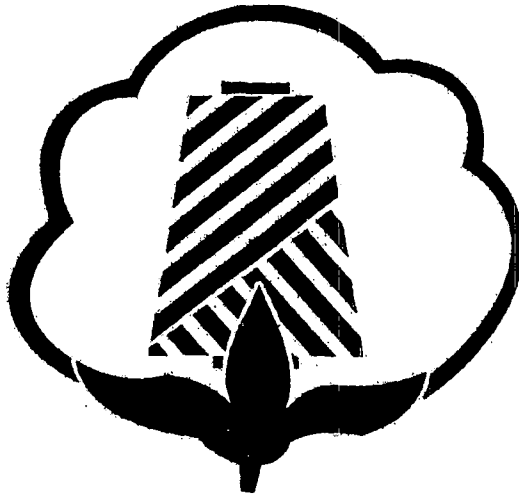


SREE JAYALAKSHMI AUTO SPIN LIMITED

Regd. office: "SANJANA" Davanagere Road, CHITRADURGA-577501, Karnataka

Phone: 08194-234487 / 223040 / Fax: 08194-234193



ANNUAL REPORT

2007-2008

SREE JAYALAKSHMI AUTO SPIN LIMITED

Board of directors:

Sri K.V. Prabhakar, Chairman & Managing Director

Sri Vishwanath .K. Mamani, Ex-MLA Director

Sri Eshwar . V Patil Director

Smt. Vijaya Prabhakar, Director

Sri H.P. Basavarajappa , Director

Sri T. Veerabhadraswamy, Director

Bankers:

State Bank of Mysore

Auditors

**M/s H.M.V. Murthy & Co.,
Chartered Accountant's Bangalore**

Registered Office:

"SANJANA"

Davanagere Road, Chitradurga-577501

Factory:

Kelgote (KIADB) Industrial Area, plot No. 80 and 81

Old N.H. -4 Road, Chitradurga-577501

ANNUAL REPORT 2007- 2008

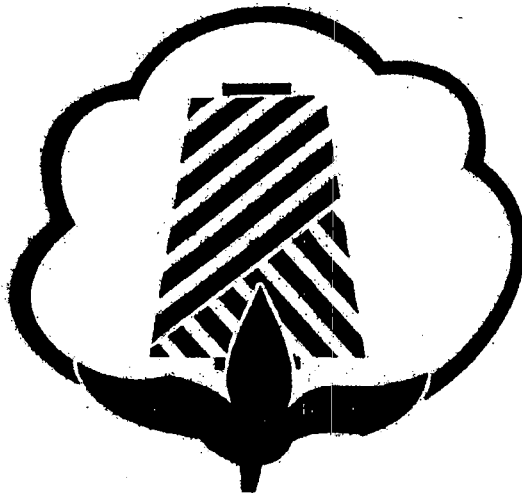
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Regd. office: "SANJANA" Davanagere Road, CHITRADURGA-577501, Karnataka

Phone: 08194-234487 / 223040 / Fax: 08194-234193

E-mail : sjalcd@gmail.com

GRIEVANCE MAIL ID : sjalcdgriev@gmail.com



ANNUAL REPORT

2007-2008

 ಲಕ್ಷ್ಮಿ ಮಿತ್ತಲಾಯ
LAKSHMI MITTALAYA
ISO 9001-2000

ಜಾಮರಾಜಪೇಟೆ, ಬೆಂಗಳೂರು-೧೮.

ದೂ. : ೨೬೬೧ ೩೧೨೩, ೨೬೬೧ ೮೭೫೨

SREE JAYALAKSHMI AUTOSPIN LIMITED

Regd: Office, Sanjana, Davanagere Road, CHITRADURGA-577501

NOTICE:

Notice is hereby given that the Seventeenth Annual general Meeting of the company will be held at 80/81, Kelagote (KIADB) Industrial Area, Old NH-4, Chitradurga-577501 on 26th September 2008 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 2008 and the profit and the loss Account for the year ending 31st March 2008 together with the reports of auditors and directors thereon.
2. To appoint auditors and fix their remuneration.

Place : Chitradurga

Date : 25.08.2008

By order of the Board

K.V.PRABHAKAR

Managing Director

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 him self and proxy need not be a member of the company. Proxies in order to be effective must be received 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 22-09-2008 to 26-0-2008. (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.

DIRECTORS REPORT:

Your Directors herby present the seventeenth Annual report on the business and operation of the company and financial result for the year ended 31st Mach 2008

Financial	2007-2008	2006-2007
Turnover	118650448.00	92739148-00
Other Income	287190.00	213612-00
Administrative & Selling Expenses	11,46,57,254	86,97,75,58-00
Operating surplus/deficient interest & depreciation	4,25,95,14	5,97,20,20-00
Interest	11,34,47,40.00	15,36,94,40-00
Depreciation	26,44,08,50.00	25,72,54,10-00
Profit for the year	48,09,55.00	18,65,71,70-00
Total deficit carried forward	11,49,94,07.00	10,75,65,50-00

OPERATIONS:

The company has achieved on overall Profit of Rs 480955.00 Lakhs during the year against the turnover of Rs. 118650448.00 Lakhs . Average count of the yarn manufactured for the year is 40's and 2/40's the volume of business, in terms of quantity for yarn is same as last year, but increase in turnover of Cotton, Ginning and trading activity.

