

30th
ANNUAL REPORT
2010 - 2011



Priyadarshini Spinning Mills Limited

C O N T E N T S

Notice	2
Directors' Report	7
Report on Corporate Governance	13
Auditors' Report	19
Annexure to Auditors' Report	20
Balance Sheet	22
Profit & Loss Account	23
Schedules to Accounts	24
Cash Flow Statement	34



Board of Directors

Mr.Kowsaledra Rao, Executive Vice Chairman
Mr. Harish Cherukuri, Managing Director
Mr. Srinivas Kodali, Executive Director
Mr.P.Ramachandra Raju, Director
Mr.K.Rama Mohana Rao, Director
Mr.K.Uma Maheswaram, (Exim Bank Nominee) From(29.04.2011)
Mr.H.N.Vishweshwar (Syndicate Bank Nominee) (From 11.02.2011)
Mr. S.Prahalathan Iyer (Exim Bank Nominee) (Upto 11.05.2011)
Mr. R.Venkatraman (Syndicate Bank Nominee (Upto 11.02.2011)
Mr.Rajaveeraiah Kodali, Director (Resigned w.e.f. 08.06.2011)
Mr.P.Ramachandra Raju, Director (Resigned w.e.f 09.08.2011)
Mr.Vasudevan Chaturvedi, Director (from 13.08.2011)

Company Secretary

Mr. Ramesh Bandari

Audit Committee

Mr. P.Ramachandra Raju
Mr. K. Rama Mohana Rao
Dr. K. Rajaveeraiah
Mr.Harish Cherukuri
Mr.Vasudevan Chaturvedi

Shareholders Committee

Mr. P.Ramachandra Raju
Mr. Srinivas Kodali
Mr. Harish Cherukuri

Remuneration Committee

Mr. P.Ramachandra Raju
Mr. K. Rama Mohana Rao
Dr. K. Rajaveeraiah
Mr.Vasudevan Chaturvedi

Statutory Auditors

M/s P. Srinivasan & Co.,
Chartered Accountants
12-13-422, Street No. 1, (Lane Opp. Bank of Baroda)
Tarnaka, Secunderabad - 500 017.

Bankers

State Bank of India
Union Bank of India
Syndicate Bank
Bank of India
Andhra Bank

Regd. Office

Satyanarayana Enclave
Icon Block, 2nd Floor, Madinaguda, Hyderabad -500 049.

Mktg. Division

G-9, Nahar & Seth Indl. Estate
Plot No.29, B/D, Chakala Road,
Andheri (East), Mumbai -400 093.

WORKS

Unit-I

Sadashivpet
Medak District
A.P. -502 291.

Unit-II

Doddavarappadu
Maddipadu Mandal
Prakasam District, A.P. -523 211.

Wind Mill

Ramagiri
Anantapur District
A.P. -515 001.



PRIYADARSHINI SPINNING MILLS LTD.

NOTICE

Notice is hereby given that the 30th Annual General Meeting of Member's of Priyadarshini Spinning Mills Limited to be held on 29th September, 2011 at 11.00. A.M. At Sri Sgi Rama Krishnama Raju Community hall 8-3-222/R/1 "E" Block, Madhuranagar Hyderabad-500038.

ORDINARY BUSINESS:

1. To Consider and adopt the Audited Balance Sheet as at 31st March, 2011, the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To Appoint a Director in place of Mr. Harish Cherukuri Managing Director, who retires by rotation and being eligible, offers himself for re - appointment.
3. To Appoint a Director in place of Mr. Srinivas Kodali Executive Director, who retires by rotation and being eligible, offers himself for re - appointment.
4. To Appoint Auditors to hold office till the conclusion of next Annual General Meeting and to fix their Remuneration, M/s.P.Srinivasan & Co., Chartered Accountants(the Retiring Auditors of the Company are eligible for re - appointment).

