

SREE JAYALAKSHMI AUTOSPIN LIMITED

Regd: Office, Sanjana, Davanagere Road, CHITRADURGA - 577 501

NOTICE:

Notice is hereby given that the Nineteenth Annual general Meeting of the company will be held at 80/81, Kelagote (KIADB) Industrial Area, Old NH-4 , Chitradurga-577501 on 25th September 2010 at 11-00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet, as at 31st March 2010 and the profit and the loss Account for the year ending 31st March 2010 together with the reports of auditors and directors thereon.
2. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

- 1 To approve the appointment of Mr. K.V.Prabhakar as Managing Director of the company for the period of five years from 30-09-2009 on the existing terms and conditions.

Name of The Director	Date of Birth	Qualification
Mr. K.V.Prabhakar	30-09-1957	MSW
Mrs. Vijaya Prabhakar	19-07-1961	BSc
Eshwar V. Patil	20-07-1965	B.E.Textiles,MBA.
Mr. Ram Murty	11-05-1948	BA
Vishwanatha K. Mamani	18-02-1960	BA
T. Chandrashekar	17-06-1968	B.Com.

By order of the Board

K.V. PRABHAKAR

Managing Director

Place : Chitradurga

Date : 25-08-2010

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint proxy or proxies to attend and vote instead of himself and proxy need not be a member of the company. Proxies in order to be effective must be registered at the registered office of the company not less than 48 hours before the meeting.
2. The register of members and the share transfer books of the company will remain closed from 21-09-2010 to 25-9-2010. (Both days inclusive)
3. Members seeking any information with regard to accounts are requested to write to the company early so as to enable the management to keep information ready.
4. Members/ proxies should bring the attendance slip sent here with duly filled for attending the meeting
5. Members are requested to bring their copies of Annual report to the meeting.

Explanatory statement in pursuance of section 173 (2) of companies Act 1956

Mr. K.V.Prabhakar was reappointed as Managing Director of the company for a period of five years on a nominal remuneration of Rs 15000/- per month at the board meeting held on 30-09-2009.As required by part III of schedule XIII of the companies Act of 1956.The appointment and payment of remuneration to the MD is subject to approval by a resolution of the shareholders. Hence the matter is placed before the meeting .In view of the fact that Mr. K.V.Prabhakar has been at the helm of the affairs of the company from very beginning and has lead the company ably, the board recommends the approval of his reappointment.

Apart Mr. K.V.Prabhakar, Smt Vijaya Prabhakar is interested in the resolution.

DIRECTORS REPORT:

Your Directors herby present the Nineteenth Annual report on the business and operation of the company and financial result for the year ended 31st Mach 2010

Financial	2009-10	2008-09
Turnover	10,85,08,748.00	12,63,18,036.00
Other Income	1,46,825.00	2,67,131.00
Administrative & Selling Expenses	10,45,96,718.00	12,17,92,401.00
Operating surplus/deficient interest & depreciation	3374444.00	36,05,971.00
Interest	706117.00	9,44301.00
Depreciation	2668327.00	26,61,670.00
Profit for the year	684411.00	11,64,295.00
Total deficit carried forward	1,05,24027.00	1,09,10,630.00

OPERATIONS :

The company has achieved the profit of Rs. 6,84,411.00 on overall turnover of Rs 10, 85, 08,748.00 during the year.

DIVIDEND :

In order to flow back the profit to strengthen the company, your director are not recommending any dividend for the year

In view of the accumulated losses of Rs 1,05,24027.00Lakhs, your directors regret their inability to declare any dividend for the year.

FUTURE:

Your company is constantly striving hard to achieve better results and to economize the cost of operations by adopting strategies like procurement of raw materials at the appropriate time. Implementation of cost reduction measures in all points of operations. Like power utility, checking. Pilferages and better utilization of available business resources.

For the coming cotton season, the cotton crop will be higher by 10%,due to export of Raw cotton and the declaiming carry forward stock in India and in the world, Market will hold the cotton Prices at the higher levels. This would definitely result in increased volume of business and better earnings in the year to come.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217(2AA) of the companies Act, 1956 with respect to Director's responsibility statement, it is here by confirmed that

1. In preparation of annual accounts for the financial year ended 31-3-2010 the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. We 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 the affairs of the company for the year under review.

3. We have 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. We have prepared the accounts for the financial year ended 31.3.2010 on a 'going concern' basis.

DIRECTORS

There was change in the constitutions of the directors during the year as two earlier directors Mr. H.P.Basavarajappa and Mr. T.Veerabhadraswamy retired by rotation and in their place Mr. Ram Murty and Mr. T.Chandrashekar are appointed as directors

AUDITORS:

To appoint auditors to hold the office from the conclusion of the Annual General Meeting to the next annual general meeting

LISTING:

The share of the company continues to be listed at Bangalore Stock Exchange Limited and the Stock Exchange Mumbai. Listing fee for the year 2009-2010 have been paid to Mumbai Stock Exchange.

CORPORATE GOVERNANCE:

The report on corporate governance is annexed to this report.

PARTICULARS UNDER SECTION 217 (2A) & (1) (E) OF THE COMPANIES ACT 1956.

- A) Particulars of employees drawing remuneration is excess of the limits prescribed under section 217(2A) of the companies Act 1956:- Nil
- B) Foreign exchange earnings and outgo:
There have been no foreign Exchange earnings and out go during the year
- C) Conservation of energy:
Disclosure in respect of conservation of energy in Form A is annexed
- D) Technology absorption during the year-Nil

ACKNOWLEDGEMENTS

The directors gratefully acknowledge the co-operation, assistance and support extended by the Central Government, Government of Karnataka, the Financial Institution like State Bank of Mysore .Company Bankers, the shareholders, and dealers. The directors also wish to place on record their appreciation of the contribution made by employees at all levels.

Place : Chitradurga
Date : 25-08-2010

By order of the Board

K.V. PRABHAKAR
Managing Director

FROM – A

ANNEXURE TO DIRECTORS REPORT

A) Power & fuel consumption

a) Electricity Purchase

Total Unit	1244294
Total Amount	5959213
Rate per Unit	4.79

B) Own generation

thought diesel generation	45995
Total Amount	618548
Rate per Unit	13.45

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The spinning industry is the most modern and internationally competitive segment of India's textile industry. India's cotton yarn industry depends almost entirely on the countries farmers. These cotton farmers have elevated India into the top ranks of global cotton producers. India is the world's second producer of cotton.

Your company is engaged in the manufacture of cotton yarn mainly in hank form which is used in handloom weaving and also in cotton ginning and trading activity. Your company supplies cotton yarn to Kolkata and Tamilnadu and to almost all branches of NHDC. Your Company manufactures 40's & 2/40's counts. Which is mainly used in making of hand woven fabrics for exports and for own consumption in India for manufacturing of Bed spreads and Chudidhar materials, and upholsteries and there are several competitors in the market, but still there is good demand for quality yarn.

Cotton prices have increased in the last couple of months after remaining strong throughout the cotton season. The main reason for the higher price is allowing export of cotton bales for the coming season. High cotton prices and the inability of the mills to procure at elevated price levels are impacting the textile industry. The effect of such higher prices is undeniably hurting the Indian textile industry.