FOR SREE JAYALAKSHMI AUTOSPIN LTD.,


Managing Director / Director

DIVIDEND:

In view of the accumulated losses of Rs. 11499407 Lakhs, 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% which will hold the cotton prices at the present 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 31-3-2008 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 31.3.2008 on a 'going concern' basis

DIRECTOES

There is no change in constitutions of the directors during the year.

AUDITORS:

M/s H.M.V.Murthy and Co., Chartered Accountants, Statutory Auditors of the Company retires at this Annual General Meeting. And be re-appointed as a statutory auditor to hold office until the conclusion of the 18th Annual general meeting

LISTING:

The share of the company continue to be listed at Bangalore Stock Exchange Limited and the Stock Exchange Mumbai. Listing fee for the year 2007-2008 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 share holders, and dealers. The directors also wish to place on record their appreciation of the contribution made by employees at al levels.

Place : Chitrdurga

Date : 25-08-2008

For & on behalf of the board

K.V.Prabhakar

Chairman

FORM-A**ANNEXURE TO DIRECTORS REPORT****A) Power & fuel consumption**

a) Electricity Purchase	
Total Unit	1618748
Total Amount	7199867
Rate Per Unit	4.44

B) Own generation

thought diesel generation	30789
Total Amount	338688
Rate per Unit	11.00

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 cotton farmers. These cotton farmers have elevated India into the top ranks of global cotton producers. India is the world's second largest producer of cotton.

Your company is engaged in the manufacture of cotton yarn and also in cotton ginning and trading activity. Your company supplies cotton yarn to NHDC Lucknow, NHDC Hyderabad and to Kolkatta and Tamilnadu. Company manufactures 40's & 2/40's counts. Which is mainly used in making of fabrics for exports there are several competitors in the market, but still there is good demand for quality yarn.

Cotton prices have sky rocketed in the last couple of months after remaining strong through out the cotton 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 of 325 lakh bales for the cotton year 2007-2008. Despite good cotton production, prices are high and there is significant increase in raw cotton (up to 100 lakh bales) exports this year. By this the domestic mills are deprived of regular supply of raw material. This year also the cost of electricity and labour has gone up. This year the economic and industrial growth was moderate, but the textile industries have not shown any upward trend. This year the turnover is better than last year and your company tied to procure cotton at reduced prices for spinning and ginning activity. 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 countries, availability of cotton has become very poor for domestic industry. "The cotton prices have appreciated by 50% but where as the yarn prices have appreciated by 15% to 20% only. Due to high yarn prices the consumption of yarn has also been downsized. The Indian rupee appreciation by all most 10% against the U.S. Dollar and this has wiped out the water thin margin enjoyed by the apparel manufactures exporters.

Labour in another major threat to textile industry. Job opportunities are getting increased in urban areas like Bangalore and other bigger cities. Laborers moving to bigger cities. 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. How ever 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 BESCOM 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 very less compare to earlier years.

Internal Control

The company adequate systems of internal control 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.

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2007-08**CODE OF CORPORATE GOVERNANCE**

Sree Jayalakshmi Auto Spin Ltd is committed to good governance that creates long term sustainable value for the share holders. 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 share holders.

Commitment to a transparent system and values.

Equitable and fair treatment to all its shareholders, Directors, employee's executives and lending institutions.

BOARD OF DIRECTORS:

Composition and category of directors (as on 31st March 2008)

Executive directors - 3

Non-Executive Directors - 3

The directors of the company 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	6	NIL
2	Smt U.Vijaya Prabhakar	Director	Executive	1	NIL
3	Sri Eshwar V Patil	Director	Executive	NIL	NIL
4	Sri Vishwanatha K Mamani	Director	Non- Executive	NIL	NIL
5	Sri H.P.Basavarajjappa	Director	Non- Executive	NIL	NIL
6	Sri T. Veerabhadraswamy	Director	Non- Executive	NIL	NIL

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 Jay InfoTech Services (P)Ltd	Director
		3. Sri Ganeshar Textiles(P) Ltd	Director
		4. The Union Theaters (p)Ltd	Director
		5. The City Fort Fin vestment (P)Ltd	Director
		6. The Margarine Refined & Co Ltd	Director
2	U. Vijaya Prabhakar	1. The City Fort Fin vestment (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
2	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 shareHolding
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	H.P. Basavarajappa	Nil	-----
6	Sri T Veerabhadrapa	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 2007-08

Sl No	Date of Meeting	Place of Meeting	Total Members	No of present directors	No of director for whom leave of absence granted
1	03.04.2007	Chitradurga	6	4	2
2	28.04.2007	Chitradurga	6	3	3
3	10.05.2007	Chitradurga	6	3	3
4	14.06.2007	Chitradurga	6	5	1
5	28.07.2007	Chitradurga	6	5	1
6	25.08.2007	Chitradurga	6	6	0
7	05.09.2007	Chitradurga	6	4	2
8	29.10.2007	Chitradurga	6	5	1
9	31.10.2007	Chitradurga	6	3	3
10	30.11.2007	Chitradurga	6	4	2
11	30.01.2008	Chitradurga	6	6	0
12	16.02.2008	Chitradurga	6	3	3

The attendance of Directors at the above meeting for the year 2007-08 is furnished below

Sl no.	Name of the Director	Number of Meetings held in the tenure	No of Board Meeting attended
1	Sri K. V. Prabhakar	12	9
2	Smt U Vijaya Prabhakar	12	9
3	Sri T Veerabhadraswamy	12	10
4	Sri Eshwar Patil	12	9
5	Sri H.P. Basavarajappa	12	7
6	Sri Vishwanatha K Mamani	12	7

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 Veerabhadraswamy	Yes
4	Sri Eshwar V Patil	Yes
5	Sri H.P. Basavarajappa	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 redressed of share holders/ Investors complaints.

