIC Keyman Policy Premium	255,971	255,971
Directors Remuneration	648,000	604,741
Directors' Sitting Fee	22,000	20,000
Auditors' Remuneration	55,150	36,573
AGM Expenses	59,260	47,560
Printing and Stationery	17,988	30,259
Discount	87,915	26,888
Commission and Brokerage	2,841,757	2,659,210
Other Miscellaneous Expenses	4,590,617	1,421,380
Consultancy and Service Charges	76,800	36,000
Written off	24,331	-
Repairs and Maintenance	515,835	343,597
	<u>10,082,238</u>	<u>6,381,814</u>
SCHEDULE 15 :		
FINANCIAL EXPENSES :		
Bank Interest and Other Charges	5,323,607	1,528,763
	<u>5,323,607</u>	<u>1,528,763</u>

SCHEDULE 16 :

Significant Accounting Policies and Notes forming part of the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended 31st March, 2009

I. 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 Standard 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/materialised.

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. Depreciation :

Depreciation on Fixed Assets (other than Land and Live Stock where no depreciation is provided) is provided as per straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

5. 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.

6. Revenue Recognition

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

7. Inventories :

Finished Goods and Packing Material valued at Cost or market value whichever is lower.

8. Investments :

Quoted Investments : Investments are valued at cost. No provision is made for the temporary decrease in the value of Long Term Investment.

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).

9. Dividend :

Income from Dividend is recognized as and when received.

10. Retirement 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.

11. Taxation :

Tax expenses comprises of Current, Deffered and Fringe Benefit Tax. Current Income Tax and Fringe Benefit 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. Deferred tax Assets arising on account of brought forward Losses and unabsorbed depreciation is not recognized as there is no reasonable certainty of realization in future.

12. 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.

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 out flow of resources is remote, no provision or disclosure is made.

II) NOTES TO ACCOUNTS	<u>31/03/2009</u>	<u>31/03/2008</u>
1. Estimated amount of contracts :		
remaining to be executed on		
Capital account and not provided		
for (Net of advances)	NIL	NIL
2. Contingent Liabilities not provided for :		
Bank Guarantee		
and FLC issued by the Bank	7,315,508	24,329,070

3. Managerial Remuneration :

Managerial Remuneration paid to Directors is set out below :

Remuneration	648000	604741
Contribution to Provident Fund	NIL	NIL
Perquisites	NIL	NIL
Other / Allowances	NIL	NIL

The remuneration paid to managerial personnel is as per Schedule XIII of the Companies Act, 1956.

4. Auditors Remuneration :

Audit Fees	35000	27550
Tax Representation Fees	15000	5000
Service Tax	5150	4023

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 open land in the name of relative of Whole Time Director 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 Lacs 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 a Company Secretary.

9. Deferred Tax Liability :

Particulars	Year ended 31-03-2009 Rs.	Year ended 31-03-2008 Rs.
Depreciation	25,717	(1,038,784)
Unabsorbed Depreciation Under Income Tax Act, 1961	-	(314,701)
Deferred Tax (Liability) / Assets	(749,800)	(724,083)

10. Quantitative Particulars : (Quantity in Metric Tonnes)

Product	Opening Stock 01/04/08	Purchases	Sales	Closing Stock 31/03/2009
Wood Pulp	439.95 (361.80)	2760.83 (3703.04)	3177.11 (3624.89)	23.67 (439.95)
Paper	NIL (8.23)	59.87 (133.4)	59.87 (141.63)	NIL NIL
Waste Paper	NIL NIL	55.37 (9.16)	55.37 (9.16)	NIL NIL
Cotton Seed	NIL	1401.90	1401.90	NIL

11. Value Of imports On CIF Basis	31-03-2009	31-03-2008
Raw Materials	NIL	NIL
Spare parts and consumables	NIL	NIL
Capital Goods	NIL	NIL

12. Expenditure in Foreign Currency

Towards Purchases	68,140,881	61,417,346
Towards Travelling	NIL	109,188

13. Earnings in Foreign Currency	24,202,075	3,969,929
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14. The Company operates in only one Segment i.e 'India'. Hence separate information as 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.

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, 2009 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	Dhanshree Syntex (P) Ltd
5	Inani Commodities & Finance Ltd
6	Inani Securities Limited

Directors/Key Management Personnel

1	Raj Kumar Inani
2	Narayan Inani
3	K.N.Prasad
4	Shyam Sunder Jakhotia
5	Rajiv Kumar Maheshwari

Relatives of Directors/Key Management Personnel

1	Anirudh Inani HUF
2	Ramakanth Inani
3	Sri Gopal Inani
4	Laxmikanta Inani
5	Natasha Inani
6	Sangita Inani
7	Divya Inani

RELATED PARTY TRANSACTIONS (Amount in Rs.)

