



**SRI B. RAJAGOPAL NAIDU 1901-73
OUR REVERED FOUNDER**

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SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

BOARD OF DIRECTORS

SRI. R. SRIHARI	Managing Director
SRI. BALAKRISHNA S	Whole time Director
SRI. R.PADMANABAN	Technical Director
SRI J. M. GROVER	
SRI R. SAMBASIVAN	

BANKERS

Indian Overseas Bank
Chennai House
Esplanade
MADRAS 600 108

State Bank of India,
Leather & International Branch,
'MVJ' Tower, 177/1 PH Road,
CHENNAI – 600 010

AUDITORS

Messers S.Viswanathan
17, Bishop Wallers Avenue (West)
Mylapore,
Chennai 600 004.

REGISTERED OFFICE

16, Krishnama Road,
Nungambakkam,
Chennai 600 034.
Email: slst@vsnl.com
Web: www.slstindia.com

FACTORY

Raghunathapuram,
Sevoor Village,
PIN 632 316
Arni Taluk, Tiruvannamalai District,
Tamil Nadu

REGISTRARS & SHARE TRANSFER AGENTS

Cameo Corporate Services Limited
Subramanian Building,
No.1 Club House Road,
Chennai 600 002

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Forty Seventh Annual General Meeting of the Company will be held at 02.30 P.M. on Friday, September 16, 2011 at Rani Seethai Hall, 603 Mount Road, Chennai-600 006, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account of the Company for the year ended 31st March 2011, the Audited Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Sri R.Padmanaban who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Sri R.Sambasivan, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

By Order of the Board

Place : Chennai
Date : 18th July 2011

(R. SRIHARI)
Chairman & Managing Director

NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER.
2. The Proxy form duly stamped and executed should be deposited at the Registered Office of the Company atleast forty eight hours before the time fixed for the commencement of the Meeting.
3. Members/ Proxies are requested to bring the attendance slip duly filled in for attending the meeting
4. Members who hold shares in the de-materialised form are requested to bring their depository account number for easier identification of attendance at the meeting
5. The Register of Members and Share Transfer Books of the Company will remain closed from September 8, 2011 to September 16, 2011 (both days inclusive).
6. The ISIN No. allotted to the equity shares of your company for the purpose of de-materialization is **INE456D01010**
7. Members holding shares in physical form are requested to notify the change in address, immediately. Members holding shares in the electronic form are requested to notify the change in address to their depository participants.

8. Pursuant to the provisions of Sec. 205A and 205C, the dividend for the year 2003-04 and subsequent dividends, which remains unpaid or unclaimed for a period of seven years will be transferred to the investor education and protection fund of the Central Government. Members who have not encashed their dividend warrants for the year 2003-04 or any subsequent financial years, are requested to make their claim to the company. Unclaimed Dividend for the year 2002-03 was transferred to the Investor Education and Protection Fund of the Central Government on 13th September 2010

Year	Interim / Final	Record Date	%
2003-2004	Final	03.09.2004	15%
2004-2005	Final	12.08.2005	15%
2005-2006	Final	25.08.2006	15%
2006-2007	Interim	30.03.2007	15%
2007-2008	Nil	--	Nil
2008-2009	Nil	--	Nil
2009-2010	Nil	--	Nil
2010-2011	Nil	--	Nil

9. The Equity Shares of the Company are listed in the following Exchanges:

- a. Madras Stock Exchange Limited,
Exchange Building
P B No. 183, 11, 2nd Line Beach
CHENNAI 600 001
- b. Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers
25th Floor, Dalal Street
MUMBAI 400 023

The company has paid the listing fees for 2011-12 to both the stock exchanges.

10. At this Annual General Meeting, Sri R.Padmanaban and Sri R.Sambasivan retire by rotation and being eligible, offer themselves for reappointment.

Sri R.Padmanaban is an Engineer and has been with the Company since October 2000.

Details of other Directorships / Committee memberships held by him - Nil

Sri R.Sambasivan, is a Textile Technologist and has been with the company since December 2008.

Details of other Directorships / Committee memberships held by him – Nil

By Order of the Board

Place : Chennai
Date : 18th July 2011

(R. SRIHARI)
Chairman & Managing Director

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

FORTY SEVENTH ANNUAL REPORT

DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors present the Forty Seventh Annual Report of the Company alongwith the audited statement of accounts for the year ended 31st March 2011.

WORKING RESULTS

Details	Rs.	Rs.
Profit before financial charges and depreciation from business operations.		14,73,41,893
Less:-		
1) Financial Charges	3,78,90,526	
2) Depreciation	<u>4,19,14,028</u>	
		<u>7,98,04,554</u>
Profit before Tax		6,75,37,339
Less: Provision for Tax		
for current tax	1,47,32,000	
Less: Eligible for MAT Credit written back	17,81,380	

For Deferred Tax	1,29,50,620	
	1,04,43,555	

		2,33,94,175
Profit for the year		4,41,43,164
<u>Appropriation:</u>		
Provision for earlier year taxation		35,285

Profit after appropriation		4,41,07,879
Less: Loss brought forward		6,50,91,716
Loss Carried forward		2,09,83,837

PRODUCTION AND SALES

Production of yarn during the year was 50.45 lakhs kgs as against 44.43 lakhs kgs in the previous year. The quantity and value of yarn sold were 50.13 lakhs kgs. and Rs.100.19 Crores as against 47.94 lakhs kgs and Rs. 75.85 Crores.

TRADE PROSPECT AND OUTLOOK

The performance of your company during the year under review was good. There was good demand for yarn and price realized was good. The cotton prices went up to a unprecedented level. Power availability from State grid remained very low and capacity utilization was kept at optimum level by buying power from third parties in the market. As there was a good sales realization of yarn we were able to meet the increased cost of all inputs and report this level of performance during the year under review.

CURRENT YEAR

Cotton prices which were volatile during 2010-11, have fallen suddenly in May 2011. This has resulted in crash in prices of yarn. Further due to sluggishness in the fabric/cotton market, the demand for yarn has come down. The decision of Government to reintroduce quota system for export of yarn has brought down the scope for export. The spinning industry thus faces problems of fall in price of yarn, lack of demand for yarn and increase in input cost of power, employees and borrowings. The performance during 2011-12 will be strained. However your directors are doing their best to maintain the performance at a reasonable level.

DIRECTORS

Sri R.Padmanaban and Sri R.Sambasivan are due to retire by rotation and are eligible for reappointment.

DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors would like to state that –

1. In the preparation of Annual Accounts for the year ended 31st March 2011, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. The Directors had 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 2011, and of the profit of the company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts on a going concern basis.

FINANCE

The Board of Directors wishes to thank Indian Overseas Bank and State Bank of India for their continued assistance and co-operation.

LABOUR

The relationship with labour continues to be cordial. Your Directors place on record their appreciation of the devoted services of the Officers, Members of the Staff and Workers during the year.

COST AUDIT

As per Statutory requirement, the Costing Records are being audited by the Cost Auditor and he will be submitting his report directly to the Central Government.

PUBLIC DEPOSIT

Your company is not accepting any deposit from public.

DETAILS TO BE DISCLOSED AS PER PROVISION OF SEC.217 OF THE COMPANIES ACT 1956

The information to be disclosed as per provision of Sec.217(1)(e) of the Companies Act 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure I. which forms part of this report.

As none of the employees was in receipt of remuneration in excess of the prescribed limit, there is no report under Section 217(2A) of the Companies Act, 1956.

CORPORATE GOVERNANCE

The report on Management's Discussion and Analysis and the report on Corporate Governance are given in Annexure II & Annexure III respectively.

AUDITORS

The Auditors of the Company M/s. S.Viswanathan retire and are eligible for reappointment. The Audit Committee of the Board of Directors has recommended their re-appointment. A Certificate under Section 224(1B) of the Companies Act 1956 has been obtained from them.