The committee in headed by Sri Eshwar Patil and other members are Sri T Veerabhadra swamy and Sri. Vishwanth K Mamani

There is no pending share transfer. There was no significant investor's grievance during the year. During the year committee meet 9 times.

AUDIT COMMITTEE

The company has a board audit committee comprising independent directors Mr. T. Veerabhadraswamy, Mr. H.P. Basavarajappa and Mr. Vishwnath K Mamani, Mr. T. Veerabhadraswamy is chairman of the audit committee.

Name of Directors	No of Meeting Attendance
Sri T. Veerabhadraswamy	9
Sri H.P. Basavarajapp	7
Sri Vishwanath K Mamani	8

The audit committee provides directors and reviews he 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 meting are placed before the board and discussed in full.

Audit committee review the adequate of external and internal audit, internal control system, discuss with external auditors before finalizations of accounts and reports. Review companies finance and risk management policies.

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

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

Audit committee oversee the company's financial reporting process and ensuring correct adequate and credible disclosure of financial information.

Remuneration Package

Details of remuneration paid to the directors during the year are as under

Sri K.V.Prabhakar	Managing Director	Rs. 15,000/- per Month
Sri Eshwar V Patil	Whole time Director	Rs. 10,000/- Per Month

The said remuneration is in accordance with provisions of schedule XIII of the companies Act 1956.

SHARE HOLDERS INVESTORS GRIEVANCE COMMITTEE

The Company has constituted share holders investors grievance committee to look into the redressed of share holders/Investors complaints.

The committee in headed by Sri Eshwar Patil and other members ar Sri T. Veerabhadra swamy and Sri Vishwanth K. Mamani.

There is no pending share transfer. There was no significant investor's grievance during the year. During the year. Committee met 9 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

INVESTERS HELP DESK

Share transfer and all other investor's related activities 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, Sampigi Road,
Bangalore-560003.

GRIEVANCE MAIL ID : sjlalcdgriev@gmail.com

Number of Share holders 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.

General Body Meeting

Details of the last Annual General Meeting

Sl No	Location	Date	Time
1	80 / 81 , KIADB Industrial Area Chitradurga	25.09.2005	11.00 am
2	80 / 81 , KIADB Industrial Area Chitradurga	25.09.2006	11.00 am
3	80 / 81 , KIADB Industrial Area Chitradurga	25.09.2007	11.00 am

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

Details of special resolution passed in the previous three AGMs

One special resolution was passed in last AGM held on 25-09-2007 the following special resolutions were passed. Remuneration committee was formed and headed by Sri H.P Basavarajappa and its members are Sri. T. Veerabhadra swamy and Sri Vishwanath K Mamani

Committee considered the remuneration of Rs. 10,000/- per month to Sri Eshwar V Patil, Director who is actively involved in production and human resources of the company.

Means of 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 as per requirement of listing agreement and published in news paper, English News Paper :

1. Business standards
2. Financial Express

Vernacular News Paper: 3. Prajapragati (Kannada edition)

General information to share holders

Annual General Body Meeting		
Date	Venue	Time
26.09.2008	80 / 81 , KIADB Industrial Area Chitradurga	11.00 a.m.

Financial Calendar - (2007-2008)

Period	Publication
I Quarter Results	Last week of July 2007
II Quarter Results	Last week of October 2007
III Quarter Results	Last week of January 2008
IV Quarter Results	Last Week of April 2008

Date of Book Closure.

From 22nd September 2008 to 26th September 2008 (both day inclusive)

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	INE 618 f01010

Annual listing fees to the Bombay Stock Exchange for the year 2007-08 has been paid with in 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 loses of the company are high

The representation has been given to Bombay Stock Exchange and also informed the SEBI regarding the same. Annual listing fee has not been paid to the Bangalore Stock Exchange, it is not functioning form last several years.

Member of the Management Team.

Profile of the Directors and the members of the company 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 currently CMD of the company, looks after sales, purchase and finance of the company.

Mr. Eshwar V Patil

Mr. Eshwar V Patil graduates in a Textile Engineering and has 14 years experience in textile industry both has professional and as on employee. He looks after the production, Human resource department and operations activity

Sri Vishwanath K Mamani

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

Smt U Vijaya Prabhakar

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

Sri H.P. Basavarajjappa

Sri H.P. Basavarajjappa a science graduated has good experience in trading activity and experience in warehouse management.

Sri T. Veerabhadraswamy

Sri T Veerabhadraswamy 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 active rotary member.

Disclosure

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., that interest of the company at large none.