SPECIAL BUSINESS:

5. To Consider and, if thought fit, to pass with or without modification(s), the following resolution as a Ordinary Resolution:
RESOLVED THAT Mr. Kowsalendra Rao Cherukuri, who was appointed as an additional Director by the Board under section 260 of the Companies Act, 1956 and articles of association of the Company and who holds office only up to the date of this Annual General Meeting and in respect of whom the Company has received Notice in writing, under section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of a director of the Company, be and is hereby appointed as a director of the Company"
6. To Consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
RESOLVED THAT pursuant to section 198,269, 310 and other applicable provisions, if any, red with Schedule XIII of the companies Act, 1956, and subject to the approval of financial institutions if any, the consent of the company be and is hereby accorded to the appointment of Mr. C.K.Rao as Executive Vice chairman for a period of 3 years as under:
A. Salary: Rs. 150000/- (Rupees one lakh fifty thousand only) per month.
B. Perquisites: Perquisites in part - I will be as per the Company's Policy. Expenditure incurred by the Company under Part-II will not be considered for computation of ceiling on perquisites to the extent they are not taxable under the Income Tax Act. Expenditure incurred by the Company under Part- III will not be considered as perquisites. Subject to the above the Executive Vice Chairman will be allowed the following

Part – I

- i. **Medical:** Reimbursement of Medical Expenses incurred for him and his family shall not exceed half a month salary in a year or one and half month salary in a block of three years.
- ii. **Leave Travel Concession:** Leave Travel Concession for self and family once in a year in accordance with the rules of the Company.
- iii. **Personal Accident Insurance:** Annual Premium not Exceed Rs. 4000/-.
- iv. **Fees of Club:** Subject to a maximum of 2 Clubs. No life membership or admission fee will be paid by the company.

PART – II

- v. **Gratuity:** (Non-interchangeable): Not to exceed half a month's salary for each completed year of Service.

PART – III

- vi. **Car:** Use of Car for Company's business. The Executive Vice Chairman shall pay for use of the car for personal purpose.
- vii. **Telephone:** Telephone facility will be provided at residence. All long distance personal calls shall be logged and paid by the Executive Vice Chairman.
- C. **Privileged Leave:** On full pay and allowances, as per the rules of the Company but not exceeding one month leave for every 11months of service subject further to the condition that leave accumulated but not availed of will not be allowed to be encashed.



- D. Others:** Reimbursement of actual entertainment expenses, actual travelling and hotel expenses for the Company's business and/or allowances as per the Company's Rules.
- E. Commission:** @5% Subject to the limits specified in Schedule XIII to the Companies Act, 1956. Resolved further that in the event of no profits or inadequate profits the remuneration payable to Mr.C.K.Rao, Executive vice Chairman shall not exceed the limits prescribed under schedule XIII of the Companies Act, 1956 as amended from time to time.

7. To Consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr.Vasudevan Chaturvedi, who was appointed as an additional Director by the Board under section 260 of the Companies Act, 1956 and articles of association of the Company and who holds office only up to the date of this Annual General Meeting and in respect of whom the Company has received Notice in writing, under section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of a director of the Company, be and is hereby appointed as a director of the Company”

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

“RESOLVED THAT pursuant to the provisions of Sections 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or reenactment thereof) and the Articles of Association of the Company, and subject to the regulations/rules/ guidelines issued by the SEBI, recognized Stock Exchanges in India, such other approvals, permissions, sanctions and consents as may be necessary and required under applicable laws, rules, regulations and contracts, and on such terms, conditions, alterations, modifications, corrections, changes and variations, if any, that may be stipulated under such approvals, permissions, sanctions and consents, (which may be accepted by the Board of Directors of the company), as the case may be, Consent of the Company, be and is hereby accorded to the Board of Directors (which term shall include any duly constituted and authorized committee thereof) for offering, issuing and allotting on a private placement and/or preferential basis, to the Promoters and Persons Acting in their Concert (and/or their nominees, associates or affiliates as disclosed identity of the persons in the explanatory statement to this), Convertible Debentures (CDs) for an amount of Rs.600 (Six Hundred) Lakhs carrying a right/ an entitlement to convert into not exceeding 11,97,000 (Eleven Lakhs Ninty Seven Thousands) Equity Shares of Rs.10/-(Ten) each after 6 months and within 18 months from the date of allotment, at such price to be determined considering the date thirty days prior to the date on which the holders of the convertible debentures entitled to apply in one or more tranches for conversion into equity shares as the Relevant Date as per provisions of Regulation 71(b) of Chapter VII of SEBI (ICDR) Regulations, 2009, and on such further terms and conditions, including the conversion of unsecured loan amount as allotment money towards full payment of consideration at the time of allotment of convertible debentures and number of CDs and face value of each CD as may be approved or finalised by the Board of Directors.”