The cotton crop touching record production, despite good cotton production, prices are high and there is significant increase

in raw cotton exports this year. By this the domestic mills are deprived of regular supply of raw material. This year the economic and industrial growth was moderate, but the textile industries have not shown any upward trend. This year ginning activity turnover is more than the spinning activity turnover. Your company is able to make marginal profit in spite of higher cotton prices and down tread in textile industry.

Opportunities, Threats, Risks and Concerns:

The continuing threat to the growth of the industry is availability of cotton, regular supply of power and availability of labour.

Due to high cotton prices and export of cotton to other counters, availability of cotton has become very poor for domestic industry. Due to high yarn prices the consumption of yarn has also been downsized. The recession in the European countries have affected the finished goods exports and the yarn exporting mills have entered into the domestic market which has increased the competition and the domestic market. Labour in another major threat to textile industry. . The Government rural schemes also attract the laborers. Every year we are increasing the average salary for laborers. But still availability of laborers has become poor. However the employer employee's relation remained cordial. The power is the other major threats to textile industry. The availability of continuous stabilized power supply is very important for the production in spinning industry. This year BESCO has already started power cuts and power cuts are going to increase

if the rains are not in time.

The plan of the company is to increase the production in cotton yarn and to increase the ginning and trading activity and to increase the overall turnover of the company and to increase the profitability of the company. This year company's profitability is less compare to earlier year.

Internal Control

The company adopts adequate systems of internal in place, this is to ensure that assets are safeguarded against loss from unauthorized use or disposition and that transaction are authorized, recorded and reported correctly.

Members of the Management Team

Profile of the Directors and members of the management team.

Sri K.V. Prabhakar

Sri K.V. Prabhakar holds a master degree in social work. He has experience in cotton trading and textile industry. He is currently CMD of the company, looks after sales, purchase and finance of the company.

Directors:

Mr. Eshwar V Patil

Mr. Eshwar V Patil holds a Master degree in business Management and is a graduate in Textile Engineering and has vast experience in textile industry.. He looks after the production, human resource department, marketing and operations activities.

Sri Vishwanatha K Mamani

Sri Vishwanatha K Mamani is an Ex-MLA form Soundathi constituency; He has a vast experience in cotton trading, quality selection and activity involved in trading activity.

Smt U Vijaya Prabhakar

She is a BSc graduate and good experience in Human resource department.

Sri Ram Murty

Sri Ram Murty is a BSC AFFI science

graduate has good experience in administration and accounts.

Sri T.Chandrashekar

Sri T.Chandrashekar is a commerce graduate. He is expert in accounts and dealing with farmers in agricultural commodities like cotton and maize and oil seeds. He is an active rotary member.

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2009-10

CODE FOR CORPORATE GOVERNANCE

Sree Jayalakshmi Auto Spin Ltd is committed to good governance that creates a long term sustainable value for the shareholders. Corporate Governance frame work is based on the following principles.

- Ensuring maximum disclosure of information to the Board/ Committee for meaning full and focused discussion in meetings.
- A sound system of internal control with a thrust on integrity and accountability
- Companies with applicable laws, guidelines, rules and regulation
- Timely and adequate disclosure of all material information to all shareholders.
- Commitment to a transparent system and values.
- Equitable and fair treatment to all its shareholders, Directors, employees, executives and lending Institution

BOARD OF DIRECTORS:

Composition and category of directors
(as on 31st March 2010)

Executive directors -3

Non-Executive Directors -3

The directors of the company are contributing their professional knowledge experience and expertise in respective areas of their specialization for the progress of the company.

Sl. No.	Name	Designation	Name of Directorship	Other Directorship	Other committees In other companies
1.	Sri K.V. Prabhakar	CMD	Executive Director	6	-
2.	Smt U. Vijaya Prabhakar	Director	Executive Director	2	-
3.	Sri Eshwar V Patil	Director	Executive Director	-	-
4.	Sri Vishwanatha K Mama	Director	Non - Director	-	-
5.	Sri Ram Murty	Director	Non - Director	-	-
6.	Sri T. Chandrashekhar	Director	Non - Director	-	-

1. List of directors having interest in other companies:

Sl. No.	Name of Person	Designation Chairman / Director
1	K.V.Prabhakar 1 Vakrathunda Agritech(P)Ltd	Director
	2 Shri Jaya InfoTech Services (P)Ltd	Director
	3 Sri Ganesar Textiles(P) Ltd	Director
	4 The Union Theaters (P)Ltd	Director
	5 The City FortFinvestment (P)Ltd	Director
	6 The Margarine & Refined Oil Co (P)Ltd	Director
2	Vijay Prabhakar 1 City Fort Finvest Pvt. Ltd.	Director
	2 Vakrathunda Agritech (P) Ltd	Director

List of Directors having relationship with the promoters or person occupying management position.

Sl No	Name of the Directors	Having relationship with the promoters personal Occupying management position (Y/N)	Kind of relationship
1	Smt. Vijaya Prabhakar	Yes	W/o K.V.Prabhakar

List of the directors-share holders

Sl No	Name of the Directors	No. of Shares held	Percentage of Share Holding
1	Sir K.V.Prabhakar	635932	14.20
2	Smt U Vijaya Prabhakar	652762	14.58
3	Sri Eshwar V Patil	2500	0.00055
4	Sri Vishwanatha K Mamani	2500	0.00055
5	Sri Ram Murty	Nil	
6	Sri T.Chandrashekar	Nil	

Responsibility of the Board: The Board of Directors look after the overall policy formulation performance review analysis and control, general superintendence and management of the affairs of the company

4. Board meeting held during the financial year 2009-10

Sl. No	Date of Meeting	Place of Meeting	Total Members	No of present directors	No of director for whom leave of absence granted
1	30.04.2009	Chitradurga	6	6	0
2	16-6-2009	Chitradurga	6	4	2
3	30-7-.2009	Chitradurga	6	4	2
4	25.08.2009	Chitradurga	6	6	0
5	13.09.2009	Chitradurga	6	4	2
6	30.09.2009	Chitradurga	6	6	0
7	31.10.2009	Chitradurga	6	6	0
8	3011.2009	Chitradurga	6	5	1
9	16.12.2009	Chitradurga	6	4	2
10	13.01.2010	Chitradurga	6	4	2
11	31.01.2010	Chitradurga	6	5	1
12	25.02.2010	Chitradurga	6	6	0
13	16-03-2010	Chitradurga	6	4	2

The attendance of Directors at the above meeting for the year 2009-10 is furnished below

Sl. No.	Name of the Director	No of Board Meeting attended
1	Sri K.V. Prabhakar	12
2	Smt U Vijaya Prabhakar	12
3	Sri Eshwar Patil	12
4	Sri T Chandrashekhar	7
5	Sri Ram Murty	5
6	Sri Vishwanatha K Mamani	6
7	Sri H.P.Basavarajappa	2
8	Sri T.Veerabhadraswamy	5

Attendance of the Directors at last AGM

Sl No	Name of the Director	Attendance (Yes / No)
1	Sri K.V. Prabhakar	Yes
2	Smt U Vijaya Prabhakar	Yes
3	Sri T Chandrashekhar	Yes
4	Sri Eshwar V Patil	Yes
5	Sri Ram Murty	Yes
6	Sri Vishwanatha K Mamani	Yes

Committee of the Board of Directors

The Company has constituted share holders'/ investors' grievance committee to look into the redressal of shareholders/ investors complaints.