C. Related Parties

Quantification of transactions during the year 2006-07

Sl No	Name	Purchase	Sales	Other
1	Sri Vijayalakshmi Cotton Enterprises(job work)	Nil	Nil	1425286-00
2	Srinivasa Industries (job work)	Nil	Nil	423404-00
3	Manjunatha & co	521151-00	Nil	Nil
4	Anjeneya Cotton Mills (p) Ltd	72000-00	Nil	Nil
5	K.V. Prabhakar	Nil	Nil	1500000-00
6	Smt. U. Vijayaprabhakar	Nil	Nil	500000-00

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 registers are M/s Alpha Systems Pvt Ltd, No.30 Ramana Residency, 4th Cross, Sampigi Road, Bangalore-560003 as a register and transfer agent to do and maintain work related to shares in compliance with the directive of SEBI

Plant Location

Plot No. 80 / 81, Kelgote KIADB Industrial Area, Chitradurga, Karnataka.

List of share holders Category wise

Category of shares	No of Share holders	%(percentage)	No of sharesHeld	%(Percentage)
Up to 5000	767	59.64	2954510	6.60
5001 to 10000	200	15.55	1549000	3.46
10001 to 20000	130	10.11	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	638000	1.42
50001 to 100000	15	1.17	1198000	2.68
100001 and above	35	2.72	33034490	73.77
Total	1286	100.0	44782000	100.0

Distribution of holding of the company as on 31.3.2008 category wise

Share holding pattern as on 31.3.2008

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)		
	c) FIs		
	Sub Total	439000	9.81
4	Other		
	a. Private corporate Bodies	480400	10.73
	b. Indian Public	2629368	58.71
	c. NRI/OCBs	293500	6.35
	Sub Total	3403268	75.99
	Grand Total	4478200	100.0

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

Dematerialization of Shares and liquidity

The company shares are traded compulsory in dematerialized form only. The company has entered into an agreement with both department that is NSDL and CSDL for dematerialization of the companies' shares. The ISIN allotted to the companies shares in NSE 6518F01010

Particulars of shares in dematerialization and physical form held by the share holders of the company as on 31.3.2008 as under:

Category	No. of Shares	Percentage
CDSL		
NSDL	52630	11.75
Physical holding	3951900	88.25
Total	4478200	100.00

Secretarial Audit Report

The company has voluntarily appointed M/s Shanker Prasad of M/s Gopichand Rohar & Associates (p) Ltd. Practicing company secretary, to conduct secretarial Audit of the company for the year ended March 31st 2008. He had submitted his report conforming the compliance with all the applicable provisions of companies Act 1956, Listing agreement and SEBI guidelines.

Whistle blower policy

We have 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.

Remuneration Committee

Remuneration Committee was constituted with Sri H.P. Basavarajappa as Chairman and Sri. T. Veerabhadra swamy and Sri. Vishwanath K. Mamani as its other members. The committee has reviewed the remuneration paid to the executive directors.

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 here by declare that are board members and senior management personnel have affirmed compliance with the companies code of conduct for the year ended 31st March 2008.

Addendum to directors 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 company's 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 mean time avail of services of a reputed practicing company secretary to ensure compliances.

Place: Chitradurga

Date: 25.08.2008

K.V.Prabhakar

Managing Director

CEO/CFO Certification : The Managing Director of the Company has certified compliance of clause 49V of listing agreement to the board.

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 2008 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 overall 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 issued by the Central Government of India in terms of Sub-section (4A) of section 227 of the Companies Act, 1956. 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 2008 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.MURIYY & CO.,
CHARTERED ACCOUNTANTS

PLACE : BANGALORE
Date : 25.08.2008

(H.M.Vrushabendra Murthy)
Proprietor
M.No. 26432

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) The Management is conducting physical verification of inventory at reasonable intervals.
- 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, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under section 301 of the companies act 1956. Accordingly, 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. 20,00,000/- 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 according to the information and explanation provided by the management, We are of the opinion that all transactions 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 such market prices are available.
6. In our 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 58 A and 58AA of the companies Act, 1956 and the rules framed there under.
7. The company has an internal audit system. Commensurate 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, cess outstanding as at the year end, 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 undisputed amounts payable in respect of income tax, sales tax, wealth tax, customs duty, excise duty, cess outstanding on account on any dispute.

10. The company has accumulated losses of Rs. 114.99 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 the 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 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 utilised any funds raised on short term basis for long term investments and viceversa.

18. The Company has not made any preferential allotment of shares to parties or companies covered under section 301 of 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 fund on or by the company has been noticed has been noticed or reported during the year that causes the financial statements to be materially misstated.

For H.M.V.MURTHY & CO.,
Chartered Accountants

Place : Bangalore
Date : 25.08.2008

(H.M.Vrushabendra Murthy)
Proprietor
M.No. 26432

AUDITORS CERTIFICATE

To,
The Board of Directors,
Sree Jayalakshmi Autospin Ltd.,
Chitradurga - 577 501.

We have examined the attache cash flow statement of M/s. SREE JAYALAKSHMI AUTO SPIN LTD., for the year ended 31st March, 2008. 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 25.08.2008 to the members of the company.

For **H.M.V.MURTHY & Co.,**
Chartered Accountants

Place : Bangalore
Date : 25.08.2008

(**H.M. Vrushabendra Murthy**)
Proprietor
M.No. 26432

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, 2008 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, 2008 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 company has by 31st March, 2008 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, 2008 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 of effectiveness with which the management had conducted the affairs of the company.