“**FURTHER RESOLVED THAT** for the purpose of giving effect to the aforesaid special resolution under Section 81 (1A) of the Companies Act, 1956, the Board of Directors (which term shall include any duly constituted and authorised committee thereof) of the Company be and is hereby authorised to take such steps and to do all such other acts, deeds, matters and things and accept any alteration(s) or amendment(s) or correction(s) or modification(s) as it may deem fit and appropriate and give such directions/ instructions as may be necessary to settle any question, difficulty or doubt that may arise in regard to offer, issue, allotment of the said Debentures and to refund excess monies, if any, after the allotment.”

“**FURTHER THAT** the Equity Shares to be issued and allotted shall rank pari passu with the existing Equity Shares of the Company in all respects.”

“**FURTHER THAT** the Board be and is hereby authorised to accept any modification in the proposal as may be required by the agencies involved in such issues but subject to such conditions as the Stock Exchanges/SEBI/Financial Institutions/Investors or such other appropriate authority may impose at the time of their approval as agreed by the Board.

By order of the Board of Directors
for **PRIYADARSHINI SPINNING MILLS LIMITED**

Place: Hyderabad
Date : 13th August, 2011

RAMESH BANDARI
Company Secretary



NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy instead of himself/herself and such proxy need not be a member of the Company. But a proxy so appointed shall not have right to speak at the Meeting. Proxy forms, to be valid, shall be lodged with the Company not less than 48 hours before the meeting.
2. The Registrar of Members and Share Transfer Books of the Company will remain closed from 27.09.2011 to 29.09.2011 (Both days inclusive).
3. As per the provisions of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education & Protection Fund. Thereafter, the shareholders shall not be able to claim any unpaid dividend from the said fund or from the Company. Therefore, the shareholders who have not encashed the dividend warrant(s) so far for the financial year ended March 31st, 2005 and March 31, 2006 are requested to make their claim to the Company.
4. Members holding Shares in physical form are requested to intimate any change in their address quoting their registered folio number to the Registrars and Share Transfer Agents namely M/s XL Softech Systems Limited, Plot No.3, Sagar Society, Road No.2, Banjar Hills, Hyderabad – 500034.
5. Members holding shares in electronic form are requested to intimate any change in their address to the depository participant (DP) with whom the demat account is maintained.
6. Members are requested to bring admission slip duly filled in along with their copies of Annual Report to the Meeting.
7. Members are also requested to send their queries, if any, on the accounts well in advance, so as to enable the Company to place relevant records and information at the time of Annual General Meeting.
8. The relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the special business is annexed herewith.
9. Brief profile of the Directors who retire by rotation is given in the Corporate Governance report attached to this notice

EXPLANATORY STATEMENT AS REQUIRED U/S. 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.5

Mr.Kowsalendra Rao Cherukuri, joined on the board of the company on 08th June, 2011 as an additional director and as per the provisions of section 260 of the companies Act, 1956 he will hold office as a director up to the date of this annual general meeting. Company has received Notice as prescribed under section 257 of the Companies Act, 1956 from a member along with deposit of Rs.500/- signifying his intention to propose Mr.Kowsalendra Rao Cherukuri for appointment as a Director.

The Board of Directors recommends passing of the Resolution

None of the Directors, except, Mr.Kowsalendra Rao Cherukuri, Mr. Harish Cherukuri is in any way concerned in the resolution.

ITEM NO.6

The Board of Directors has also appointed Mr.Kowsalendra Rao Cherukuri, as Executive Vice Chairman of the Company for a period of 3years effective from 08th June, 2011 on the terms and conditions as set out in the Resolution, Subject to the approval of the Shareholders of the Company

As per the provisions of section 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956, the appointment of and remuneration to Executive Vice Chairman requires approval of shareholders in General Meeting by way of a Special Resolution.

The Board of Directors recommends the above resolution to be passed as a special resolution.

None of the Directors, except, Mr.Kowsalendra Rao Cherukuri, Mr. Harish Cherukuri is in any way concerned in the resolution.

ITEM NO.7

Mr.Vasudevan Chaturvedi, was appointed as an Additional Director of the Company by the Board of Directors w.e.f.13th August, 2011.pursuant to section 260 of the Companies Act, 1956, Mr.Vasudevan Chaturvedi, holds office only up to the Annual General Meeting. As required under section 257 of the Companies Act, 1956, notice has been received from a member along with deposit of Rs.500 signifying his intention to propose Mr.Vasudevan Chaturvedi, as a candidate for the office of Director.