The committee is headed by Sri Eshwar Patil and other members are Sri Ram Murty and Sri. Vishwanatha K Mamani

There is no pending share transfer. There was no significant investor's grievance during the year.

During the year committee meet 7 times.

Compliance Officer:

Sri Eshwar V Patil whole-time director has been appointed with effect from 04-11-2001 as Compliance Officer for the purpose of complying with various provisions of guidelines, regulations issued by SEBI, Listing agreement with stock exchange, etc.,

Investors help desk

Share transfer and all other investor's related actives are attended to and processed at the office of our registers and share transfer agents, for lodgment of transfer deeds of any other documents or for any grievance / complaints kindly contact at the following address:

M/s Alpha Systems Pvt Ltd.,
No. 30 Ramana Residency,
4th cross, Sampige Road, Malleshwaram,
Bangalore-560003

Number of Shareholders Grievance / Queries received resolved and pending

There are no major complaints / grievances received for the year. The number of complaints / grievance received are suitably dealt with and resolved. No compliant / grievance is pending.

Audit committee

The company has a board audit committee comprising independent directors Mr. Ram Murty and Mr. Vishwanatha K Mamani, Mr. T. Chandrashekar and Mr. Ram Murty is chairman of the audit committee.

Name of Directors	No of Meeting Attendance
Sri Vishwanatha K Mamani	8
Sri Ram Murty	4

Sri T.Chanadrashekar	4
Sri H.P.Basavarajappa	4
Sri T.Veerabhadraswamy	4

The audit committee provides directors and reviews the operations of the company. The members of the audit committee possess rich experience in the area of finance, audit and account. The minutes of each audit committee meeting are placed before the Board and discussed in full.

Audit committee reviews the adequacy of external and internal audit, internal control system, discusses with external Auditors before finalizations of accounts and reports and reviews company's finance and risk management policies.

Audit committee reviews the management financial statements with special emphasis on accounting policies and practices, compliance with accounting standards and other requirements concerning financial statements.

Audit committee reviews with the management the annual and quarterly financial statements before submission to the Board for approval.

Audit committee oversees the company's financial reporting process and ensures correct, adequate and credible disclosure of financial information.

GENERAL BODY MEETING

Details of the last three Annual General Meetings

Sl No	Location	Date	Time
1	80 / 81 , KIADB Industrial Area Chitradurga	26.09.2008	11.00 am
2	80 / 81 , KIADB Industrial Area Chitradurga	25.09.2009	11.00 am
3	80 / 81 , KIADB Industrial Area Chitradurga	25.09.2010	11.00 am

No special resolutions were put through postal ballot in any of the above meeting.

Disclosure and communication with share holders

The company provides information relating to its affairs mainly through the annual reports which includes the directors' report, auditors' report, etc., The quarterly half yearly and annual performance taken on record by the Board of directors and

submitted to the Stock Exchange. Newspapers wherein results are normally published are Business Standard (English News Paper) and in the vernacular newspaper, Prajapragati (Kannada edition)

General information to shareholders**Annual General Body Meeting**

Date	Venue	Time
25.09.2010	80 / 81, KIADB Industrial Area Chitradurga	11.00 a.m.

Financial Calendar Tentative - (2009-2010)

Period		Publication
I Quarter Results	Last week of July	2009
II Quarter Results	Last week of October	2009
III Quarter Results	Last week of January	2010
IV Quarter Results	Last Week of April	2010

Date of Book Closure

From 21st September 2010 to 25th September 2010 (both days inclusive)

Listing:

The shares of the company are listed on the following Stock Exchange

Sl No	Name of Stock Exchange	Stock Code
1.	The Bangalore Stock Exchange	Sree Jayalakshmi Auto Spin Ltd
2.	Bombay Stock Exchange	INF 618 f 01010

Annual listing fees to the Bombay Stock Exchange for the year 2009-10 have been paid within prescribed due dates. The Bombay Stock Exchange has suspended trading of our shares for the reasons given below.

1. The company turnover is low and accumulated losses of the company are high

A representation has been made to Bombay Stock Exchange and SEBI has been informed about the same.

Annual listing fee has not been paid to the Bangalore Stock Exchange, as it is not functioning for last several years.

Disclosures

- A. The stock exchange or SEBI or any other statutory authorities on any matters related to capital markets imposed no penalties on the company during the year.
- B. Disclosure on materially significant related party transactions of the company of material nature with its promoters, the directors or the management, their subsidiaries or relatives etc., which may have potential conflict of interest of the company at large: **None**.

C. Related Parties**Quantification of transactions during the year 2009 -10**

Sl No	Name	Purchase	Sales	Other
1	Sri Vijayalakshmi Cotton Enterprises(job work)	Nil	Nil	11,03,375.00
2	Srinivasa Industries (job work)	85184.00	Nil	3,60,000.00
3	Anjaneya Cotton Mills (p) Ltd	22000.00	Nil	Nil
4	K.V. Prabhakar U.Vijaya Prabhakar			33,00,000.00

There is no pecuniary relationship or transactions of the non-executive directors with the company

Share Transfer System

The shares of the company have easy transferability and the company has appointed M/s Alpha Systems Pvt Ltd, No.30 Ramana Residency, 4th Cross, Sampige

Road, Bangalore-560003 as Registrars and Transfer Agent to do and maintain work related to shares in compliance with the directives of SEBI

Plant Location**Plot No. 80 / 81, Kelagote KIADB Industrial Area, Chitradurga, Karnataka.****Distribution of holding of the company as on 31.3.2009 category wise**

Category Rs.	No of Share holders	% (percentage)	No of shares Held	% (Percentage)
Up to 5000	767	59.60	2950510	6.59
5001 to 10000	200	15.54	1549000	3.46
10001 to 20000	130	10.105	1941000	4.33
20001 to 30000	106	8.24	2725000	6.09
30001 to 40000	20	1.56	742000	1.66
40001 to 50000	13	1.01	642000	1.43
50001 to 100000	15	1.17	1198000	2.68
100001 and above	36	2.80	33034490	73.77
Total	1287	100.0	44782000	100.0

Share holding pattern as on 31.3.2009

Sl No	Category	No of Shares held	Percentage of share holding
A	Promoter's Holding		
1	Promoters		
	Indian Promoters	635932	14.20
	Foreign Promoters	Nil	Nil
2	Persons acting in concert	Nil	Nil
	Sub Total	635932	14.20
B	Non promoters holding		
3	Institutional investors		
	a) Mutual Fund & UTI	239000	5.34
	b) Banks, Financial institutions insurance companies(central / state govt)	200,000	4.47
	c) FIs		
	Sub Total	439000	9.81
4	Other		
	a. Private corporate Bodies	475600	10.62
	b. Indian Public	2634168	58.82
	c. NRI / OCBs	293500	6.55
	Sub Total	3403268	75.99
	Grand Total	4478200	100.0

CEO/CFO Certification: The CEO/ CFO have certified to the Board compliance of Clause 49V of listing agreement

Dematerialization of Shares and liquidity

The company shares are traded compulsory in dematerialized form only. The company has entered into tripartite agreement with NSDL and CSDL for dematerialization of the company's shares. The ISIN allotted to the company's shares in NSE 6518F01010

Particulars of shares in dematerialization and physical form held by the shareholders of the company as on 31.3.2010 are as under:

Category	No. of Shares	Percentage
CDSL/NSDL	572500	12.78
Physical holding	3905700	87.22
Total	4478200	100.00

Secretarial Audit Report

The company has appointed Mr. G Shankar Prasad, Practicing Company Secretary, to issue the Quarterly Secretarial Audit Report to the Stock Exchanges for the year ended March 31st 2009. He has submitted his reports conforming the compliance with all the applicable provisions of SEBI guidelines.