For **H.M.V.MURTHY & Co.,**
Chartered Accountants

Place : Bangalore
Date : 25.08.2008

(**H.M. Vrushabendra Murthy**)
Proprietor
M.No. 26432

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 31.03.2008**

Particulars	Schedule No	As on 31.03.2008 Amount in Rs .	As on 31.03.2007 Amount in Rs
I SOURES 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	5,643,355.00	8,829,100.00
TOTAL		50,741,355.00	53,927,100.00
II APPLICATION OF FUNDS			
1) FIXED ASSETS			
(a) GROSS BLOCK	4	52,439,959.00	52,410,459.00
(b) Less: Depreciation		28,246,157.00	25,602,073.00
Net Block		24,193,802.00	26,808,386.00
2) INVESTMENTS			
	5	104,500.00	104,500.00
3) CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	6	21,255,003.00	9,030,423.00
(b) Sundry Debtors	7	16,996,708.00	21,665,750.00
(c) Cash and Bank Balances	8	1,311,542.00	46,290.00
(d) Loans and Advances	9	4,040,537.00	3,819,362.00
TOTAL Rs.		43,603,790.00	34,561,825.00
Less: Current Liabilities and Provisions	10	28,660,144.00	18,304,161.00
NET CURRENT ASSETS		14,943,646.00	16,257,664.00
4) Miscelleneous Expenditure			
	11	11,499,407.00	10,756,550.00
TOTAL		50,741,355.00	53,927,100.00

NOTES TO THE ACCOUNTS SCHEDULE NO.17

Read with our Report

for H.M.V.Murthy & Co.,
Chartered AccountantsK.V.Prabhakar
Chairman

(H.M.Vrushabhendra Murthy)

Proprietor. M.No. 26432

Eshwar.V.Patil
Director

Place: Bangalore

Date : 25.08.2008

SREE JAYALAKSHMI AUTOSPIN LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH'2008

Particulars	Schedule No	As on 31.03.2008 Amount in Rs .	As on 31.03.2007 Amount in Rs
INCOME			
Sales	12	118,650,448.00	92,739,148.00
Other Income	13	287,190.00	213,612.00
TOTAL		118,937,638.00	92,952,760.00
EXPENDITURE			
Materials	14	97,511,044.00	69,451,057.00
Manufacturing Administrative & Selling Expenses	15	17,146,210.00	17,495,361.00
Financial Expenses	16	1,134,474.00	1,536,944.00
Depreciation		2,644,085.00	2,572,541.00
Misc. Expenditure Written off		-	-
TOTAL		118,435,813.00	91,055,903.00
PROFIT/(LOSS) FOR THE YEAR BEFORE TAX		501,825.00	1,896,857.00
Provision for fring Benifit tax		20,870.00	
Profit After Tax		480,955.00	1,896,857.00
Add: Loss brought forward from last year		10,756,550.00	12,622,267.00
Prior year Adjustments		1,223,812.00	311,600.00
BALANCE CARRIED TO BALANCE SHEET		11,499,407.00	10,756,550.00

NOTES TO THE ACCOUNTS SCHEDULE NO.17

Read with our Report

for H.M.V.Murthy & Co.,
Chartered Accountant

K.V. Prabhakar
Chairman

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

Eshwar.V. Patil
Director

Place: Bangalore

Date : 25.08.2008

SCHEDULE FORMING PART OF THE BALANCE SHEET AS ON 31-03-2008

Particulars	As on 31.03.2008 Amount in Rs .	As on 31.03.2007 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	2,476,755.00	4,329,100.00
State Bank of Mysore Term Loan	3,166,600.00	4,500,000.00
TOTAL	5,643,355.00	8,829,100.00
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.	17,000.00	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	104,500.00	104,500.00
SCHEDULE-6: INVENTORIES		
(As per Inventory taken, valued and certified by the management)		
Raw Materials	15,108,985.00	4,753,724.00
Finished Goods	5,293,225.00	3,352,242.00
Stores and Consumables	325,000.00	252,300.00
Work in Process	527,793.00	672,157.00
TOTAL	21,255,003.00	9,030,423.00

SCHEDULE-7: SUNDRY DEBTORS**(Unsecured considered good)**

a) Over six months	4,011,328.00	2,705,739.00
b) Others	12,985,380.00	18,960,011.00
TOTAL	16,996,708.00	21,665,750.00

SCHEDULE-8 CASH & Bank Balance

a) Cash in hand	1,236,172.00	114,092.00
b) Balance with Schedule Banks in Current A/Cs	75,370.00	(67,802.00)
TOTAL	1,311,542.00	46,290.00

SCHEDULE-9: LOANS AND ADVANCES:**(Advances recoverable in cash or in kind or for value to be received)**

a) Unsecured & Considered good	2,810,619.00	2,160,925.00
b) Other deposits	836,560.00	586,560.00
c) Advance Income tax	102,861.00	102,861.00
d) Balance with excise department	1,866.00	1,866.00
e) Balance with Commercial Tax Dept	217,423.00	913,777.00
f) Staff advance	76,208.00	53,373.00
TOTAL	4,040,537.00	3,819,362.00

SCHEDULE-10: Current Liabilities & Provisions

a) Sundry Creditors for supplies and others	24,981,829.00	14,528,844.00
b) Advance against sales	2,632,081.00	2,629,836.00
c) Creditors for expenses	14,127.00	12,827.00
d) Provision for expenses	1,032,108.00	1,132,654.00
TOTAL	28,660,144.00	18,304,161.00