The Board of Directors recommends passing of the Resolution

None of the Directors, except, Mr.Vasudevan Chaturvedi, is in any way concerned in the resolution



PRIYADARSHINI SPINNING MILLS LTD.

Item No.8

The Information as required under Regulation 73 of the SEBI (ICDR) Regulations, 2009 for Preferential Issues are as under:

a) Object of the issue:

To convert the unsecured loans brought by the promoters and their entities as a part of stipulation by the bankers of the Company.

b) Intention of Promoters / Directors / Management personnel to subscribe to the offer:

Shri C.K. Rao, Executive Vice Chairman, Shri Harish Cherukuri, Managing Director and Shri Srinivas Kodali, Executive Director are the main Promoters. As a part of condition of bankers the promoters brought Unsecured Loans to the tune of Rs. 600 Lakhs through their entities. As the banks are insisting to convert those loans into Equity Share Capital, the promoters are proposing to convert their loans to the extent of Rs.600 Lakhs as convertible debentures keeping in view the SEBI (ICDR) Regulations, 2009.

c) Shareholding before and after the issue of shares:

Category Code	Category of Shareholder	Pre-issue		Post-Issue*	
		Pre-issue Shares held	Stake %	Post-Issue Shares held	Stake %
(A)	Shareholding of Promoter and Promoter Group				
(1)	Indian				
(a)	Individuals/ Hindu Undivided Family	2414038	21.79	2414038	19.66
(b)	Bodies Corporate	2680913	24.20	*3877913	31.59
	Sub-Total (A)(1)	5094951	45.98	6291951	51.25
(2)	Foreign				
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-
(b)	Bodies Corporate	-	-	-	-
(c)	Institutions	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	5094951	45.98	6291951	
(B)	Public Shareholding				
(1)	Institutions				
(a)	Mutual Funds / UTI	100	-	100	-
(b)	Financial Institutions / Banks	100	-	100	-
(f)	Foreign Institutional Investors	-	-	-	-
	Sub-Total (B)(1)	200	-	200	-
(2)	Non-institutions				
(a)	Bodies Corporate	2428166	21.91	2428166	19.77
(b)	Individuals-(i)Individual shareholders holding nominal share capital up to Rs.1 lakh.	1870652	16.88	1870652	15.24
	(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	1549701	13.99	1549701	12.62
(c)	Any Other (specify)				
	- Non-resident Indians	32609	0.30	32609	0.26
	- Clearing Members	103721	0.94	103721	0.84
	Sub-Total (B)(2)	5984849	54.02	5984849	48.75
	Total Public Shareholding (B)=(B)(1)+(B)(2)	5985049	54.02	5985049	48.75
	TOTAL (A)+(B)	11080000	100	12280000	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued				
	(1) Promoters & Promoter Group	-	-	-	-
	(2) Public	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	11080000	100	12280000	100

* this may differ based on the actual allotment at a price determines as per the regulations as on relevant date and the maximum shares will be as stated above.



PRIYADARSHINI SPINNING MILLS LTD.

- d) The Company will complete the allotment of Convertible Debentures within a period of 15 days from the date of passing of the resolutions by the shareholders or when the allotment on preferential basis requires any approval by any regulatory authority like Stock Exchanges or Central Government, the allotment of Convertible Debentures will be completed within 15 days from the date of such approvals.
- e) Identity of allottees with percentage of expanded capital to be held by them. The proposed allottees (and / or their nominees, associates or affiliates) are:

Sl. No	Name of the Proposed Allottees	Present Holding	% of Present Holding	Present Holding (Considering Maximum Shares)	% Of Post Issue
1	Sravanti Agencies Private Limited	NIL	NIL	11,97,000	9.75%

f) Lock In Requirements:

The shares to be allotted on preferential basis shall be subject to lock-in as per applicable Chapter VII SEBI (ICDR) Regulations, 2009 in this regard.

g) Auditors' Certificate

M/s.P.Srinivasan & Co., Chartered Accountants, the Statutory Auditors of the Company have certified that the preferential issue is being made in accordance with the requirements contained in SEBI (ICDR) Regulations, 2009. A copy of the certificate is kept for inspection at the Registered Office of the Company during the business hours.

h) Relevant Date:

Relevant Date for the purpose is the date 30 days prior to the date on which the holders of the convertible debentures entailed to apply for the conversion into equity shares.