By Order of the Board

Place : Chennai
Date : 18th July 2011

(R. SRIHARI)
Chairman & Managing Director

ANNEXURE – I TO DIRECTORS REPORT

Information disclosed as per requirement of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

The Company conducts periodical Energy Audit and implements the advice given by the energy audit team. In all machines and areas wherever required, energy saving equipments/ spares/ component are used to conserve energy.

FORM A : Form for disclosure of particulars with respect to conservation of energy

A. POWER AND FUEL CONSUMPTION	2010-2011	2009-2010
1. Electricity		
a) Purchased		
Units(KWH)	2,36,91,258	2,18,66,386
Total Amount Rs.	12,70,11,160	11,67,24,616
Rate/unit(Rs.)	5.36	5.34
b) Own Generation		
i) Through Diesel Generators		
Units (KWH)	3,56,851	1,46,080
Units/Litre of Diesel/SKO	3.07	3.14
Diesel Cost/Unit (Rs.)	13.08	11.42
ii)Through Steam Turbine/Generator		
c) Through Furnace Oil Generator		
Units (KWH)	1,08,320	7,66,490
Units/Litre of Furnace Oil	3.63	3.38
Furnace Oil Cost/Unit (Rs.)	8.12	6.69
iii)Through Wind Turbine Generator (WTG)		
Units(KWH)	22,74,461	23,86,581
Unit (Rs.) (Variable Cost)	0.55	0.55
Note: (Power from WTG is wheeled through TNEB grid, and payment is made to TNEB after taking credit for units from WTG)		
2.Coal	Nil	NIL
3.Others	Nil	NIL

B.CONSUMPTION PER UNIT OF PRODUCTION		2010-2011	2009-2010
Products: Yarn	Standards (if any)		
1.Electricity in KWH per kg.of yarn produced		5.24	5.66
2.Electricity cost/kg of yarn produced(Rs.)		26.53	28.14
3.Furnace Oil		---	---
4.Coal		---	---
5.Others		---	---
C. TECHNOLOGY ABSORPTION			
Efforts made in Technology Absorption as per Form B.		Nil	Nil
D. FOREIGN EXCHANGE EARNINGS AND OUTGO			
Value of export was Rs.1026.23 Lakhs.			
The expenses in foreign currency were Rs.81.70 Lakhs. The details are as below:			
	Rs.		
1. Import of Components & Spares	3694137		
2. Interest on Foreign Currency Loans	2036116		
3. Foreign Travel	1504710		
4. Subscription and Periodicals	497107		
5. Selling Expenses	438398		
Total	8170468		

ANNEXURE II TO DIRECTORS REPORT

REPORT ON MANAGEMENT'S DISCUSSION AND ANALYSIS

i. Industry structure and developments

Our company is engaged in the manufacture of all types of yarn used for manufacture of woven and knitted fabrics and is sold both in the domestic and international markets. Demand for yarn in the domestic market depends upon demand for fabrics for domestic consumption and for fabrics for export as such or for manufacture of garments and other textile products exports. Thus domestic demand of yarn depends on the level of domestic consumption through direct use and capability to sell fabrics and garments and other textile products in the international market. Direct export of yarn is for the manufacture of fabrics in the foreign countries. In India, especially in Tamil Nadu, excess spinning capacity has been established without corresponding capacity build-up for fabrics production, processing capacity and garment manufacture. No effective system has been put in place to scrap obsolete spindle capacity and to ensure a coordinated capacity additions in all segments of textile industry. Non-availability of power has resulted in reduction in production of yarn. Maintaining good quality, increasing the volume, optimizing the product mix and capacity utilization, ensuring availability of adequate power at reasonable cost, cost reduction and taking up down stream value are the ways to progress. Current developments and effect of the same in the performance were discussed in the Directors' Report.

ii. Opportunities and threats

Non availability of adequate power and high cost of all inputs, resulted in reduction in capacity utilization of marginal spinning mills and thereby reduction in supply of yarn. This has provided an opportunity to the established players to strengthen their position. Government policy on export of raw cotton, indirect control imposed on export of cotton yarn and withdrawal of incentives for export of cotton yarn, non availability and high cost of power and other fuels are the threats faced by the industry.

iii. Segment wise or product wise performance

Since the company is engaged in the production of Textile products only, there is no segment wise or product wise reporting of performance.

iv. Outlook

As discussed in the Directors' Report and for reasons stated therein the performance during 2011-12 will be under strain and is not expected to be encouraging.

v. Risks and concerns

Inconsistency in the price and the demand for yarn and highly volatile cotton market are the two risks associated with spinning mills. Your company plans to face these risks, through suitable sales efforts, optimum product mix, prudent purchase of cotton, improving raw material realization, ensuring availability of adequate power by purchase from private power producers at reasonable cost, implementing cost reduction measures and improving productivity.

vi. Internal control systems and their adequacy

The company is having an efficient and adequate internal control system commensurate with size and level of operations of the company.

vii. Discussion on financial performance with respect to operational performance.

This has been discussed in details in the Directors Report.

viii. Material developments in Human Resources/ Industrial Relations front, including number of people employed.

The company's performance in the industrial relations front continues to be cordial and is expected to remain so. Currently the company has 945 employees of all ranks on its rolls.

ANNEXURE III TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE – 2010 – 2011

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Board of Directors and the management of the company commit themselves to enhance the shareholders value keeping in view the interest of other stakeholders through adherence to prudent business decisions and transparency. The Board of Directors further commits to regularly review the processes for further improvement.

2. BOARD OF DIRECTORS

- a. **COMPOSITION:** (As on 31st March 2011) The Board of Directors of the company consists of the following six directors, categorized as indicated.

Executive Directors:Promoter group

Managing Director	:	Sri R.Srihari
Wholetime Director	:	Sri Balakrishna S
Technical Director	:	Sri R.Padmanaban

Non Executive Directors

<u>Independent Director</u> :	:	Sri J M Grover
	:	Sri R Sambasivan

Sri Balakrishna S, is the son of Sri R.Srihari.

- b. Attendance at Board Meetings and last AGM and details of memberships of Directors on other Boards and Board committees.

There were six Board meetings held during the year 2010-11. The details and attendance record of Directors at the Board Meeting are as under.

Date of Meeting	Board Strength	No.of Directors Present
22.04.2010	5	4
28.05.2010	5	4
29.07.2010	5	4
29.09.2010	5	5
08.11.2010	5	4
07.02.2011	5	4

- The time gap between any two meetings of Board of Directors did not exceed four months.
- The last Annual General Meeting was held on August 06, 2010.
- The Annual General Meeting was attended by all the directors except Sri R.Srihari.

The details of attendance of each director at the Board meeting and at the Annual General Meeting held during the year, the number of other Boards of Directors and Board Committees in which each director is a member are as follows:

S.No.	Name of the Director	No.of Board Meetings attended	Whether attended last AGM	Memberships as on 31.03.2011	
				Other Boards excluding Sri Lakshmi Saraswathi Textiles (Arni) Limited	Other Board Committees excluding Sri Lakshmi Saraswathi Textiles (Arni) Limited
1.	Sri R.Srihari	2	No	2	Nil
2.	Sri Balakrishna S	6	Yes	Nil	Nil
3.	Sri R.Padmanaban	6	Yes	Nil	Nil
4.	Sri J M Grover	5	Yes	Nil	Nil
5.	Sri R Sambasivan	6	Yes	Nil	Nil

3. AUDIT COMMITTEE

a) The Audit Committee of the Company was constituted in January 2003, the terms of reference of the Audit Committee are in accordance with clause 49(II) of the Listing Agreement and in conformity to the requirements of Section 292A of the Companies Act 1956.

b) COMPOSITION, NAME OF MEMBERS AND CHAIR PERSON.

The composition of the Audit Committee is as below:

Member & Chairman	Sri J M Grover
Member	Sri R.Sambasivan

All the members have wide exposure in the relevant areas.

c) Meetings and attendance during the year.