Whistle blower policy

The company has established a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud or violation of our code of conduct or ethics policy. The mechanism also provides for adequate safeguards against victimization of employees who avoid of the mechanism and also provide for direct access to the chairperson of the audit committee in exceptional cases.

Declaration (as required under clause 49 of the listing agreement-code of conduct)

I K.V.PRABHAKAR Managing director of Sree Jayalakshmi Auto Spin Ltd., to the best of my knowledge and belief hereby declare that are board members and senior management personnel have affirmed compliance with the companies code of conduct for the year ended 31st March 2009.

Addendum to director's report
Reply to the Auditors qualification

The company has taken several steps and made a lot of efforts to appoint a company secretary however, owing to the fact that companies registered office is in Chitradurga, a small town. The company has not been able to get any person to take-up the job. Your directors will continue their efforts and in the meantime avail of services of a reputed practicing company secretary to ensure compliances.

Place: Chitradurga
Date : 25-08-2010

K.V.Prabhakar
Managing Director

The company has obtained a certificate from M/s H.M.V. Murthy and Co. Chartered accountants Bangalore regarding compliance of condition of corporate governance as stipulated and the certificate is annexed with this report.

AUDITOR'S REPORT

To

**The Members of
SREE JAYALAKSHMI AUTOSPIN LTD.,**

- 1 We have audited the attached Balance sheet of **M/s. SREE JAYALAKSHMI AUTOSPIN LIMITED, CHITRADURGA**, as on 31st March 2010 and also the Profit & Loss Account and the cash flow statement for the year ended on that date annexed thereto. 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 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 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 the accounting principles used and significant estimates made by management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies' (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and according to the information and explanation given to us during the course of the audit and on the basis of such checks of the books and records of the company as we consider appropriate, we enclose in the

Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our Comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii) 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.
 - (iii) The Balance Sheet, Profit & Loss Account and cash flow statement dealt by this report are in agreement with the books of Account.
 - (iv) In our opinion, the balance sheet, profit & loss account and cash flow statement dealt by this report comply with accounting standards mentioned under sub section (3C) of section 211 of the Companies Act 1956.
 - (v) Based on written representation made by the directors of the company and taken on record by the board of directors, in our opinion the directors of the Company are not prima facie disqualified from being appointed as directors under Section 274(1)(g) of "The Act".
 - (vi) In our opinion and to the best of our knowledge and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view: -
 - i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2010 and
 - ii) In the case of Profit & Loss Account, of the Profit of the company for the year ended on that date.
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For H.M.V.MURTHY & CO.,
CHARTERED ACCOUNTANTS**

**(H.M.Vrushabhendra Murthy)
Proprietor
MM No.26432**

PLACE : BANGALORE

DATE : 24-08- 2010

ANNEXURE TO AUDITOR'S REPORT

Referred to in Paragraph 3 of our Report of even date.

- 1) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management as per phased programme of verification. In our opinion, the frequency of verification is reasonable having regard to the size of Company and the nature of its assets. The Discrepancies reported on such verification were not material and have been properly dealt with in the books of accounts.
- (c) There is no disposal of substantial part of fixed assets during the year so as to have an impact on the operations of the company or affects its going concern.
- (2) (a) The Management is conducting physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures followed by the management for such physical verification are, reasonable and adequate, in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical inventories and the book records were not material in relation to the operation of the company and the same have been properly dealt with in the books of accounts.
- (3) (a) The company has not granted loan, unsecured, to/firm companies, firms or other parties listed in in the register maintained under section 301 of the Companies Act 1956. Paragraph 4 (iii)(a) (b) (c) and (d) of the order is not applicable.
- (b) During the year the company has taken interest free unsecured loans from Directors amounting to Rs. 33,00,000/- and the same has been repaid during the year.
- (4) In our opinion and according to information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit no major weakness has been observed in the internal controls.
- (5) (a) Based on the audit procedure applied by us and according to the information and explanation provided by the management, we are of the opinion that all transaction that need to be entered into the register in pursuance of section 301 of the Act have been entered.
- (b) In our opinion and according to the information and explanation given to us, 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 Rs. Five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the companies Act, 1956 and the rules framed thereunder.
7. The Company has an internal audit system. Commensate with size of the company and the nature of its business.
8. The central Government has prescribed maintenance of cost records under section 209-(1) (d) of the companies act, 1956 in respect of manufacturing activities of the company. We have broadly reviewed the accounts and records of the company in this

- connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
9. (a) According to the information and explanation given to us, the company is generally regular in depositing with appropriate authorities undisputed dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
 - (b) According to the information and explanation given to us, there are no undisputed amounts payable in respect of income tax, Sales tax, Wealth tax, Customs duty, Excise duty and Cess outstanding as at the year end, for a period of more than six months from the date they become payable.
 - (c) According to the information and explanation given to us, there are no dues of Sales tax, Income tax, Custom duty, Wealth tax, Excise duty or Cess outstanding on account on any dispute.
 10. The Company has accumulated losses of Rs. 105.24 Lakhs at the end of the financial year and it has incurred a cash loss of Rs. NIL in the current year and Rs. NIL Lakhs immediately preceding financial year.
 11. According to information and explanation given to us and the records examined by us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
 12. In our opinion and according to information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
 13. In our opinion and according to the information and explanation given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund and nidhi /mutual benefit fund/ societies.
 14. The company does not deal or trade in shares, securities, debentures and other investments.
 15. According to the information and explanations given to us and the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions, the terms and conditions whereof are prima facie prejudicial to the interest of the Company.
 16. In our opinion and based on information and explanations given to us by the management, term loans were applied by the Company for the purpose for which they were obtained.
 17. On the basis of an overall examination of the balance sheet and cash flows of the Company and the information and explanation given to us, we report that the Company has not utilized any funds raised on short term basis for long term investments and vice-versa.
 18. The Company has not made any preferential allotment of shares to parties or companies covered under section 301 of the Act.
 19. The company has not issued any debentures.
 20. The Company has not raised any money through a public issue during the year.
 21. In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

PLACE : BANGALORE
DATE : 24-08- 2010

For H.M.V.MURTHY & CO.,
CHARTERED ACCOUNTANTS
(H.M.Vrushabhendra Murthy)
Proprietor
MM No.26432

AUDITORS CERTIFICATE

To,

**The Board of Directors,
Sree Jayalakshmi Autospin Ltd.,
Chitradurga – 577 501.**

We have examined the attached cash flow statement of M/s. **SREE JAYALAKSHMI AUTO SPIN LTD.**, for the year ended 31st March, 2010. The statement has been prepared by the company in accordance with the requirements of clause 32 of the listing agreement with stock exchange, Bombay 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 24.08.2010 to the members of the company.