- i) Undertaking to re-compute the price: The Company and Promoters undertake that they shall re-compute the price of the specified securities in terms of the provision of the Chapter VII of SEBI (ICDR) Regulations, 2009 if it is required to do so.

- j) Undertaking to put under lock-in till the re-computed price is paid: The Company and Promoters undertake that if the amount payable on account of re-computation of price is not paid.

There will neither be any change in the composition of the Board nor any change in the control of the company on account of the proposed preferential allotment. However, there will be corresponding change in the shareholding pattern as well as voting rights consequent on conversion of equity shares from Convertible Debentures issued on preferential allotment basis.

Section 81 of the Companies Act, 1956 provides inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, etc., such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81 unless the shareholders in general meeting decide otherwise by passing a special resolution. Therefore, consent of the shareholders by way of Special Resolution is being sought pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of Chapter VII of the SEBI (ICDR) Regulations 2009 and the listing agreements executed by the Company with the Stock Exchanges where the Company's shares are listed.

The members are, therefore, requested to accord their approval authorising the Board to go for the proposed private placement and / or preferential issue as set out in the resolution.

Shri C.K. Rao, Executive Chairman, Shri Harish Cherukuri, Managing Director and Shri Srinivas Kodali, Executive Director Directors of the company are being considered as interested in the resolution as the allottee are part of the Promoters' Group.

By order of the Board of Directors
for **PRIYADARSHINI SPINNING MILLS LIMITED**

Place: Hyderabad
Date : 13th August, 2011

RAMESH BANDARI
Company Secretary



DIRECTORS' REPORT

To the members,

The Directors of your Company have pleasure in presenting the 30th Annual Report together with the audited statement of accounts for the year ended March 31st, 2011.

FINANCIAL RESULTS

(Rs. in Lakhs)

	Current year ended 31-03-2011	Previous year ended 31-03-2010
1. Sales and other Income	26109.33	19263.78
2. Profit before interest and depreciation	2254.97	1405.00
3. Interest and Finance Charges	1368.03	1344.94
4. Depreciation	806.59	846.16
5. Profit after interest and Depreciation	(80.35)	(786.09)
6. Provision for Taxation		
a) Current Tax	(15.01)	-
b) Fringe Benefit Tax	-	-
c) Deferred Tax/(Asset)	807.89	(787.13)
7. Prior period item	-	-
8. Net Profit After tax	873.22	1.04
9. Profit brought forward from previous year	958.56	957.53
10. Profit and Loss A/c Balance	1831.79	958.57
APPROPRIATIONS		
1. Surplus carried forward to Balance Sheet	1831.79	958.57

REVIEW OF OPERATIONS:

During the year under review, company has achieved a turnover of Rs. 26109.33 lakhs as against Rs.19263.78 lakhs in the previous year, registering a growth of 35.53%.earned a profit of Rs.83 lakh as against the profit of Rs. 1.00 lakhs in the previous year. Though there was increase in turnover it was not reflected in the profitability on account of the increase in the cost of raw materials Cotton and Polyster from the Second half of the year not compensating increase in sale price has pulled down the margin. But for the external factors the operating results could have been better.

The textile industry entered demand contraction in the Month of April 2011 and normalcy is yet to be restored. The impact of this has affected the cotton yarn division at Ongole more. The Ongole Unit was incurring losses from the second half of the year. The company proposes to sell off the Ongole Unit and pre pay loans thus reducing the interest cost

and repayment commitment to improve the cash flows and invest in the working capital to improve the operational efficiency and cost reduction.

The company proposed a Corporate Debt Restructuring to the bankers seeking certain concessions with promoters contribution and sale of the Ongole Unit and Gas Turbine. The same is under discussion stage, all these efforts shall yield to have better performance in the next financial year.

TEXTILE INDUSTRY:

Textiles and clothing constitutes the largest manufacturing industry in the country accounting for 4 per cent of GDP, 14 per cent of industrial production and around 12 per cent of the country's total exports. The industry directly provides employment to 35 million workers and provides indirect employment to another 47 million workers. 2010-11 was a good year for the sector in terms of turnover, sales, profit and growth in investments.