Date of the Meeting	Committee Strength	No.of directors, present
28.05.2010	2	2
29.07.2010	2	2
27.09.2010	2	2
07.02.2011	2	2

- Smt Geetha Sundararaghavan, Company Secretary is the Secretary to the committee and was present at all the five meetings.

Date of meeting	Invitees present
28.05.2010	1. Sri Balakrishna S, Wholetime Director 2. Sri R.Padmanaban, Technical Director 3. Sri Chella K Srinivasan, Statutory Auditor 4. Sri B. Sundaramoorthy, General Manager (Finance)
29.07.2010	1. Sri Balakrishna S, Wholetime Director 2. Sri R.Padmanaban, Technical Director
27.09.2010	1. Sri Balakrishna S, Wholetime Director 2. Sri R.Padmanaban, Technical Director
08.11.2010	1. Sri Balakrishna S, Wholetime Director 2. Sri R.Padmanaban, Technical Director
07.02.2011	1. Sri Balakrishna S, Wholetime Director 2. Sri R.Padmanaban, Technical Director

4. REMUNERATION COMMITTEE

a) CONSTITUTION AND TERMS OF REFERENCE

The Remuneration Committee was constituted in April 2003. The broad terms of reference are:

To determine and recommend to the Board the terms of appointment and remuneration including perquisite payable to Executive Directors of the Company.

b) COMPOSITION

The Remuneration Committee consists of the following independent non executive directors.

- a) Sri J M Grover - Chairman
- b) Sri R.Sambasivan

c) The remuneration policy of the company is:

- i. For Managing / Wholetime Directors. The total remuneration, subject to shareholders approval consists of salary, allowances and perquisites.
- ii. For Non Executive Directors sitting fees of Rs.4,000/- for every meeting of the Board or any committee thereof plus reimbursement of traveling and incidental expenses incurred for attending such meetings.

d) The details of remuneration paid to the directors for the year 2010-11 are.

- i. For non Executive Directors – sitting fees paid (excluding reimbursement of travel and other expenses incurred for the business of the company).

S.No.	Name of the Directors	Amount Rs.
1.	Sri J M Grover	40,000
2.	Sri R.Sambasivan	48,000
TOTAL		88,000

- ii. Managing / Wholetime Directors

S.No	Name of the Director	Salary Rs.	Provision for Gratuity Rs.	Perquisites Rs.	Total Rs.
1	Sri R.Srihari	1200000	34615	147558	1382173
2	Sri Balakrishna S	1080000	31154	121808	1232962
3	Sri R.Padmanaban	720000	20769	86865	827634
TOTAL		3000000	86538	356231	3442769

Perquisites include contribution to EPF scheme and medical benefits.

All the three directors are under contract of employment with the company.

- e) Stock Option to non executive directors:

The Company has not granted any stock option to non-executive / independent directors.

- f) Shares held by non-executive directors:

Sri R.Sambasivan holds 200 Shares in the company. No other non-executive director holds any shares in the company.

- g) There was no meeting during 2010-11

5. Shareholders/ Investors Grievances Committee

- a) The Investor Grievances committee was constituted in January 2003.
b) Sri R.Sambasivan is the Chairman of the Committee. Sri.Balakrishna S, Sri R.Padmanaban and Sri J M Grover are other members of the Committee. Sri J M Grover and Sri R.Sambasivan are Non–Executive Directors.
c) Smt Geetha Sundararaghavan, Company Secretary is the compliance officer nominated for this purpose.
d) During this period 37 letters were received (including share transfers and complaints) from shareholders. All these letters were dealt with satisfactorily and all the complaints were resolved.
e) As on March 31, 2011, there were no share transfers pending beyond the due date.

f)

Date of Meeting	Committee strength	No.of directors present
07.02.11	4	4

6. **General Body Meetings:**

a) Details of location and time of holding the last three AGMs.

Year	Location	Date & time
44 th AGM 2008	Rani Seethai Hall 603, Mount Road CHENNAI – 600 006	19 th September 2008 02.30 PM
45 th AGM 2009	Rani Seethai Hall 603, Mount Road CHENNAI – 600 006	25 th September 2009 02.30 PM
46 th AGM 2010	Rani Seethai Hall 603, Mount Road CHENNAI – 600 006	06 th August 2010 02.30 PM

b) There has been no use of postal ballot so far.

7. **Disclosures:**

a) Related Party Transaction:

Name of the person / firm / company	Directors interested	Nature of transaction	Interest paid during 2010-11 Rs.
B. R. Theatres and Industrial Concerns (PVT) Ltd.,	Sri.R.Srihari	Availed unsecured loan of Rs.20,00,000/-	3,00,000

b) Compliances of the Company:

There have been no instances of non compliance by the company on any matters related to the capital markets nor have any penalty/ strictures been imposed on the company by the stock exchanges or SEBI or any other statutory authority on such matters.

c) Whistle Blower Policy:

The Company is yet to establish a mechanism for Whistle Blower Policy which is a non-mandatory requirement.

d) Access to Audit Committee

No personnel has been denied access to the audit committee on any matter related to the Company.

8. **Means of communication:**

Quarterly results are being published in leading national (English) newspaper and in vernacular (Tamil) newspaper.

These results are promptly submitted to the Stock Exchanges to enable them display the same on their website. These results are also available on the Company website : www.slstindia.com

9. General Shareholders Information:

a.	47 th Annual General Meeting - Date and Time - Venue	September 16, 2011 – 02.30 P.M. Rani Seethai Hall, 603, Mount Road CHENNAI – 600 006
b.	Financial Calendar	
	Annual General Meeting Unaudited results for the quarter ending June 2011 Unaudited results for the quarter ending Sep. 2011 Unaudited results for the quarter ending Dec. 2011 Unaudited results for the quarter ending Mar. 2012 Audited Annual results for the year ending Mar. 2012	September 16, 2011 2 nd week of August 2011 2 nd week of November 2011 2 nd week of February 2012 2 nd week of May 2012 Last week of May 2012
c.	Book Closure date	From September 8, 2011 to September 16, 2011
d.	Record date of Dividend	Not Applicable
e.	Listing of Equity shares	Madras and Mumbai Stock Exchange

The listing fees has been paid upto date to both the stock exchanges.

f. Stock Code of equity shares

a) Security Code

Madras Stock Exchange

- SRILAKSARA

Mumbai Stock Exchange

- 521161

b) Demat ISIN Number in NSDL & CDSL

- INE 456D01010

g. Stock Market Data

Month	Bombay Stock Exchange	
	High Rs.	Low Rs.
April '10	18.70	15.00
May '10	18.40	13.95
June'10	20.23	15.06
July'10	26.40	19.05
Aug'10	34.75	26.55
Sept'10	36.85	30.40
Oct'10	41.20	33.80
Nov'10	44.20	36.00
Dec'10	41.70	32.05
Jan'11	38.05	30.00
Feb'11	41.80	30.25
Mar'11	39.05	31.80

No transaction took place in the equity shares of the company in Madras Stock Exchange Limited during the period 01.04.2010 to 31.03.2011.

h. Registrars and Transfer Agents

M/s.Cameo Corporate Services Ltd

Subramanian Building

No.1,Club House Road

Chennai-600 002

Email: cameo@cameoindia.com

i. Share Transfer System

The Board has authorized the Managing Director to approve all routine transfers, transmissions of shares. Such approvals are being given by the Managing Director, twice a month. Transfers, transmissions etc., are being approved within 20 days. Requests for dematerialisation are being confirmed within 10 days.