SCHEDULE-11: MISCELLANEOUS EXPENDITURE

d) Profit & Loss A/C , Profit(+), Loss (-)	11,499,407.00	10,756,550.00
TOTAL	11,499,407.00	10,756,550.00

SCHEDULE-12: SALES

Cotton Lint	63,573,246.00	27,792,157.00
Cotton Yarn	46,633,459.00	52,908,081.00
Cotton Seeds	7,884,270.00	5,435,019.00
Kappas	-	5,780,481.00
Cotton waste sales	1,056,950.00	847,299.00
	119,147,925.00	92,763,037.00
Less quality allowance	497,477.00	23,889.00
TOTAL	118,650,448.00	92,739,148.00

SCHEDULE-13: OTHER INCOMES

Miscellaneous Income	276,310.23	204,862.00
Dividend	9,750.00	8,750.00
Deposit interest	1,130.00	-
TOTAL	287,190.00	213,612.00

SCHEDULE-14 : MATERIAL**a) Raw Materials Consumed**

Opening Stock	2,525,866.00	4,962,574.00
Opening Stock in process	672,157.00	507,827.00
Purchases	43,319,164.00	25,606,680.00
Lint obtained by job work	46,117,194.00	26,093,233.00
Cost of seeds obtained	8,965,016.00	9,651,956.00
	101,599,397.00	66,822,270.00
Less : a) closing stock of raw materials	2,960,158.00	2,525,866.00
b) closing stock of WIP	527,793.00	672,157.00
Total Raw Materials Consumed	98,111,446.00	63,624,247.00
Purchases of Finished Goods	1,340,581.00	3,093,425.00
Increase/Decrease in finished goods:		
Add: Opening stock of finished goods	3,352,242.00	6,085,627.00
Less: Closing Stock of Finished Goods	5,293,225.00	3,352,242.00
	97,511,044.00	69,451,057.00
TOTAL	97,511,044.00	69,451,057.00

SCHEDULE 15:**MANUFACTURING,****ADMINISTRATIVE AND SELLING EXPENCES:**

Consumable Stores	1,301,298.00	1,449,231.00
Ginning Expenses	1,813,443.00	1,047,065.00
Yarn Processing Charges	928,639.00	880,046.00
Directors Remuneration	300,000.00	300,000.00
Pressing Charges	490,845.00	254,360.00
Bad debts Written off	-	297,072.00
Consignment Expenses	81,532.00	137,615.00
Power & Fuel	7,538,556.00	8,137,330.00
Rent, Rates & Taxes	220,582.00	189,767.00
Repairs & Maintenance Building Plant & Machinery	186,337.00	257,549.00
Salaries & Wages	1,189,708.00	975,748.00
Staff Welfare & Labour Welfare	82,680.00	88,173.00
Insurance	144,050.00	161,753.00
Sales Tax Paid	-	64,618.00
Postage and Telephone	132,016.00	216,956.00
Travelling & Conveyance:-		
Directors	9,133.00	32,700.00
Others	292,996.00	355,163.00
Vehicle Maintenance	71,508.00	154,081.00
Printing & Stationery	55,731.00	56,194.00
Legal & Professional Charges	68,519.00	62,401.00
Payment to Auditors	71,255.00	55,741.00
Loss On Sale Of Fixed Asset	-	809,443.00
Miscellaneous Expences	367,713.00	358,727.00
Commission and Brokerage	1,523,430.00	428,196.00
Frieght Outward	105,288.00	532,980.00
Charity	14,951.00	9,253.00
Fringe Benefit Tax	-	27,199.00
Security Charges	156,000.00	156,000.00
TOTAL	17,146,210.00	17,495,361.00

SCHEDULE 16: FINANCIAL EXPENCES

Interest	1,074,960.00	1,303,386.00
Loan Processing Charges	-	134,105.00
Bank Charges & Others	59,514.00	99,453.00
TOTAL	1,134,474.00	1,536,944.00

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 Invenories:

- 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:	31.03.2008	31.03.2007
Audit Fees	33,708.00	28,060.00
Tax Audit Fees	16,854.00	11,225.00
Certification Charges	17,978.00	10,102.00
Out of pocket expenses	2,715.00	6,355.00
	71,255.00	55,742.00

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 IF Value of imports of raw material Rs NIL.
10. No of employees drawing remuneration more than 2 lakhs p.m. or Rs. 24,00,000/-p.a. in aggregate: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 stopped the operations of its Ginning unit with effect from 1.11.2000