**For H.M.V.MURTHY & CO.,
CHARTERED ACCOUNTANTS**

**(H.M.Vrushabhendra Murthy)
Proprietor
MM No.26432**

PLACE : BANGALORE

DATE : 24-08- 2010

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

Auditor's certificate to the members of **Sri Jayalakshmi Autospin Ltd.**, on compliance of the condition of corporate governance for the year ended 31st March, 2010 under clause 49 of agreement with the stock exchange.

We have examined the compliance of the conditions of corporate governance by **Sri Jayalakshmi Autospin Ltd.**, for the year ended 31st March, 2010 as stipulated in clause 49 of the listing agreement of the said company with exchange (Hereinafter referred to as clause 49).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to the review of the procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an express of opinion of the financial statements of the company.

In our opinion and to the best of information and according to the explanation given to us and the

representation made by the directors and management, we certify that the the company has by 31st March, 2010 complied in all material respect with the conditions of corporate governance as stipulated in clause 49.

As required by the guidance note on certification of corporate governance issued by the Institute of Chartered Accountants of India, we state that the registrars of the company have certified that as on 31st March, 2010 there were no investors grievances remaining pending for a period exceeding one month, and as explained to us by the management, the registrars have reported to the shareholders, Investors grievance committee regularly on the status of such grievances.

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 had conducted the affairs of the company.

**For H.M.V.MURTHY & CO.,
CHARTERED ACCOUNTANTS**

**(H.M.Vrushabhendra Murthy)
Proprietor
MM No.26432**

PLACE : BANGALORE

DATE : 24-08- 2010

SREE JAYALAKSHMI AUTOSPIN LIMITED

Registered Office: "Sanjana" Davangere Roda, Chitradurga-577501 Karnataka
Telephone (08194) 234446/223040, Fax: (08194) 234193

**SREE JAYALAKSHMI AUTOSPIN LIMITED
BALANCE SHEET AS AT 31.03.2010**

PARTICULARS	SCH	AS ON 31.03.2010 Amount In Rs	AS ON 31.03.2009 Amount In Rs
I SOURCES OF FUNDS			
1. SHARE HOLDERS FUNDS			
(A) Share Capital	1	44,782,000.00	44,782,000.00
(B) Reserves and Surplus	2	316,000.00	316,000.00
2. LOANS FUNDS			
Secured Loans	3	9,349,898.00	5,182,862.00
TOTAL		54,447,898.00	50,280,862.00
II APPLICATION OF FUNDS			
1) FIXED ASSETS			
(a) GROSS BLOCK	4	52,996,552.00	52,834,703.00
(b) Less: Depreciation		33,576,155.00	30,907,827.00
Net Block		19,420,397.00	21,926,876.00
2) INVESTMENTS	5	119,500.00	104,500.00
3) CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	6	37,344,028.00	18,845,968.00
(b) Sundry Debtors	7	18,858,314.00	15,659,665.00
(c) Cash and Bank Balances	8	2,713,420.00	509,244.00
(d) Loans and Advances	9	3,580,231.00	3,239,754.00
TOTAL		62,495,993.00	38,254,631.00
Less: Current Liabilities and Provisions	10	38,112,019.00	20,915,775.00
NET CURRENT ASSETS		24,383,974.00	17,338,856.00
4) Miscellaneous Expenditure	11	10,524,027.00	10,910,630.00
TOTAL		54,447,898.00	50,280,862.00

NOTES TO THE ACCOUNTS SCHEDULE NO.17
For SREE JAYALAKSHMI AUTO SPIN LTD.,

Read with our Report

K.V.Prabhakar
Chairman

Eshwar.V.Patil
Director

For H.M.V.MURTHY & CO.,
CHARTERED ACCOUNTANTS

(H.M.Vrushabhendra Murthy)
Proprietor
MM No.26432
Place: Bangalore
Date.24.08.2010

SREE JAYALAKSHMI AUTOSPIN LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH'2010

PARTICULARS	SCH	AS ON 31.03.2010 Amount In Rs	AS ON 31.03.2009 Amount In Rs
1. INCOME			
Sales	12	108,508,748.00	126,318,036.00
Other Income	13	146,825.00	267,131.00
TOTAL		108,655,573.00	126,585,167.00
2. EXPENDITURE			
Materials	14	88,985,999.00	107,516,272.00
Manufacturing Administrative & Selling Expenses	15	15,610,719.00	14,276,129.00
Financial Expenses	16	706,117.00	944,301.00
Depreciation		2,668,327.00	2,661,670.00
TOTAL		107,971,162.00	125,398,372.00
PROFIT/(LOSS) FOR THE YEAR BEFORE TAX		684,411.00	1,186,795.00
Provision for FringeBenefit Tax		-	22,500.00
PROFIT AFTER TAX		684,411.00	1,164,295.00
Add:Loss brought forward from last year		10,910,630.00	11,499,407.00
Prior year adjustments		297,808.00	575,518.00
BALANCE CARRIED TO BALANCE SHEET		10,524,027.00	10,910,630.00

NOTES TO THE ACCOUNTS SCHEDULE NO.17
For SREE JAYALAKSHMI AUTO SPIN LTD.,

Read with our Report

For H.M.V.MURTHY & CO.,
CHARTERED ACCOUNTANTS

K.V.Prabhakar
Chairman

Eshwar.V.Patil
Director

(H.M.Vrushabhendra Murthy)
Proprietor

MM No.26432

Place: Bangalore

Date.24.08.2010

SREE JAYALAKSHMI AUTOSPIN LIMITED
SCHEDULE FORMING PART OF THE BALANCE SHEET AS ON 31.03.2010

PARTICULARS	AS ON 31.03.2010 Amount In Rs	AS ON 31.03.2009 Amount In Rs
SCHEDULE-1: SHARE CAPITAL		
Authorised 50,000 Equity shares of Rs. 10 each	50,000,000.00	50,000,000.00
-Issued, Subscribed and paid up 44,78,200 Equity shares of Rs. 10 each	44,782,000.00	44,782,000.00
TOTAL	44,782,000.00	44,782,000.00
SCHEDULE-2: RESERVES & SURPLUS		
Capital Reserve	316,000.00	316,000.00
TOTAL	316,000.00	316,000.00
SCHEDULE-3 : LOAN FUNDS		
Secured Loans		
State Bank of Mysore Cash Credit	9,040,183.00	3,390,469.00
State Bank of Mysore Term Loan A/c.	309,715.00	1,792,393.00
TOTAL	9,349,898.00	5,182,862.00
NOTES :		
1. Term Loan from State Bank Of Mysore Secured by First charge in respect of the present and proposed Machinery purchased and embedded to the ground at Kelgote Industrial Area, Plot No. 80 & 81, old NH 4 road, Chitradurga and mortgage of land situated at Plot No. 80 & 81, Sy.No. 42, in the Industrial Area within the village limits of Kelgote Hobli, Kasaba TQ, Chitradurga.		
2. Cash Credit facility from SBM – Chitradurga secured by hypothecation over entire current assets consisting of Stock In Trade , Receivables & Other Current Assets and second charges on the entire fixed assets of the company in addition to personal guarantee of two directors.		
SCHEDULE-5: INVESTMENTS		
N.S.C.	32,000.00	17,000.00
Unquoted & Fully paid up 500 face value Rs 100 Each equity shares in Merchant Co-Op bank	50,000.00	50,000.00
Unquoted & Fully paid up 375 face value Rs 100 Each equity shares in Veerashiva Co-Op bank	37,500.00	37,500.00
TOTAL	119,500.00	104,500.00