a. Distribution of shareholding as on 31.03.2011

Share holding of nominal value of		Share holders		Share Amount	
Rs.	Rs.	Number	% of Total	In Rs.	% to Total
(1)		(2)	(3)	(4)	(5)
Upto -	5,000	3645	92.68	4465130	13.39
5,001 -	10,000	116	2.95	957810	2.87
10,001 -	20,000	73	1.86	1089070	3.27
20,001 -	30,000	25	0.63	625320	1.88
30,001 -	40,000	10	0.25	366580	1.10
40,001 -	50,000	7	0.18	324080	0.97
50,001 -	1,00,000	25	0.64	1757930	5.28
1,00,001 and above		32	0.81	23741580	71.24
TOTAL		3933	100.00	33327500	100.00

b. Pattern of shareholding as on 31.03.2011

S.No.	Category	No.of Holders	No.of Shares	%
1.	Indian Promoters	10	1834650	55.049
2.	Mutual Funds & UTI	--	--	--
3.	Banks	1	100	0.003
4.	Corporate Bodies	82	106674	3.201
5.	NRI	8	2594	0.078
6.	Clearing Member	--	--	--
7.	Public	3832	1388732	41.669
TOTAL		3933	3332750	100.00

c. Demat of shares and liquidity

Shares of the company can be held and traded in electronic form. As on 31st March 2011, 12,02,372 shares representing 36.08% of shareholdings have been dematerialized. Shares of the company are listed in Madras Stock Exchange Ltd., and Mumbai Stock Exchange Ltd., and they are actively traded in Mumbai Stock Exchange. There is good liquidity.

d. Plant location:

Factory Address: 1) Sri Lakshmi Saraswathi Textiles (Arni) Ltd.,
Raghunathapuram,
ARNI – 632 316, Tiruvanamalai District,
Tamilnadu
PH: 04173226281/ 282

- 2) Wind Turbine Generator
Udayathoor Village,
Radhapuram Taluk,
Thirunelveli District,
Tamilnadu

c. Address for correspondence

- i) To contact Registrar and Share transfer Agents for Matters relating to shares M/s.Cameo Corporate Services Limited
Subramanian Building
No.1,Club House Road
Chennai-600 002
Email: cameo@cameoindia.com

- ii) For Dividends and any other general matters:

Secretary
Sri Lakshmi Saraswathi
Textiles (Arni) Ltd.,
16, Krishnama Road,
Nungambakkam,
CHENNAI – 600 034
PH: 28223132 / 28277344

- iii) Exclusive E-mail ID of the Investor grievance redressal division / compliance officer:

Email: cs@slst.in

NON MANDATORY REQUIREMENTS

1. Non Executive Chairman

At present there is no Non Executive Chairman

2. Remuneration Committee

The Company has constituted a Remuneration Committee, details of which are furnished under item 4 above.

3. Shareholders Rights.

The statement of quarterly results is being published in the press and made available at the company website.

4. Postal Ballot

The Company has had no occasion to use the postal ballot so far.

DECLARATION REGARDING COMPLIANCE WITH CODE OF CONDUCT.

All the members of the Board of Directors and Senior Management have affirmed compliance during 2010-11 with the code of conduct, laid down by the Board.

for **SRI LAKSHMI SARASWATHI
TEXTILES (ARNI) LIMITED**

Place: Chennai
Date: 18th July 2011

**(R.SRIHARI)
MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER**

* * * * *

**CERTIFICATE OF THE AUDITORS TO THE SHAREHOLDERS OF
SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED
ON CORPORATE GOVERNANCE**

We have examined the compliance of conditions of Corporate Governance by M/s. Sri Lakshmi Saraswathi Textiles (Arni) Limited, for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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, we certify that the Company has complied with conditions of Corporate Governance, as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company, as per the records maintained by the Shareholders / Investors Grievance Committee.

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 M/s. S. VISWANATHAN
Chartered Accountants
Firm No.004770S**

**CHELLA K. SRINIVASAN
PARTNER
Membership Number:23305**

Place : Chennai
Date : July 18, 2011

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

We have audited the attached Balance Sheet of M/s. Sri Lakshmi Saraswathi Textiles (Arni) Limited as at 31st March 2011 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto 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.

We have 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing 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.

As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement of the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in Annexure referred to above, we report that;

- a) We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of the books.
- c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet and Profit and Loss Account read with Schedules and Notes thereon dealt with by this Report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act 1956, so far as applicable.
- e) On the basis of the written representation received from the directors as on 31st March 2011 we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of subsection (1) of Section 274 of the Companies Act 1956.

- f) In our opinion and to the best of our information and explanation given to us, the said accounts read with notes thereon 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.
- i. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2011 and
 - ii. In the case of Profit and Loss Account of the PROFIT for the year ended on that date.
 - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For M/s. S. VISWANATHAN
Chartered Accountants
Firm No.004770S**

**CHELLA K. SRINIVASAN
PARTNER
Membership Number: 023305**

Place : Chennai
Date : 18.07.2011

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in Paragraph (3) of our report of even date)

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) According to the information and explanation given to us, the fixed assets have been physically verified during the year by the management at reasonable intervals. No material discrepancies were noticed on such verification.

c) During the year, the Company has not disposed off any major part of its fixed assets, affecting the going concern.
2. a) Physical verification of stocks of Finished Goods, Stores, Spare Parts and Raw materials was conducted by the management during the period, except materials lying with third parties for whom confirmation certificates have been obtained in some cases. Materials in Bond have been verified with the respective Bills of Entry. In our opinion, the frequency of verification was reasonable.

b) The procedures of physical verification of stocks followed by the management are reasonable and adequate, commensurate to the size of the company and the nature of its business.

c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and were also adjusted.
3. a) The Company has not granted any loan to any party covered in the Register maintained under Section 301 of the Companies Act, 1956.

b) The Company has taken unsecured loan, from a company covered in the Register maintained under section 301 of the Companies Act 1956 and from a Director. However, the terms of repayment and interest are not prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements that need to be entered into the Register maintained under section 301 of the Companies Act, 1956 have been so entered.

b) The above said transactions have been made prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. As explained to us, the company is complying with the terms of Section 58A, 58AA and all other relevant provisions of the Companies Act, 1956, in respect of deposits accepted during the year.
7. The Company does not have a formal internal audit system during the year under review. However, the internal control procedures involve adequate internal checking of financial records.
8. Central Government has prescribed the maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 and such accounts and records have been made and maintained.
9. a) The Company is regular in depositing its undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.
b) At the end of the financial year there were no dues of sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess which have not been deposited on account of any dispute except as follows:

Name of the statute	Nature of dues	Amount	Forum where dispute is pending
Income-tax	Income tax	Rs. 1,30,76,791	IT Appeals before ITAT & CIT (A) & High Court
ESI	ESI	Rs. 4,15,356	Labour Court

10. The Company has not defaulted in repayment of dues to Financial Institutions or Banks.
11. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. None of the provisions of any special statute applicable to chit fund, nidhi or mutual benefit society is applicable to the Company.
13. The Company is not dealing or trading in shares, securities, debentures and other investment.
14. The company has not given any guarantee for loans taken by others from banks or financial institution.
15. The term loans have been applied for the purpose for which they were raised.

16. The funds raised by the Company on short-term basis have not been used for long-term investments.
17. 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.
18. The Company has not issued any debentures during the year.
19. The Company has not made any public issue during the year.
20. No fraud on or by the Company has been noticed or reported during the course of our audit.
21. In our opinion, the company is not dealing in or trading in Shares, Securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 are not applicable to the company.