The spinning sector has invested over Rs. 40,000 crore in modernization and capacity expansion and its current installed capacity has risen from 38 million spindles in 2001 to 45 million spindles in 2011, i.e., within a 10 year period. The government has been encouraging yarn exports and the domestic consumers never had short supply of yarn. Almost all the global leading players in textiles and clothing manufacturing in countries like European Union, USA, far-east countries including Japan, Bangladesh, have been depending on Indian cotton yarn over decades.

When the cotton prices became highly volatile and speculative during the last year, the yarn price increased steeply though it never matched the abnormal increase in cotton price. Because of persistent demand of value added segments, the government fixed a cap of 720 million kg for exports during the year 2010-11 as against industry demand for 1100 million kg, brought controls on yarn exports and suspended exports for almost three months (Jan-Mar. 2011). In the process, the Indian spinners lost their credibility in the international market as a reliable supplier and lost very valuable customers with whom they had over two decades of business relationship. In addition, the government also withdrew all export benefits including the DEPB/DBK.

The demand for cotton yarn domestically declined substantially and the closure of nearly 1000 dyeing units in Tamil Nadu due to pollution issue (by the High Court) added fuel to the situation. All this resulted in accumulation of stock with Spinning Mills. As on 31st March 2011, the closing stock exceeded 300 million kgs and by May it exceeded 500 million kgs due to sudden glut in the international and domestic markets.

THE IMPACT OF COTTON POLICY

During the year 2010-11, the world witnessed a global shortage of cotton as it was assessed by International Cotton Advisory Committee (ICAC) that the crop of raw cotton will be lower by 10%. The international prices of cotton increased from US \$ 0.84 per pound in October, 2010 to a record level of US \$ 2.30 per pound in April, 2011, within a period of 6 months, which was unprecedented and a record price in cotton history. The cotton price in India moved in tandem with the world

market and also increased from Rs.35,000/- per candy to Rs. 62,500/- per candy during the same period. The premature announcement of cotton exports and lower stock use ratio made cotton prices highly volatile.

ADEQUACY OF INTERNAL CONTROLS:

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded, and protected against loss from unauthorized use of disposition, and that transactions are authorized, recorded, and reported correctly. The internal control system is supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures.

The internal control system is designed to ensure that the financial and other records are liable for preparing financial statements and other data and for maintaining accountability of assets. The audit Committee comprising independent Directors will review the internal control system on quarterly basis.

EXPORTS:

On the export front, your Company's exports has shown impressive performance by achieving export turnover of Rs. 2669 lakhs during the year 2010-2011 as Compared to Rs.2192.51 Lakhs in the previous year thereby registering a growth of 21.73%. The Company expects further growth in the exports in the fiscal year 2011-2012.

WIND MILL:

During the year under review, the 1.8 M.W Wind power Mill has generated 20,50,800 units as against 24, 45,482 units in the previous year.

GAS POWER PROJECT:

The 3 .M.W. Gas based power project of the Company has not generated power due to non-availability of Gas

During the year under review, 3MW Gas based Power Plant was not in operation.

The company proposes to sell this unit during the current year 2011-2012 and the proceeds will be utilized for the purpose strengthening working



capital. The required NOC from Bankers is in place. There is no debt outstanding on this asset.

GARMENT DIVISION:

During the year the company disposed off its loss making Garment Division after obtaining approval of Lenders and Share holders. The transaction was concluded during 2011-2012 and the term loan was pre repaid to the extent Rs. ----- Crores. Any loss or profit on the sale of Garment Division will be accounted in the year of conclusion of the transaction.

FIXED DEPOSITS:

The fixed Deposits outstanding as on 31.03.2011 amounted to Rs 761.26 Lakhs and there were no overdue Deposits.

INSURANCE:

The properties of the Company including its building, plant and machinery and stocks as required have been adequately insured.

CORPORATE GOVERNANCE:

The Company is in conformity with the code of Corporate Governance enunciated in clause 49 of the Listing agreement with Stock Exchanges. A separate report on Corporate Governance is annexed hereto and form part of Directors' Report together with a certificate from the Auditors of the Company confirming compliance of the Conditions of Corporate Governance.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to section 217(2AA) of the Companies Act, 1956, your Director's Confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed:
- ii) Such accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year:
- iii) The proper and sufficient care have been taken for the maintenance of adequate accounting

records in accordance with provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

- iv) The annual accounts have been prepared on a going concern basis.