SREE JAYALAKSHMI AUTOSPIN LIMITED
SCHEDULE - 4 FIXED ASSETS

PARTICULARS	BALANCE AS ON 01.04.2009	GROSS BLOCK			DEPRECIATION		TOTAL	NET BLOCK	
		ADDITIONS	DELETIONS	TOTAL	AS ON 01.04.2009	FOR THE YEAR		AS ON 31.03.2010	AS ON 31.03.2009
LAND	657,971.00	38,604.00	-	696,575.00	-	-	-	696,575.00	657,971.00
BUILDING	9,693,547.00	-	-	9,693,547.00	3,989,095.00	323,764.00	4,312,859.00	5,380,688.00	5,704,452.00
PLANT & MACHINERY	38,450,213.00	-	-	38,450,213.00	23,787,451.90	2,050,494.00	25,837,945.90	12,612,267.10	14,662,761.10
ELECTRICAL INSTALATIONS	2,164,527.00	-	-	2,164,527.00	1,918,578.06	153,032.00	2,071,610.06	92,916.94	245,948.94
FURNITURE & FITTINGS	253,443.00	123,245.00	-	376,688.00	81,085.00	22,700.00	103,785.00	272,903.00	172,358.00
VEHICALS	861,437.00	-	-	861,437.00	725,218.00	81,837.00	807,055.00	54,382.00	136,219.00
OTHER ASSETS	753,565.00	-	-	753,565.00	406,400.00	36,500.00	442,900.00	310,665.00	347,165.00
TOTAL	52,834,703.00	161,849.00	-	52,996,552.00	30,907,828.00	2,668,327.00	33,576,155.00	19,420,397.00	21,926,875.00
PREVIOUS YEAR	52,439,959.00	394,744.00	-	52,834,703.00	28,246,157.00	2,661,670.00	30,907,827.00	21,926,876.00	24,193,802.00

SREE JAYALAKSHMI AUTOSPIN LIMITED
SCHEDULE FORMING PART OF THE BALANCE SHEET AS ON 31.03.2010

PARTICULARS	AS ON 31.03.2010 Amount In Rs	AS ON 31.03.2009 Amount In Rs
SCHEDULE-6: INVENTORIES (As per Inventory taken, valued and certified by the management)		
Raw Materials	29,199,093.00	10,782,601.00
Finished Goods	7,186,616.00	7,352,659.00
Stores and Consumables	450,000.00	178,696.00
Work in Process	508,319.00	532,012.00
TOTAL	37,344,028.00	18,845,968.00
SCHEDULE-7: SUNDRY DEBTORS (Unsecured considered good)		
a) Over six months	3,490,795.00	3,777,567.00
b) Others	15,367,519.00	11,882,098.00
TOTAL	18,858,314.00	15,659,665.00
SCHEDULE-8 CASH & Bank Balance		
a) Cash in hand	619,977.00	323,834.00
b) Balance with Schedule Banks in Current A/Cs	2,093,443.00	185,410.00
TOTAL	2,713,420.00	509,244.00
SCHEDULE-9: LOANS AND ADVANCES (Advances recoverable in cash or in kind or for value to be received)		
a) Unsecured & Considered good	1,074,130.00	1,639,483.00
b) Other deposits	873,765.00	873,765.00
c) Advance Income tax	127,861.00	102,861.00
d) Balance with excise department	1,866.00	1,866.00
e) Balance with Commercial Tax Dept	1,451,614.00	534,853.00
f) Staff advance	50,995.00	86,926.00
TOTAL	3,580,231.00	3,239,754.00
SCHEDULE-10:Current Liabilities & Provisions		
a) Sundry Creditors for supplies and others	34,692,688.00	17,604,628.00
b) Advance against sales	2,365,956.00	2,234,727.00
c) Provision for expenses	1,053,375.00	1,076,420.00
TOTAL	38,112,019.00	20,915,775.00
SCHEDULE-11: MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
d) Profit & Loss A/C , Profit(+), Loss (-)	10,524,027.00	10,910,630.00
TOTAL	10,524,027.00	10,910,630.00

SREE JAYALAKSHMI AUTOSPIN LIMITED
SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT AS ON 31.03.2010

PARTICULARS	AS ON 31.03.2010 Amount In Rs	AS ON 31.03.2009 Amount In Rs
SCHEDULE-12: SALES		
Cotton Lint	53,758,867.00	72,327,109.00
Cotton Yarn	41,110,152.00	45,904,270.00
Cotton Seeds	13,178,453.00	7,567,964.00
Kappas	88,236.00	-
Cotton waste sales	398,851.25	906,530.00
	108,534,559.25	126,705,873.00
Less quality allowance	25,811.00	387,837.00
TOTAL	108,508,748.00	126,318,036.00
SCHEDULE-13: OTHER INCOMES		
Miscellaneous Income	136,824.94	247,082.00
Dividend	10,000.00	14,500.00
L C Deposit Interest	-	5,549.00
TOTAL	146,825.00	267,131.00
SCHEDULE-14 : MATERIAL		
a) Raw Materials Consumed		
Opening Stock	3,135,805.00	2,960,158.00
Opening Stock in process	532,012.00	527,793.00
Purchases	7,684,836.00	43,482,417.00
Lint obtained by job work	79,001,151.00	56,671,377.00
Cost of seeds obtained	10,938,870.00	7,197,730.00
	101,292,674.00	110,839,475.00
Less : a) closing stock of raw materials	11,964,399.00	3,135,805.00
b) closing stock of WIP	508,319.00	532,012.00
Total Raw Materials Consumed	88,819,956.00	107,171,658.00
Purchases of Finished Goods	-	2,404,048.00
Increase/Decrease in finished goods:		
Add: Opening stock of finished goods	7,352,659.00	5,293,225.00
Less: Closing Stock of Finished Goods	7,186,616.00	7,352,659.00
	88,985,999.00	107,516,272.00
TOTAL	88,985,999.00	107,516,272.00