**For M/s. S. VISWANATHAN
Chartered Accountants
Firm No.004770S**

**CHELLA K. SRINIVASAN
PARTNER
Membership Number: 023305**

Place : Chennai
Date : 18.07.2011

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LTD.
BALANCE SHEET AS AT 31st MARCH - 2011

	SCHEDULE	As at 31-03-2011 Rs.	As at 31-03-2010 Rs.
I. SOURCES OF FUNDS			
1. Share Holders' Funds			
a) Share Capital	A	33327500	33327500
b) Reserves & Surplus	B	183694018	139586138
		217021518	172913638
2. Loan Funds			
a) Secured Loans	C	258275007	300266158
b) Unsecured Loans	D	4450000	3650000
		262725007	303916158
3. Deferred Tax Liability	E	17848245	7404690
Total		497594770	484234486
II. APPLICATION OF FUNDS			
1. Fixed Assets	G		
a) Gross Block		865261602	857487345
b) Less: Depreciation		652456483	613968375
c) Net Block		212805119	243518970
d) Capital Work in Progress		6157064	6012444
2. Investments	H	2800000	1000000
3. Current Assets, Loans & Advances	I		
a) Inventories		178731831	155193282
b) Sundry Debtors		135591663	100052353
c) Cash and Bank Balances		7813456	7535787
d) Loans and Advances		94496697	82549043
		416633647	345330465
Less: Current Liabilities & Provisions	F		
a) Liabilities		123185000	105090111
b) Provisions		17616060	6537282
		140801060	111627393
Net Current Assets		275832587	233703072
Total		497594770	484234486

SCHEDULES 'A' TO 'F' AND NOTES IN SCHEDULE 'J' FORM PART OF THIS BALANCE SHEET

R.SRIHARI
Managing Director

BALAKRISHNA S
Wholetime Director

R.PADMANABAN
Technical Director

GEETHA SUNDARARAGHAVAN
Secretary

As per our report annexed
for **M/s.S.VISWANATHAN**

17, Bishop Wallers Avenue (West)
CIT Colony, Mylapore, Chennai - 600 004
Dated: July 18, 2011

CHELLA K.SRINIVASAN
Partner
Chartered Accountants

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH - 2011

	SCHEDULE	For the year ended on 31-03-2011 Rs.	For the year ended on 31-03-2010 Rs.
I. INCOME			
Sales		1018661170	780529259
Less :- Central Excise Duty		0	0
		1018661170	780529259
Other income	M	6688503	8970052
Increase / Decrease in Finished Goods	K	21998475	-38503466
		1047348148	750995845
II. EXPENDITURE			
Manufacturing and other Expenses	N	907474494	696323021
Managerial Remuneration	O	3530769	3587630
Financial Expenses	P	37890526	40406280
Depreciation	G	41914028	40180723
Increase / Decrease in Process Stock	L	-10999008	-5925470
		979810809	774572184
III. PROFIT			
Profit after Depreciation		67537339	-23576339
Less :- Provision for Tax			
- For Current Tax		14732000	21600
- For Deferred Tax		10443555	-7986222
Sub Total		25175555	-7964622
		42361784	-15611717
Add: MAT Credit written back		1781380	0
Profit after Tax		44143164	-15611717
Loss brought forward		-65091716	-48667255
		-20948552	-64278972
IV. APPROPRIATIONS			
Provision for Earlier Year Taxation		35285	812745
Loss Carried Over		-20983837	-65091717
		-20948552	-64278972
Basic Earning Per Share (Face Value Rs. 10/-)		13.25	-4.68

SCHEDULES 'K' TO 'P' AND NOTES IN SCHEDULE 'J' FORM PART OF THIS PROFIT & LOSS ACCOUNT

R.SRIHARI
Managing Director

BALAKRISHNA S
Wholetime Director

R.PADMANABAN
Technical Director

GEETHA SUNDARARAGHAVAN
Secretary

As per our report annexed
for **M/s.S.VISWANATHAN**

17, Bishop Wallers Avenue (West)
CIT Colony, Mylapore, Chennai - 600 004
Dated: July 18, 2011

CHELLA K.SRINIVASAN
Partner
Chartered Accountants

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

		As at 31-03-2011 Rs.	As at 31-03-2010 Rs.
SCHEDULE 'A'			
SHARE CAPITAL			
<u>Authorised:</u>			
1,50,00,000 Equity Shares of Rs.10/- each and		150000000	150000000
50,00,000 Preference Shares of Rs.10/- each		50000000	50000000
		200000000	200000000
<u>Issued, Subscribed & Paid-up</u>			
33,32,750 Equity Share of Rs. 10/- each			
(Of the above 15,00,075 Shares were			
allotted as fully paid up Bonus Shares			
by capitalisation of Reserves)			
		33327500	33327500
SCHEDULE 'B'			
RESERVES AND SURPLUS			
i) Share premium		44341790	44341790
ii) General Reserve			
		160336065	160336065
iii) Profit and Loss Account		-20983837	-65091717
		183694018	139586138
SCHEDULE 'C'			
SECURED LOANS			
INDIAN OVERSEAS BANK			
(a) Open Loan	(Note 1)	17840186	11947281
(b) Packing Credit	(Note 1)	19200000	10100803
(c) Working Capital Demand Loan	(Note 1)	40845326	40879761
(f) Term Loan - 2007	(Note 2)	25210272	33751491
(g) Term Loan - Corporate Loan	(Note 2)	0	2025693
(h) Term Loan - 2008	(Note 2)	8955875	19847045
STATE BANK OF INDIA			
(a) Open Loan	(Note 1)	64910466	62766724
(b) Packing Credit	(Note 1)	12520646	10167836
(d) Term Loan - Wind Mill	(Note 3)	16153700	26749547
(e) Term Loan - Textile Machinery	(Note 2)	33431487	48408472
(f) Term Loan - Textile Machinery 2007	(Note 2)	6451312	8155967
(g) Term Loan - Corporate Loan	(Note 4)	0	2051184
(h) Term Loan - 2008	(Note 2)	12081223	21187688
FROM OTHERS			
Term Loan for Vehicles	(Note 5)	674514	2226666
		258275007	300266158

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

Note 1 Secured by

1) Hypothecation of Raw materials, Process stock, Stores , Yarn and Book debts on Pari passu basis.

2) First Charge on pari passu basis on Fixed assets of the company (excluding Wind Turbine Generator assets)

3) Second Charge on pari passu basis on Wind Turbine Generator assets and

4) Personal Guarantee of Promoter Directors.

Note 2 Secured by First charge on pari passu basis on the Fixed assets of the company excluding Wind Turbine Generator assets and Personal Guarantee of Promoter Directors.

Note 3 Secured by First charge on Wind Turbine Generator Assets and Personal Guarantee of Promoter Directors.

Note 4 Secured by

1) First Charge on pari passu basis on Fixed assets of the company (excluding Wind Turbine Generator assets).

2) First charge on Wind Turbine Generator assets and

3) Personal Guarantee of Promoter Directors.

Note 5 Secured by hypothecation of Vehicles purchased out of the respective Loans and Guaranteed by Promoter Directors.

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LTD

	As at 31-03-2011 Rs.	As at 31-03-2010 Rs.
SCHEDULE 'D' UNSECURED LOANS		
1) Intercorporate Loans	2000000	2000000
2) Loans from Directors	0	1000000
3) Deposits from Consignment Agents	650000	650000
4) Deposits from supplier of Power	1800000	0
	4450000	3650000
SCHEDULE 'E' DEFERRED TAX LIABILITY		
Deferred tax at the beginning of the year	7404690	15390912
Add: - Transfer from/ to Profit and Loss account for current year deferred tax	10443555	-7986222
	17848245	7404690
SCHEDULE 'F'		
CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Creditor for supplies	75603247	64953291
Creditor for expenses	43365037	35768505
Other Liabilities	3657028	3648386
Investor Education and Protection Fund (Appropriate amount will be transferred to " Investor Education and Protection Fund", if any, when due)		
Unpaid Dividend (Dividend Warrants posted not encashed)	559688	719929
	(a) 123185000	105090111
B. Provisions		
Taxation	17616060	6537282
	(b) 17616060	6537282
Total (a+b)	140801060	111627393
SCHEDULE 'G' As per sheet enclosed		
SCHEDULE 'H' INVESTMENT		
Non Quoted, Trade Long Term Investments		
Investment in Companies		
1,00,000 Equity Shares of Rs.10/- each fully paid in M/s.MMS Steels & Powers Pvt. Ltd	1000000	1000000
1,80,000 Equity Shares of Rs.10/- each fully paid in Gamma Green Power Pvt. Ltd	1800000	0
	2800000	1000000

Sri Lakshmi Saraswathi Textiles (Arni) Limited , Arni.