DIRECTORS:

During the year under review, Syndicate Bank has appointed Mr. H.N.Vishweshwar in the place of Mr. R.Venkatraman as its nominee Director on the Board of the Company and Exim Bank has appointed Mr. K. Uma Maheswaran in the place of Mr. S. Prahalthan Iyer as its nominee Director on the Board of the Company.

Mr. C.K. Rao and Mr. Vasudevan Chaturvedi, who were appointed as an additional directors will be regularized at the ensuing annual general meeting.

Mr. Rajaveeraiah Kodali, Director has resigned from the Board of Directors of the Company.

Mr.P.Ramachandra Raju, Director has resigned from the Board of Directors of the Company.

In Accordance with the provisions of the Companies Act, 1956 and Article of Association of the Company, two of your Directors Mr. Harish Cherukuri, Managing Director and Mr. Srinivas Kodali Executive Director, retire by rotation and being eligible offer themselves for re - appointment.

STATUTORY AUDITORS:

M/S.P.Srinivasan & Co., Chartered Accountants, the Statutory Auditors of the Company retires at the Conclusion of the ensuing Annual General Meeting and are eligible for re - appointment.

CONSERVATION OF ENERGY:

Conservation of energy, Technology Absorption & Foreign exchange earnings and information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are annexed hereto and form part of this report.

PARTICULARS OF EMPLOYEES:

In terms of sub - section (2A) of section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 as amended, the Company has One employees drawing salary



exceeding Rs. 24.00 Lakhs per annum or Rs.2.00 Lakhs per month during the year under review.

HUMAN RELATIONS:

During the period and review the industrial relations continued to be cordial at all the units.

ACKNOWLEDGEMENT:

Your Directors take this opportunity to offer their sincere thanks for continued assistance and cooperation extended to the Company by various

departments of the Central and State Governments, Government Agencies, Financial Institutions, Banks, and other statutory authorities.

Your Directors also take this opportunity to offer their sincere thanks to shareholders, customers, creditors and other related organizations, for their continued support and Cooperation, and have helped in the Company's growth.

Your Directors also wish to thank the employees at all levels for the co-operation extended by them in achieving the results.

for and on behalf of the Board of Directors

Place: Hyderabad
Date: 13th August, 2011

Ramesh Bandari
Company Secretary

Srinivas Kodali
Executive Director

Harish Cherukuri
Managing Director

ANNEXURE TO DIRECTORS' REPORT

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

1. CONSERVATION OF ENERGY:

The Company has taken various steps over the previous year to conserve energy wherever possible. This process continues to remain a thrust area. Energy audit and inter unit studies are carried out on a regular basis for taking necessary steps for reduction of energy consumption.

The Required information regarding Energy Consumption is given in the prescribed Form – A.

2. TECHNOLOGY ABSORPTION:

The required information is given in the Prescribed Form – B.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The foreign exchange earnings & outgo during the year under review as follows.

- i) Foreign Exchange used : Rs. 94,40,639
- ii) Foreign Exchange Earned : Rs. 2602.71 Lakhs



FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

A. Power and Fuel Consumption:

	2010-2011	2009-2010
1. Electricity :		
a) Purchased :		
Units (in lakhs of KWH)	538.55	490.46
Total amount (Rs.in lakhs)	1897.32	1653.33
Average Rate : (Rs./Unit)	3.52	3.37
b) Own Generation :		
i) Through Diesel Generators		
Units (in lakhs of KWH)	0.85	0.14
Units per Litre of Diesel Oil	2.34	2.38
Average Cost : Rs. /Unit	14.48	20.58
ii) Through Wind Mills		
Units generated (in lakhs KWH)	19.95	24.45
Value (Rs.lakhs)	84.33	81.96
Average Rate (Rs./Unit)	4.23	3.35
2. Coal	(Quality : 'B,C & D' Round used in boiler for fiber/yarn dyeing)	
Quantity (Tons)	3330.95	2711.08
Total Amount (Rs. in lakhs)	144.62	101.12
Average Rate (Rs./Kg)	4.34	3.73
3. Furnace Oil	Nil	Nil
4. Others	Nil	Nil

B. Consumption per unit of production :

	Standard	Current Year	Previous Year
Yarn Production (Kgs. in lakhs)	—	134.25	123.06
Fibre/yarn Dyed (Kgs. in lakhs)	—	32.92	32.24
Electricity(Units/Kg of Yarn)	—	3.65	3.97
Electricity(Units/Piece)	—	0.96	0.94
Coal(Kgs/Kg of Dyed Fibre/yarn)	—	1.01	0.84



FORM - B

Form for Disclosure of particulars with respect to Technology Absorption: Nil

Research and Development (R&D):

With the establishment of Research & Development department, the Company is in a position to explore the development of new varieties of Yarn & with more value addition.