SREE JAYALAKSHMI AUTOSPIN LIMITED

PARTICULARS	AS ON 31.03.2010 Amount In Rs	AS ON 31.03.2009 Amount In Rs
SCHEDULE 15:		
MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENCES :		
Consumable Stores	1,473,387.00	1,435,581.00
Ginning Expenses	124,562.00	78,738.00
Yarn Processing Charges	375,314.00	1,376,487.00
Directors Remuneration	300,000.00	300,000.00
Pressing Charges	997,810.00	578,713.00
Consignment Expenses	13,775.00	29,219.00
Power & Fuel	6,577,761.00	6,199,092.00
Rent, Rates & Taxes	574,267.00	388,439.00
Repairs & Maintenance Building Plant & Machinery	443,167.00	211,881.00
Salaries and Wages & Payments to Employees	1,443,512.00	1,341,716.00
Staff Welfare & Labour Welfare	52,844.00	58,582.00
Insurance	228,268.82	165,609.00
Postage and Telephone	134,110.00	140,784.00
Travelling & Conveyence:-		
Directors	-	8,306.00
Others	355,756.00	334,041.00
Vehicle Maintenance	72,251.00	71,710.00
Printing & Stationery	65,939.00	53,909.00
Legal & Professional Charges	66,618.00	48,869.00
Payment to Auditors	84,853.00	88,760.00
Miscellaneous Expences	840,701.00	469,464.00
Commission and Brokerage	536,515.00	263,896.00
Frieght Outward	597,305.00	402,062.00
Charity	24,850.00	36,801.00
Security Charges	227,153.00	193,470.00
TOTAL	15,610,719.00	14,276,129.00
SCHEDULE 16: FINANCIAL EXPENCES		
Interest	544,326.00	835,339.00
Bank Charges & Others	161,791.00	108,962.00
TOTAL	706,117.00	944,301.00

SREE JAYALAKSHMI AUTOSPIN LIMITED
SCHEDULE-17

NOTES TO THE ACCOUNTS

1. Significant Accounting Policies:

- 1.1 a) The financial Statements are prepared based on historical cost convention.
b) Sales Excludes amount recovered towards Valu Added Tax & Other taxes

1.2 Fixed Assets:

- a) Fixed Assets are stated at cost less depreciation. All expenses relating to the acquisition and installation of fixed assets are capitalised.
b) Depreciation on all assets is being provided on straight line method at rates specified in Schedule XIV to the Companies Act 1956.
c) Depreciation on assets sold, discarded or demolished during the year is being provided at their
Respective rates upto the month in which such assets are sold, discarded or demolished.

1.3 Government Grants:

- a) Grants in the form of capital/investment subsidy are treated as capital reserves.
b) Grants relating to fixed assets are adjusted in the cost of such assets.

1.4 Inventories:

- a) Raw Materials, Stores and spares, are valued at cost,. Finished goods and work in progress are valued at cost or net realisable value whichever is lower.

1.5 INVESTMENTS: Investments are stated at cost .

- 1.6** Due to uncertainty, Income on account of Insurance claims are accounted for as and when received.

2. RETIREMENT BENEFITS :

- 2.1 Provision for employer's contribution towards P.F & E.S.I has been made during the year.
2.2 The company has taken policy for Employees Gratuity and it is paying the premium as per contract.

3. Company has not appointed company secretary in terms of section 383 A of the companies Act of 1956.
4. Sundry Creditors, Debtors, Deposits, Loans-and advances are subject to confirmation
5. Sundry creditors due to small scale and ancillary undertakings could not be ascertained due to lack of information.

6. Auditors Remuneration:	31.03.2010	31.03.2009
Audit Fees	38,605.00	38,605.00
Tax Audit Fees	22,060.00	22,060.00
Certification Charges	17,648.00	17,648.00
Out of pocket expenses	6,540.00	10,447.00
	84,853.00	88,760.00

7. Quantitative particulars (As required under part-II of schedule VI of the necessary Act of 1956) as per Annexur-A.
8. Expenditure incurred in foreign currency- Rs. NIL
9. C I F Value of imports of raw material Rs NIL.

10. No of employees drawing remuneration more than Rs.2,00,000/- p.m.or Rs.24,00,000/- p.a.in gregate :NIL
11. Previous years figures have been regrouped and reclassified wherever necessary in order to be in conformity with current years presentation.
12. As the company has brought forward taxable losses, no provision for tax has been made. Taking into account the consideration of prudence, no asset or liability is anticipated on account of Deferred tax.
13. The Company has taken a Ginning unit on lease basis with effect from 29.08.2008, the operating results were incorporated in the accounts

14. Related party disclosures

Related party disclosures as required by AS18" Related party disclosures " are given below

(I) Relationships

Related Party	Relationship
K.V.Prabhakar	Managing Director (Executive Director)
Smt. Vijaya Prabhakar	Executive Director
Rama Murthy	Non Executive Director
Eshwar Patil	Executive Director
Vishwanath.K.Mamini	Non Executive Director
T. Chandrashekara	Non Executive Director
K.V.Prabhakar(H.U.F)	Enterprises in which Key Management Personnel/relatives is/are interested
Sri Jaya Infotech Services (P) Ltd.,	—do—
The Union Theaters (P) Ltd.,	—do—
The Margarine Refined & Co., Ltd.,	—do—
The Murugarajendra Oil Industries P Ltd	—do—
Sree Vijayalakshmi Oil Mills	—do—
Sree Anjaneya Cotton Mills (P) Ltd.,	—do—
Sree Ganesar Textiles	—do—
Vijayalakshmi Cotton Enterprises	—do—
Sree Srinivasa Industries	—do—
City Fort Finvest Ltd.,	—do—
Vakratunda Agritech Pvt Ltd	—do—

(ii) Transactions made during the year with "Related Parties" during the course of Business..

Nature of Transactions	Interested Enterprises/Directors	Key management Personnel
	(Rs in '000's)	(Rs in '000's)
Purchase of Goods	107.18	107.18
Job Work	1,103.38	1,103.38
Unsecured Loans Taken and Not Repaid	2,000.00	-
Remuneration	3.00	3.00
15. Earning per share (A.S.20)	2009-10	2008-09
Profit (Loss) as per profit and loss account	684,411.00	1,164,295.00
Weighted average number of equity shares outstanding	4,478,200.00	4,478,200.00
Basic and diluted earning per share	0.15	0.26

NOTES TO THE ACCOUNTS SCHEDULE NO.17
For SREE JAYALAKSHMI AUTO SPIN LTD.,

K.V.Prabhakar
Chairman

Eshwar.V.Patil
Director

Read with our Report

For H.M.V.MURTHY & CO.,
CHARTERED ACCOUNTANTS

(H.M.Vrushabhendra Murthy)
Proprietor
MM No.26432
Place: Bangalore
Date.24.08.2010