SCHEDULE - 4 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET B
	AS ON 01.04.07	ADDITIONS	DELETIONS	TOTAL	AS ON 01.04.07	FOR THE YEAR	DELETION	TOTAL	AS ON 31.03.08
LAND	263,227.00	-	-	263,227.00	-	-	-	-	263,227.00
BUILDING	9,693,547.00	-	-	9,693,547.00	3,355,344.00	309,986.00	-	3,665,330.00	6,028,217.00
PLANT & MACHINERY	38,450,213.00	-	-	38,450,213.00	19,691,240.00	2,046,612.00	-	21,737,852.00	16,712,361.00
ELECTRICAL INSTALATIONS	2,164,527.00	-	-	2,164,527.00	1,612,514.00	153,032.00	-	1,765,546.00	398,981.00
FURNITURE & FITTINGS	253,443.00	-	-	253,443.00	49,000.00	16,042.50	-	65,042.00	188,401.00
VEHICALS	861,437.00	-	-	861,437.00	562,273.00	81,108.00	-	643,381.00	218,056.00
OTHER ASSETS	724,065.00	29,500.00	-	753,565.00	331,702.00	38,198.00	-	369,900.00	383,665.00
TOTAL	52,410,459.00	29,500.00	-	52,439,959.00	25,602,073.00	2,644,978.50	-	28,247,051.00	24,192,908.00
PREVIOUS YEAR	50,424,910.00	3,245,349.00	1,259,800.00	52,410,459.00	23,429,889.00	2,572,541.00	400,357.00	25,602,073.00	26,808,386.00

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
H.P.Basavarajappa	Non Executive Director
Eshwar Patil	Executive Director
Vishwanath.K.Mamini	Non Executive Director
T.Veerabhadraswamy	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.,	Enterprises in which Key Management Personnel/ relatives is/are interested
The Union Theaters (P) Ltd.,	Enterprises in which Key Management Personnel/ relatives is/are interested
The Margarine Refined & Co., Ltd.,	Enterprises in which Key Management Personnel/ relatives is/are interested
Sree Murugarajendra Oil Industries (p) Ltd	—do—
Sree Vijayalakshmi Oil Mills	—do—
Manjunatha & Co.,	—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 (Rs in '000's)	Key management Personnel (Rs in '000's)
Purchase of Goods	593.00	-
Job Work	1,849.00	-
Unsecured loans Taken and repaid -		2000.00
Remuneration	-	300.00

15. Earning per share (A.S.20)	2007-08	2006-07
Profit (Loss) as per profit and loss account	480,955.00	1,865,717.00
Weighted average number of equity shares outstanding	4,478,200.00	4,478,200.00
Basic and diluted earning per share	0.11	0.42

As per our report of even date

For H.M.V.Murthy & Co.,

(H.M.Vrushabhendra Murthy)

Proprietor M.No. 26432

Place: Bangalore

Date : 25.08.2008

K.V.Prabhakar

Chairman

Eshwar.V.Patil

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2008

A) CASH FLOW FROM OPERATING ACTIVITIES		2007-2008 in Rs.		2006-2007 in Rs.
Net Profit before Tax & Extraordinary items		4,80,955		1,896,857
Adjustment for Depreciation	2,644,084		2,572,541	
Interest paid	1,134,474		1,536,944	
Dividend Received	(9,750)		(9,750)	
Loss on Asset sold, discarded or scrapped	-	3,768,808	809,443	4,940,318
Operating Profit before Working capital changes		4,249,763		6,807,035
Adjustment for:				
Sundry Debtors /Other	4,669,042		(12,466,634)	
Inventories	(12,224,580)		6,362,931	
Current Liabilities	10,335,983	2,800,445	4,246,483	(1,857,220)
Cash Generated from Operations		7,050,208		4,949,815
Interest Paid		1,134,474		1,536,944
Net Cashflow from operating Activities (A)		5,915,734		3,412,872
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(29,500)		(3,245,349)	
Sale of Fixed Assets	-		50,000	
Investments in Shares and FDs, NSCs	-		(30,000)	
Decrease in loans & advances	(221,175)		(267,782)	
Dividend Received	9,750		8,750	
Prior Period Adjustment	(1,223,812)		(31,140)	
Net Cash used in Investing Activities (B)		(1,464,737)		(3,515,521)
(C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital	-		-	
Proceeds from Long Term Borrowings	(3,185,745)		(1,440,860)	
Proceeds from Short Term Borrowings	-		-	
Decrease in Share Application Money	-		-	
Increase / Decrease in Unsecured Loans	-		-	
Subsidy Received	-		-	
Miscellaneous Expenditure	-		-	
Net Cash used in Financing Activities (C)		(3,185,745)		(1,440,860)
Net Increase or Decrease in Cash and Cash Equivalents (A+B+C)		1,265,252		(1,543,510)
Cash and Cash Equivalents at 1-4-2007		46,290		1,589,800
Cash and Cash Equivalents at 31-3-2008		1,311,542		46,290

NOTES ON CASH FLOW STATEMENTS

1. 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.
2. Proceeds from long term and other borrowings are shown net of repayments.
3. Cash and Cash equivalents represent Cash and Bank Balances.

For H.M.V.Murthy & Co.,
Chartered Accountants
(H.M.Vrushabhendra Murthy)
Proprietor

K.V.Prabhakar
Chairman

Place: Bangalore
Date : 25.08.2008

Eshwar.V.Patil
Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUISENESS PROFILE

Registration details	11732	State Code 08
Registration No.	Date	Month Year
Balance sheet	31	03 2008

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

Public Issue	Rights Issue
Nil	Nil
Bonus Issue	Private placement
Nil	Nil

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

Total Liabilities	Total Assets
50,741,355.00	50,741,355.00

Source of Funds

Paid-up Capital	Reserves & Surplus
44,782,000.00	316,000.00
Secured Loans	Unsecured loans
5,643,355.00	

Application of Funds

Net Fixed Assets	Investments
24,193,802.00	104,500.00
Net Current Assets	Miscellaneous Expenditure
14,943,646.00	11,499,407.00

iv) Performance of Company (Amount in Rs.)