**SCHEDULE 'G'
Fixed Assets Schedule**

FIXED ASSET SCHEDULE - BOOK PURPOSE 2010-11

ASSET NAME	<----- Cost ----->				<----- Depreciation ----->				<----- WDV ----->	
	As on 01/04/10 Rs.	Additions of Assets Rs.	Deduction Rs.	As on 31/03/11 Rs.	As on 31/03/10 Rs.	Deduction Rs.	Current Year Rs.	As on 31/03/11 Rs.	As on 31/03/11 Rs.	As on 31/03/10 Rs.
LAND	3457575			3457575					3457575	3457575
BUILDING	108762051	3076088		111838139	53404417		5484463	58888880	52949259	55357634
FURNITURE & FIXTURES	13328603	665211		13993814	11402369		452518	11854887	2138927	1926234
PLANT AND MACHINERY	689426937	8586013	5853311	692159639	517378800	3425920	33772858	547725738	144433901	172048137
OTHER ASSETS	1124534			1124534	879757		20762	900519	224015	244777
ELECTRICAL INSTALLATION	28419885	1289732		29709617	22676331		992084	23668415	6041202	5743554
VEHICLES	12883830	10526		12894356	8226702		1191343	9418045	3476311	4657128
LIVE STOCK	83930			83930					83930	83930
CURRENT YEAR	857487345	13627570	5853311	865261604	613968376	3425920	41914028	652456484	212805120	243518969
PREVIOUS YEAR	811141806	46345539	0	857487345	573787653	0	40180723	613968376	243518969	237354153
CAPITAL WORK-IN-PROGRESS:									As on 31/03/11 Rs.	As on 31/03/10 Rs.
									6157064	6012444

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

	As at 31-03-2011 Rs.	As at 31-03-2010 Rs.
SCHEDULE 'I'		
CURRENT ASSETS, LOANS AND ADVANCES		
1. INVENTORIES		
(a) Stores and Spare Parts	5620093	4486944
(b) Cotton, Viscose and Polyester	103091366	113683449
(c) Process Stock	27727282	16728274
(d) Yarn	39971945	15620881
(e) Cotton Waste	2321145	4673734
	178731831	155193282
II. SUNDRY DEBTORS		
A. Good and unsecured for which the Company holds no security other than debtors personal security		
(a) Over 6 months old	25527043	25618480
(b) Other Debts	110064620	74433873
B. Considered Good, Secured by letter of Credits issued by Banks due for less than six months	0	0
	135591663	100052353
III. CASH AND BANK BALANCES		
(a) Cash on Hand	2266939	993892
(b) With Scheduled Banks		
In Deposit Account *	5325198	5724887
In Current Account	221319	817008
	7813456	7535787
* Fixed Deposit receipt value of Rs.53.25 Lakhs lodged with banks as margin for letter of credit issued by them.		
IV. LOANS AND ADVANCES*		
(a) Deposits	17807405	5773996
(b) Tax Paid Pending adjustment	11397753	12884703
(c) Prepaid Expenses	1530413	3032442
(e) Others	63761126	60857902
	94496697	82549043
*All the above loans and Advances considered good and unsecured		
SCHEDULE - K		
STOCK-IN-TRADE - FINISHED GOODS		
Closing Stock	42293090	20294615
Opening Stock	20294615	58798081
Change in Finished Goods	21998475	-38503466

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LTD

	As at 31-03-2011 Rs.	As at 31-03-2010 Rs.
SCHEDULE - L		
STOCK-IN-TRADE - PROCESS STOCK		
Closing Stock	27727282	16728274
Opening Stock	16728274	10802804
Change in Process Stock	10999008	5925470
SCHEDULE - M		
OTHER INCOME		
(a) Interest Received	1304349	683107
(b) Rent from Employees Quarters	50905	55764
(c) Miscellaneous Sales	1208549	507335
(d) Miscellaneous Receipts	16066	614130
(e) DEPB Credit	3899201	4231840
(f) Insurance claim Received	209433	278460
(g) Duty drawback claim Received	0	2599416
	6688503	8970052
SCHEDULE - N		
MANUFACTURING AND OTHER EXPENSES		
(a) Raw materials Consumed	577199378	380793586
(b) Yarn Purchased	9596250	31781407
(c) Packing Materials Consumed	12520590	11601224
(d) Power and Fuel	134312243	125013375
(e) Employees Cost:		
1. Salaries Wages and Bonus	77593824	59523490
2. Contribution to Employees Provident Fund & Family Pension Fund	7487570	5419531
3. Contribution to Gratuity Fund	3794291	1865593
4. Workmen & Staff Welfare Expenses	4408357	3111887
5. Amortisation of VRS Compensation	0	11592239
(f) Repairs and Maintenance		
1. Building	2411170	1787817
2. Machineries	33609452	30849634
3. Others	2297971	2234334
(g) Outside - Fabric Conversion Charges	69147	461788

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LTD

	As at 31-03-2011 Rs.	As at 31-03-2010 Rs.
(h) Administrative Expenses:		
1. Insurance	1421609	1612529
2. Vehicle Maintenance	2450929	2047438
3. Rates, License and Taxes	1334346	835007
4. Other Administrative Expenses	10746893	8281253
(i) Selling Expenses		
1. Commission & Brokerage on Yarn sales	8559082	5260226
2. Godown Rent	5000	14000
3. Freight & Other Selling Expenses	16804252	12236663
(j) Loss on Sale of Fixed Assets	852140	0
	907474494	696323021
SCHEDULE - O		
MANAGERIAL REMUNERATION		
(a) Salary	3000000	3000000
(b) Contribution to PF	216000	216000
(c) Personal Accident Policy	6158	6157
(d) Medical Reimbursement	134073	146935
(e) Gratuity	86538	86538
	3442769	3455630
Directors Sitting Fees	88000	132000
	3530769	3587630
SCHEDULE - P		
FINANCIAL EXPENSES		
(a) Interest on Term Loan	17840456	21062510
(b) Interest on other Borrowings	15505445	15538134
(c) Other Financial Charges	2565863	2528621
(d) Foreign Exchange Rate Fluctuation	1978762	1277015
	37890526	40406280

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

SCHEDULE - J

STATEMENT SHOWING SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31-03-2011.

A. STATEMENTS OF SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONCEPTS

Financial statements are based on historical cost concept. Mercantile system of accounting has been followed and income and expenditure are recognized on accrual basis.

2. FIXED ASSETS AND DEPRECIATION (IN ACCORDANCE WITH AS -10 ISSUED BY ICAI)

Fixed assets are stated at cost of acquisition.

METHOD OF PROVIDING DEPRECIATION (IN ACCORDANCE WITH AS - 6 ISSUED BY ICAI)

Depreciation for Plant and Machinery has been provided on Straight Line Method and for other assets on Written Down Value Method.

RATE OF DEPRECIATION ADOPTED

On all assets acquired upto 31-03-1987, depreciation has been provided at the then prevailing rate of depreciation as per Income Tax rules. For assets acquired from 01-04-1987, rates given in Schedule XIV to the Companies Act, 1956 have been adopted.

3. INVESTMENTS (IN ACCORDANCE WITH AS -13 ISSUED BY ICAI)

Investments are stated at cost

4. INVENTORY VALUATION (IN ACCORDANCE WITH AS - 2 ISSUED BY ICAI)

Raw Materials, Process stock and stores & spares - Valued at cost.

Finished Goods - Valued at cost or Market price, whichever is lower.

5. RETIREMENT BENEFITS (IN ACCORDANCE WITH AS - 15 ISSUED BY ICAI)

a. Liability for Gratuity

i) Company's Liability towards Gratuity in respect of Directors on full time employment who beneficially own shares in the Company carrying more than 5% of the total voting power has been provided for and not funded. The liability on this account, provided for and not funded, is Rs.23.71 lakhs as on 31.03.2011

ii) Company's liability towards Gratuity in respect of all other employees is worked out on actuarial basis and is funded.

b. Contribution to Provident Fund is made as per the provisions of Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and remitted to the Provident Fund Commissioner.

c. Liability on account of leave salary has been provided for in accordance with the scheme in force.