Particulars	Key Person/Relatives	Associates
Remuneration	15,48,000	-
Investment	-	1,350,000
Advance given/ repayment	-	52,626,433
Sale of Asset	400,000	-
Sitting Fees	22,000	-
Commission	29,586	-

15. Earnings Per share :

Basic and Diluted Earnings per Share {"EPS"} computed in accordance with Accounting Standerad 'Earnings per Share'

Particulars	2008-09	2007-08
Basic		
Profit after Tax as Per Profit and Loss account	4119122	1728951
Number of Shares subscribed	3900300	3900300
Basic EPS (Rupees)	1.06	0.44
Diluted		
Profit after Tax as Per Profit and Loss account	4119122	1728951
Number of Shares subscribed	3900300	3900300
Diluted EPS (Rupees)	1.06	0.44

16. Figures in brackets in these notes are in respect of previous year.

17. Figures of previous year have been regrouped/rearranged/ reclassified, wherever considered necessary to confirm to current years presentation

As per our report of even date attached

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

For and on behalf of the Board

Sd/-
(**G.D. UPADHYAY**)
Partner

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

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

Place: Thimmapur
Date : 19-08-2009

**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.

7	7	6	9
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 State Code No.

0	1
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Balance Sheet Date

3	1
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0	3
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2	0	0	9
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II. Capital raised during the year (Rs. in thousand)

Public Issue	Bonus Issue	Rights Issue	Private Placements												
<table border="1" style="display: inline-table;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
N	I	L													
N	I	L													
N	I	L													
N	I	L													

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

Total Liabilities	Total Assets										
<table border="1" style="display: inline-table;"><tr><td>5</td><td>3</td><td>8</td><td>2</td><td>8</td></tr></table>	5	3	8	2	8	<table border="1" style="display: inline-table;"><tr><td>5</td><td>3</td><td>8</td><td>2</td><td>8</td></tr></table>	5	3	8	2	8
5	3	8	2	8							
5	3	8	2	8							

Sources of Funds

Paid up Capital	Reserves and Surplus	Deferred Tax Liabilities												
<table border="1" style="display: inline-table;"><tr><td>3</td><td>9</td><td>0</td><td>0</td><td>3</td></tr></table>	3	9	0	0	3	<table border="1" style="display: inline-table;"><tr><td>8</td><td>0</td><td>4</td><td>6</td></tr></table>	8	0	4	6	<table border="1" style="display: inline-table;"><tr><td>7</td><td>5</td><td>0</td></tr></table>	7	5	0
3	9	0	0	3										
8	0	4	6											
7	5	0												

Application of Funds

Net Fixed Assets	Investments	Net Current Assets													
<table border="1" style="display: inline-table;"><tr><td>8</td><td>2</td><td>3</td><td>5</td></tr></table>	8	2	3	5	<table border="1" style="display: inline-table;"><tr><td>7</td><td>1</td><td>4</td><td>2</td></tr></table>	7	1	4	2	<table border="1" style="display: inline-table;"><tr><td>3</td><td>8</td><td>4</td><td>5</td><td>2</td></tr></table>	3	8	4	5	2
8	2	3	5												
7	1	4	2												
3	8	4	5	2											
Misc. Expenditure	Accumulated Losses														
<table border="1" style="display: inline-table;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L								
N	I	L													
N	I	L													

IV. Performance of the Company

Total Turnover	Total Expenditure																
<table border="1" style="display: inline-table;"><tr><td>1</td><td>2</td><td>9</td><td>7</td><td>2</td><td>2</td></tr></table>	1	2	9	7	2	2	<table border="1" style="display: inline-table;"><tr><td>1</td><td>2</td><td>4</td><td>8</td><td>7</td><td>2</td></tr></table>	1	2	4	8	7	2				
1	2	9	7	2	2												
1	2	4	8	7	2												
Profit/(Loss) before Tax and Exceptional Items	Profit/(Loss) after Tax and Exceptional Items	Earning per share in Rs.	Dividend Rate %														
<table border="1" style="display: inline-table;"><tr><td>4</td><td>8</td><td>4</td><td>9</td></tr></table>	4	8	4	9	<table border="1" style="display: inline-table;"><tr><td>5</td><td>9</td><td>6</td><td>2</td></tr></table>	5	9	6	2	<table border="1" style="display: inline-table;"><tr><td>1</td><td>0</td><td>6</td></tr></table>	1	0	6	<table border="1" style="display: inline-table;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
4	8	4	9														
5	9	6	2														
1	0	6															
N	I	L															

V. 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

Sd/-

Sd/-

Place : Thimmapur
Date : 19-08-2009

(RAJKUMAR INANI)
Whole Time Director

(NARAYAN INANI)
Executive Director

DHANALAXMI ROTO SPINNERS LIMITED**DHANALAXMI ROTO SPINNERS LTD.**

Sy.No.114 & 115, Thimmapur-509 325

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

22nd Annual General Meeting - 30th September, 2009

I/We hereby record my/our presence at 22nd AGM of the Company to be held on Wednesday, the 30th September, 2009 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 22nd Annual General Meeting of the Company to be held on Wednesday, the

30th September, 2009 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.

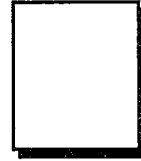
As Witness my hand/our hands this _____ day of _____ 2009.

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.)