Turnover & Other income	Total Expenditure
118,937,638.00	118,435,813.00
Profit (Loss) Before Tax	Profit (Loss) After Tax
501,825.00	480,955.00
Earning per share	Dividend Rate %
0.11	Nil

v) Ceneric Names of Three Principle Products / Services of Company (As per monetary terms)

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

K.V.Prabhakar
Chairman

Place: Bangalore
Date : 25.08.2008

Eshwar.V.Patil
Director

ANNEXTURE -A

1. LICENCED & INSTALLED	Units in Kgs	Licensed Capacity	Installed Capacity
2. CAPACITY			
Spinning Unit:			6048 Spindle
Ginning Unit:			
Concersion of Cotton Kappas into Cotton Lint and Cotton seeds			Nil
3. PRODUCTION			
		31.03.2008	31.03.2007
Yarn		443,856.00	435,084.00
Waste		72,200.00	75,828.00
Cotton Seeds		1,295,299.00	803,151.00
4. RAW MATERIAL CONSUMPTION			
A. SPINNING UNIT			
Lint	505,071.00	98,111,445.92	531,658.00
TOTAL		98,111,445.92	63,624,347.00
6. Turnover Particulars			
	Kgs	Amount	Kgs
			Amount
a) Yarn	401,363.00	46,135,982.00	444,939.00
b) Cotton Lint	1,080,484.00	63,573,246.00	500,365.00
c) Cotton Seeds	1,410,286.00	7,884,269.74	880,726.00
d) Waste	54,297.00	1,056,950.00	69,603.00
e) Kappas	-	-	216,631.00
7. Opening Stock of Finished goods			
a) Yarn	31,738.00	2,927,996.00	54,442.00
b) Cotton Lint	-	-	-
c) Cotton Seeds	63,525.00	405,973.00	141,100.00
d) Waste	6,225.00	18,273.00	-
8. Closing Stock of Finished goods			
a) Yarn*	51,841.00	5,067,635.00	31,738.00
b) Waste	24,128.00	94,344.00	6,225.00
c) Cotton Seeds	20,088.00	131,246.00	63,525.00
9. WORK IN PROGRESS			
a) Cotton in Process	7,408.00	527,793.00	10,188.00

*Closing Stock of yarn includes 18091 Kgs with consignments agents. (Previous year 15497 Kgs)

10. Value of Exports : (FOB Value) - Through Merchant Export Nil (Previous Year Nil)

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

Place: Bangalore
Date : 25.08.2008

15. Details of Segment Reporting

Information about business segment (primary)	cotton yarn	Cotton lint	Others	Total
Sales revenue from external customers	46,135,982	63,573,246	8,941,220	118,650,448
Other segment revenue	276,310	-	-	276,310
Unallocated Revenue	-	-	-	10,880
Total Revenue	-	-	-	118,937,638
Segment results	16,157,436	89,146,430	11,986,593	117,290,459
Unallocated results	-	-	-	10,880
Less : Financial expenses	-	-	-	1,134,474
Profit before tax	-	-	-	501,825
Profit for tax	-	-	-	20,870
Profit after tax	-	-	-	480,955
Segment assets	13,460,111	14,489,579	5,880,543	33,830,233
Unallocated corporate assets	-	-	-	45,571,266
Total assets	-	-	-	79,401,500
Segment liabilities	2,461,207	-	-	2,461,207
Unallocated corporate liabilities	-	-	-	76,940,292
Total liabilities	-	-	-	79,401,500

Other Disclosures :

1. Segment 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

Comprise of

- a) Cotton yarn
- b) Cotton Lint
- c) Others

Waste, Cotton seeds, Kappas

4. The segment revenue results, assets and liabilities include the 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 referred in schedule 18 to the accounts.

SREE JAYALAKSHMI AUTOSPIN LIMITED

Regd. Office: "SANJANA" Davanagere Road, CHITRADURGA-577501

ATTENDANCE SLIP

Full Name of Th Member / Proxy

Attending the meeting

I here by recoed my presence at the sixteenth Annual General Meeting of the Company being held at 80/81, Kelgote Industrial Area N.H.4, Chitradurga, on 25th September 2007.

Signature of the attending members /Proxy

NOTES:

1. Share holder /Proxy holder wishing to attend the meeting must bring the attendance slip to the meeting and hand it over the entrance duly signed.
2. Share holder /Proxy holder are requested to bring their copies of the Annual Report and Accounts with them to the meeting.

SREE JAYALAKSHMI AUTOSPIN LIMITED

Regd. Office: "SANJANA" Davanagere Road, CHITRADURGA-577501

FORM OF PROXY

of being a member /member of the above named company.

Proxy to vote for me /us on my/ our behalf at the annua General Meeting of the Company, to be held on 25th of September 2008 at any adjournment ther of

signed this day of2008

Folio No:

No of shares :

Signature



The Proxy must be deposited at the Registered Office of the Company not less than 48 hours, before the time for holding the meeting.

Book Post

To,

If undelivered please return to :
SREE JAYALAKSHMI AUTOSPIN LIMITED
"SANJANA" Davanagere Road,
CHITRADURGA - 577501