SREE JAYALAKSHMI AUTOSPIN LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

PARTICULARS		2009-2010 Amount In Rs		2008-2009 Amount In Rs
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax & Extraordinary items		684,411		1,164,295
Adjustment for Depreciation	2,668,327		2,661,669	
Interest paid	706,117		944,301	
Dividend Received	(10,000)	3,364,444	(14,500)	3,591,470
Operating Profit before Working capital changes		4,048,855		4,755,765
Adjustment for:				
Sundry Debtors /Other	(3,198,649)		1,337,043	
Inventories	(18,498,060)		2,409,035	
Current Liabilities	17,196,245	(4,500,464)	(7,744,370)	(3,998,292)
Cash Generated from Operations		(451,609)		757,473
Interest Paid		706,117		944,301
Net Cashflow from operating Activities (A)		(1,157,726)		(186,828)
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(161,849)		(394,744)	
Decrease in loans & advances	(340,477)		800,783	
Dividend Received	10,000		14,500	
Increase in Investment	(15,000)			
Prior Period Adjustment	(297,808)		(575,518)	
Net Cash used in Investing Activities (B)		(805,134)		(154,979)
(C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long Term Borrowings	4,167,036		(460,493)	
Net Cash used in Financing Activities (C)		4,167,036		(460,493)
Net Increase or Decrease in Cash and Cash Equivalents (A+B+C)		2,204,176		(802,300)
Cash and Cash Equivalents at 1-4-2009		509,244		1,311,544
Cash and Cash Equivalents at 31-3-2010		2,713,420		509,244

NOTES ON CASH FLOW STATEMENTS

- Above statement has been prepared following the indirect Methods Except in case of interest Received/Paid, which have been considered on the basis of actual movement of cash with necessary adjustment in corresponding Assets and Liabilities.
- Proceeds from long term and other borrowings are shown net of repayments.
- Cash and Cash equivalents represent Cash and Bank Balances.

For SREE JAYALAKSHMI AUTO SPIN LTD.,
K.V.Prabhakar
Chairman
Eshwar.V.Patil
Director

Read with our Report
For H.M.V.MURTHY & CO.,
CHARTERED ACCOUNTANTS
(H.M.Vrushabhendra Murthy)
Proprietor
MM No.26432
Place: Bangalore
Date:24.08.2010

SREE JAYALAKSHMI AUTOSPIN LIMITED

ANNEXURE-A

1. LICENCED & INSTALLED	Units in Kgs		Licenced Capacity	Installed Capacity
2. CAPACITY				
Spinning Unit:				7056 Spindle
Ginning Unit:				10Gins
Conversion of Cotton Kappas into Cotton Lint and Cotton Seeds				NIL
3. PRODUCTION				
			31.03.2010	31.03.2009
Yarn			310,889.00	353,225.00
Waste			44,156.00	51,847.00
Cotton Seeds			1,749,316.00	1,402,142.00
4. RAW MATERIAL CONSUMPTION:-				
A. SPINNING UNIT				
Lint	355,100.00	88,819,956.00	413,073.00	107,171,658.00
TOTAL		88,819,956.00		107,171,658.00
6. Turnover Particulars				
	Kgs	Amount	Kgs	Amount
a) Yarn	319,856.00	41,110,152.00	348,868.00	45,516,433.00
b) Cotton Lint	745,815.00	53,758,867.00	1,149,574.00	72,327,109.00
c) Cotton Seeds	1,597,042.00	13,178,452.67	1,332,030.00	7,567,964.41
d) Waste	51,307.00	398,851.25	68,824.00	906,530.00
e) Kappas-Own Consumption	16,508.00	88,236.00	-	-
7. Opening Stock of Finished Goods				
a) Yarn	60,618.00	6,879,198.00	51,841.00	5,067,635.00
b) Cotton Lint	-	-	-	-
c) Cotton Seeds	90,200.00	442,238.00	20,088.00	131,246.00
d) Waste	7,151.00	31,222.00	24,128.00	94,344.00
8. Closing Stock of Finished Goods:				
a) Yarn *	47,327.00	5,740,565.00	60,618.00	6,879,198.00
b) Waste	-	-	7,151.00	31,222.00
c) Cotton seeds	242,474.00	1,446,050.00	90,200.00	442,238.00
9. WORK IN PROGRESS				
a) Cotton in Process	5,726.00	508,319.00	6,331.00	532,012.00
*Closing Stock of Yarn includes 19655 Kgs with consignment Agents./ (Previous year 18551 kgs)				
10. Value of Exports:				
(FOB Value)-Through Merchant Export Nil (Previous Year NIL)				

Place : Bangalore
Date : 24.08.2010

K.V.Prabhakar
Chairman

Eshwar.V.Patil
Director

**Cotton Yarn
Cotton Lint
others
Total**

15. Details of Segment Reporting

2009-10				
Information about business segment (Primary)	Cotton Yarn	Cotton Lint	Others	Total
Sales revenue from external customers	41,084,341	53,758,867	13,665,540	108,508,748
Other segment revenue	136,825	-	-	136,825
Unallocated Revenue	-	-	-	10,000
Total Revenue				108,655,573
Segment results	15,495,226	77,881,087	13,888,732	107,265,045
Unallocated results	-	-	-	-
Less: Financial expenses	-	-	-	706,117
Profit before tax	-	-	-	684,411
Provision for tax	-	-	-	-
Profit after tax	-	-	-	684,411
Segment assets	25,048,879	12,472,717	18,680,745	56,202,342
Unallocated corporate assets	-	-	-	36,357,575
Total Assets	-	-	-	92,559,917
Segment liabilities	17,700	31,638,142	3,036,846	34,692,688
Unallocated corporate liabilities	-	-	-	57,867,229
Total liabilities				92,559,917

OTHER DISCLOSURES -

1. Segments have been identified in line with the accounting standard 17 "Segment Reporting" taking into account the organisation structure as well as the differing risks and returns.
2. Company has disclosed business segment as the primary segment.
3. Composition of business segment.

Name of the segment	Comprises of
a) Cotton Yarn	
b) Cotton Lint	
c) Others	Wastes, Cotton seeds & Kappas
4. The segment revenue results, assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on reasonable basis.
5. The accounting policies of the segments are the same as those described in the significant accounting policy as referred in schedule 18 to the accounts.

Place : Bangalore
Date : 24.08.2010

K.V.Prabhakar
Chairman

Eshwar.V.Patil
Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i) Registration details

Registration No.	L85110KA1991PLC011732	State Code	08
Balance Sheet	31	03	2010
	Date	Month	Year

ii) Capital Raised during the year (Amount in Rs.).

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

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

Total Liabilities	54,447,898.00	Total Assets	54,447,898.00
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Sources of Funds

Paid-up Capital	44,782,000.00	Reserves & Surplus	316,000.00
Secured Loans	9,349,898.00	Unsecured Loans	-

Application of Funds

Net Fixed Assets	19,420,397.00	Investments	119,500.00
Net Current Assets	24,383,974.00	Miscellaneous Expenditure	10,524,027.00

iv) Performance of Company (Amount in Rs.)

Turnover & Other Income	108,655,573.00	Total Expenditure	107,971,162.00
Profit(Loss)Before Tax	684,411.00	Profit(Loss) After Tax	684,411.00
Earning per Share	0.15	Dividend Rate %	Nil

v) Generic Names of Three Principal Products/Services of Company (As per monetary terms)

Term Code No (ITC Code)	:	Product description
140420	:	Cotton Linters
120720	:	Cotton Seeds
5205	:	Cotton Yarn

Place : Bangalore
Date : 24.08.2010

K.V.Prabhakar
Chairman
Eshwar.V.Patil
Director