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

6. RELATED PARTY DISCLOSURES (IN ACCORDANCE WITH AS -18 ISSUED BY ICAI)

a) List of Related Parties

Associate Company Nil

b) Key Management Personal

Name of the related Party	Nature of relationship
i) Sri R.Srihari	Managing Director
ii) Sri Balakrishna S	Wholetime Director
iii) Sri R.Padmanaban	Technical Director

c) Particulars of Transaction with Related Parties.

I) Transaction with Associate Company Nil

II) Details of Transaction relating to persons referred to in item (b) above.
Remuneration - Rs 34,42,769/- (Previous year - Rs. 34,55,630)

III) Details of Transaction relating to Interest paid for short term loans Rs.3,00,000/-
(Previous year – Rs. 3,00,000/-)

7. DEFERRED TAX LIABILITY (IN ACCORDANCE WITH AS -22 ISSUED BY ICAI)

	Rs.
Opening Deferred tax liability as on 01-04-2010	7404690
Less: Transferred from P&L account during 2010-11	10443555
Closing Deferred tax liability as on 31-03-2011	<u>17848245</u>

8. CONTINGENCIES (IN ACCORDANCE WITH AS -29 ISSUED BY ICAI)

Contingent liabilities are indicated by way of notes forming part of Accounts.

9. INCOME IN FOREIGN EXCHANGE (IN ACCORDANCE WITH AS -11 ISSUED BY ICAI)

Export sales in foreign currency are accounted at the exchange rates prevailing on the date of invoice/negotiation of documents where such sales are not covered by forward contracts.

10. EXPENDITURE IN FOREIGN EXCHANGE (IN ACCORDANCE WITH AS -11 ISSUED BY ICAI)

Expenditure in foreign currency is accounted at the actual amount spent and provision for expenses to be paid in foreign currency has been made at the rate of exchange prevailing on the Balance sheet date.

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

B. NOTES FORMING PART OF ACCOUNTS

1. Contingent liability not provided for in respect of:

(Rs.in Lakhs)

S.No.	Particulars	As at 31.03.2011	As at 31.03.2010
1.	Export Bills discounted under irrevocable letters of credits issued by Foreign Banks. (This amount is secured by first charge on the fixed assets of the company on pari passu basis and personal guarantee of promoter directors)	229.11	63.57
2.	Disputed income tax liability	130.77	130.77
3.	Disputed contribution to Employees State Insurance Corporation	4.15	4.15
4.	Probable customs duty payable on the machineries imported under Export Promotion Capital Goods scheme.	Nil	176.86
5.	Estimated amount of contracts remaining to be executed on capital accounts.	Nil	Nil

2. In the absence of information from the suppliers with regard to their registration with the specified authority, despite the company calling for such information, the company is unable to furnish the information, as required under The Companies Act, 1956 and the Micro, Small and Medium Enterprises Development Act, 2006.

3. General reserve includes Rs. 233.02 Lakhs (Previous Year Rs. 233.02 Lakhs)Transferred thereto Pursuant to Sec 205 (2 A) of the Companies Act, 1956.

4. Other income includes interest earned during the year including tax deducted at source to the extent of Rs.1,02,496/- (Previous year - Rs.61,897/-)

5. Administrative expenses includes Rs.1,41,960/- (Previous year Rs.1,06,692/-) being remuneration to the auditors as detailed below.

	2010-11	2009-10
	Rs.	Rs.
Statutory Audit	66180	66180
Tax Audit	11030	11030
Cost Audit	15000	15000
Certification work	9750	14482
Income Tax Representation	40000	Nil

6. Confirmation of balances from debtors and creditors have not been received in some cases.

7. Other expenses do not include any items individually in value of 1% of the total revenue.

8. The deferred tax liability of Rs.1,78,48,245/- arises mainly due to difference in depreciation

9. Previous year's figures have been regrouped wherever necessary to confirm to this years classification.

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

ADDITIONAL INFORMATION AS REQUIRED BY PART II SCHEDULE VI OF THE COMPANIES ACT 1956

	THIS YEAR 2010-2011		THIS YEAR 2009-2010	
	Quantity Kgs	Value Rs.	Quantity Kgs	Value Rs.
I. RAW MATERIALS CONSUMED				
OPENING STOCK				
Cotton Stock	1237185	106288881	1055120	89566351
Viscose Staple Fibre	506	5060	506	5060
Polyester Staple Fibre	95752	7389508	137489	8697801
	1333443	113683449	1193115	98269212
ADD:- PURCHASES				
Cotton	3655936	431578726	4007303	300991334
Viscose Staple Fibre	0	0	223	32046
Polyester Staple Fibre	1724710	153730350	1370179	96118675
	5380646	585309076	5377705	397142055
LESS:- CLOSING STOCK				
Cotton	616290	96341411	1237185	106288881
Viscose Staple Fibre	506	5060	506	5060
Polyester Staple Fibre	54486	6744895	95752	7389508
	671282	103091366	1333443	113683449
LESS:- SALES				
Cotton	120590	18687841	15981	934232
RAW MATERIAL CONSUMED	5922217	577213318	5221396	380793586
2. PROCESS STOCK				
Opening Stock	132646	16728274	106751	10802804
Closing Stock	142231	27727282	132646	16728274

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

3. YARN PURCHASE	THIS YEAR 2010-2011		THIS YEAR 2009-2010	
	Quantity Kgs	Value Rs.	Quantity Kgs	Value Rs.
Yarn	34840	9595912	191574	31781407
	34840	9595912	191574	31781407

4. PARTICULARS OF OPENING AND CLOSING STOCK OF GOODS

PRODUCED AND TURNOVER

	YARN				Fabric (Outside Production)	
	YARN		WASTE COTTON			
	THIS YEAR 2010-2011 Kgs	THIS YEAR 2009-2010 Kgs	THIS YEAR 2010-2011 Kgs	THIS YEAR 2009-2010 Kgs	THIS YEAR 2010-2011 Kgs	THIS YEAR 2009-2010 Meters
OPENING STOCK	97050	298303	177104	93049	0	30377
ADD:-						
i) Production During the Year	5044528	4442665	689484	658402	7458	33765
ii) Out Side Purchase of Yarn	34840	191574	0	0	0	0
	5176418	4932542	866588	751451	7458	64142
LESS:-						
1) Sales, Sample and Hardwaste Used etc	5012828	4793660	751531	574347	7458	64142
2) Yarn Used for Fabric Conversion	7488	41832	0	0	0	0
CLOSING STOCK	156102	97050	115057	177104	0	0

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

	THIS YEAR 2010-2011	THIS YEAR 2009-2010
5. Details of payments made/provision made to, Managing Director and other full time Directors of the Company	Rs.	Rs.
(a) Remuneration	3000000	3000000
(b) P.F.Contribution	216000	216000
(c) Gratuity	86538	86538
(d) Money Value of perquisites	149103	153092
6. Licenced and Installed Capacity		
(a) Licenced Capacity		
No.of Ring spindles	60544	60544
No.of Rotors	336	336
(b) Installed Capacity		
No.of Ring spindles	54480	54480
No.of Rotors	336	336
(*As certified by Managing Director)		
7. C.I.F.Value of Imports during the year		
(a) Raw Materials	0	9047998
(b) Components and spares	3694137	2436495
(c) Capital Goods	0	0
8. Expenditure in Foreign Currency		
(a) Interest	2036116	2487647
(b) Travels	1504710	913776
(c) Subscription and Periodicals	497107	370080
(d) Selling Expenses	438398	160863
9. (a) Value of imported Raw Materials consumed	24588226	44682297
(b) Percentage of the above to total consumption	4.26	11.73
(c) Value of indigenous Raw materials consumed during the year	552611152	336111289
(d) Percentage of the above to total consumption	95.74	88.27
(e) Value of imported Stores and Spares consumed during the year	3694137	2436495
(f) Percentage of the above to total consumption	10.31	6.97
(g) Value of indigeneous Stores and spares consumed during the year	32136010	32520039
(h) Percentage of the above to total consumption	89.69	93.03
10. Earnings in Foreign currency during the year		
(a) Export of Goods in FOB Value	102622673	78552073
(b) Others	Nil	Nil
11. (a) Amount remitted during the year in Foreign currency on account for dividend	Nil	Nil
(b) No. of Non-resident Shareholders	Nil	Nil

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

Additional Information as per Part IV of Schedule VI to the companies Act, 1956
Balance sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

5	1	8	3
---	---	---	---

 State Code

1	8
---	---

Balance Sheet Date

31	-	0	3	-	2	0	1	1
----	---	---	---	---	---	---	---	---

II. Capital Raised during the year (Amount in Rs. Thousands)

Public issue	Rights issue						
<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					
Bonus issue	Private Placement						
<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					

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

Total Liabilities	Total Assets												
<table border="1" style="display: inline-table;"><tr><td>6</td><td>3</td><td>8</td><td>3</td><td>9</td><td>6</td></tr></table>	6	3	8	3	9	6	<table border="1" style="display: inline-table;"><tr><td>6</td><td>3</td><td>8</td><td>3</td><td>9</td><td>6</td></tr></table>	6	3	8	3	9	6
6	3	8	3	9	6								
6	3	8	3	9	6								

Sources of Funds

Paid - up - Capital	Reserves and Surplus												
<table border="1" style="display: inline-table;"><tr><td></td><td>3</td><td>3</td><td>3</td><td>2</td><td>8</td></tr></table>		3	3	3	2	8	<table border="1" style="display: inline-table;"><tr><td>1</td><td>8</td><td>3</td><td>6</td><td>9</td><td>4</td></tr></table>	1	8	3	6	9	4
	3	3	3	2	8								
1	8	3	6	9	4								
Secured Loans	Unsecured Loans												
<table border="1" style="display: inline-table;"><tr><td>2</td><td>5</td><td>8</td><td>2</td><td>7</td><td>5</td></tr></table>	2	5	8	2	7	5	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td>4</td><td>4</td><td>5</td><td>0</td></tr></table>			4	4	5	0
2	5	8	2	7	5								
		4	4	5	0								
Deferred Tax													
<table border="1" style="display: inline-table;"><tr><td></td><td>1</td><td>7</td><td>8</td><td>4</td><td>8</td></tr></table>		1	7	8	4	8							
	1	7	8	4	8								

Application of Funds

Net Fixed Assets	Investments												
<table border="1" style="display: inline-table;"><tr><td>2</td><td>1</td><td>8</td><td>9</td><td>6</td><td>2</td></tr></table>	2	1	8	9	6	2	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td>2</td><td>8</td><td>0</td><td>0</td></tr></table>			2	8	0	0
2	1	8	9	6	2								
		2	8	0	0								
Net Current Assets	Miscellaneous Expenditure												
<table border="1" style="display: inline-table;"><tr><td>2</td><td>7</td><td>5</td><td>8</td><td>3</td><td>3</td></tr></table>	2	7	5	8	3	3	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td></td><td>0</td></tr></table>						0
2	7	5	8	3	3								
					0								

Accumulated Losses

	N	I	L		
--	---	---	---	--	--

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

1	0	1	8	6	6	1
---	---	---	---	---	---	---

Total Expenditure

9	7	9	8	1	0
---	---	---	---	---	---

Profit / Loss before Tax

	6	7	5	3	7
--	---	---	---	---	---

Profit / Loss after Tax

	4	2	3	6	2
--	---	---	---	---	---

Earning Per share Rs.

	1	3	.	2	5
--	---	---	---	---	---

Dividend Rate %

0	0
---	---

V. Generic Names of Three Principal Products / Service of Company (as per monetary terms)

Item Code No. (ITC Code)	5	2	-	0	5	-	0	0	0	0
--------------------------	---	---	---	---	---	---	---	---	---	---

Product Description	Cotton Yarn (Other than sewing Thread) Containing 85% or More of Cotton Not Put for Retail sale
---------------------	---

Item Code No. (ITC Code)	5	5		0	9		0	0	0	0
--------------------------	---	---	--	---	---	--	---	---	---	---

Product Description	Yarn (Other than sewing Thread) of Synthetic Staple Fibres Not Put up for Retail sale
---------------------	---

Item Code No. (ITC Code)	5	5		1	0		0	0	0	0
--------------------------	---	---	--	---	---	--	---	---	---	---

Product Description	Yarn (Other than sewing Thread) of Artificial Staple Fibres Not Put up for Retail sale
---------------------	--

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH – 2011

	Year ended on 31-03-2011 Rs.	Year ended on 31-03-2010 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	67537339	-23576339
Adjustments for :		
Add :- Depreciation	41914028	40180723
Financial expenses	37890526	40406280
	147341893	57010664
(Less) / Add :- (Profit) / Loss on sale of assets	-852140	0
Interest received	1304349	683107
Operating Profit before Working Capital Changes	146889684	56327557
Adjustments for :-		
Inventories	-23538549	17170344
Receivables	-35539310	-18521955
Loans and advances	-13434604	9173233
Current Liabilities	18094889	43571527
Amortisation of VRS Compensation	0	11592239
Cash Generated from Operations	92472110	119312945
Interest Paid	-37890526	-40406280
Direct taxes paid	-420174	-195911
VRS Compensation payment made	0	-1522541
NET CASH FROM OPERATING ACTIVITIES (a)	54161410	77188213
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets and other Capital expenses	-13772190	-11788216
Sale of Fixed assets	1575251	0
Investments	-1800000	0
NET CASH FROM INVESTING ACTIVITIES (b)	-13996939	-11788216

Contd..2

.....2....

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

	Year ended on 31-03-2011 Rs.	Year ended on 31-03-2010 Rs.
C.CASH FLOW FROM FINANCING ACTIVITIES		
Decrease/ Increase in Working Capital Bank Finance	19454219	-17882492
Proceeds from Term Loans and other Loans	800000	4760000
Repayment of Term Loans	-61445370	-46404298
Interest received	1304349	683107
NET CASH FROM FINANCING ACTIVITIES (c)	-39886802	-58843683
Net Change in Cash and Cash Equivalent (a+b+c)	277669	6556314
Cash and Cash Equivalent as at 1st April - 2010 (2009)	7535787	979473
Cash and Cash Equivalent as at 31st March - 2011 (2010)	7813456	7535787

/ BY ORDER OF THE BOARD/

R.SRIHARI
Managing Director

BALAKRISHNA S
Wholetime Director

R.PADMANABAN
Technical Director

GEETHA SUNDARARAGHAVAN
Secretary

As per our report annexed
for **M/s.S.VISWANATHAN**

17, Bishop Wallers Avenue (West)
CIT Colony, Mylapore, Chennai - 600 004
Dated: July 18, 2011

CHELLA K.SRINIVASAN
Partner
Chartered Accountants

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

The Board of Directors
Sri Lakshmi Saraswathi Textiles (Arni) Limited
16, Krishnama Road, Nungambakkam,
Chennai - 600 034

We have examined the attached Cash Flow Statement of Sri Lakshmi Saraswathi Textiles (Arni) Limited. The statement has been prepared by the company in accordance with the requirements of clause 32 of the Listing Agreement with Madras Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report of July 18, 2011, to the members of the company.

As per our report annexed
for **M/s.S.VISWANATHAN**

17, Bishop Wallers Avenue (West)
CIT Colony, Mylapore, Chennai - 600 004
Dated: July 18, 2011

CHELLA K.SRINIVASAN
Partner
Chartered Accountants