ANNEXURE "C" TO THE REPORT OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2011

Particulars of employees under section 217(2)(A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended 31st March, 2011.

- a. Employees Part of the financial year under review and were in receipt of remuneration at the rate of not less than 2,00, 000 per month

S. No.	Name	Designation	Nature of duties	Gross Remuneration	age	qualification	Experience	Last Employment held
1	G.S.V.K. Subba Rao	Vice President (F&A)	Finance & Accounts	14,08,235	58	B.Sc., LLB, ACA	32 years	VP(F&A) Kondapur towers Pvt. Ltd.

Notes :

1. Remuneration includes salary and other allowances, Medical Re-imbusement, Leave Traveling assistance, Company's Contribution to Provident Fund, and gratuity Fund, Monetary Value of other perquisites on the basis of income tax act and Rules and Leave Encashment.
2. All appointments are/were Contractual, other terms and conditions are as per Company's Rules.
3. None of the aforesaid employees is a relative of any Director of the Company.



REPORT ON CORPORATE GOVERNANCE:

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Your Company firmly believes that good corporate practices underscore its drive towards competitive strength and sustained performance. These practices are also powerful tool for building trust and long term relation ship with stakeholders of the Company. Your Company's thrust on transparency, integrity, accountability and disclosure has enabled it to accomplish best Corporate Governance practices.

2. Board of Directors:

A) Composition

The Board has Seven Directors Comprising Three Executive Directors and Four Non-Executive Independent Directors including nominee Directors. The non-executive Directors are eminent professionals drawn from amongst persons with experience in business, finance, research and industry. The Board is composed as per clause 49 of listing agreement entered with the stock exchanges.

B) The Composition of the Board is as under:

Name of the Director	Category of Director	No. of other Directorships held (including Private Companies)	Attendance at Board meeting (No. of Board meetings)	Attendance at last AGM
Mr. Konwsalendra Rao	Executive Vice Chairman (f)	-	-	-
Mr. Harish Cherukuri	Managing Director	3	5(5)	Attended
Mr. Srinivas Kodali	Executive Director	1	5(5)	Attended
Dr. K.Rajaveeraiah	Independent Director (e)	-	1(6)	No
Mr.K.Rama Mohana Rao	Independent Director	1	1(5)	No
Mr.Prahalathan Iyer	EXIM Bank nominee (c)	-	5(5)	No
Mr.R.Venkatraman	Syndicate Bank nominee (a)	-	4(5)	No
Mr. P.Ramachandra Raju	Independent Director (h)	1	5(5)	Attended
Mr. H.N. Vishweshwar	Nominee Director (b)	-	1(5)	No
Mr. Uma Maheswaram	Nominee Director (d)	-	-	-
Mr. Vasudevan Chaturvedi	Independent Director (g)	-	-	-

*Note:

- Mr. R.Venkatraman(Ceased to be syndicate Bank Nominee w.e.f. 11.02.2011)
- Mr.H.N.Vishweshwer(Appointed as Syndicate Bank Nominee w.e.f.11.02.2011)
- Mr. Prahalathan Iyear (Ceased as Syndicate Bank Nominee w.e.f.29.04.2011)
- Mr.Uma Maheswaram (Appointed as Export Import Bank Nominee w.e.f.29.09.2011)
- Mr.Rajaveeraiah Kodali (Ceased as Director w.e.f.08.07.2011)
- Mr.Kowsalendra Rao Cherukuri(Appointed as Executive Vice Chairman w.e.f.08.06.2011)
- Vasudevan Chaturvedi (Appointed as w.e.f 13.08.2011)
- P.Ramachandra Raju(Ceased as Independent Director w.e.f.09.08.2011)

3) BOARD MEETING:

The Board of Directors met five(5) times during the Financial year 2010-2011 on 07th May,2010, 14th August, 2010, 29th September, 2010, 10th November, 2010, and 11th February,2011.

BOARD COMMITTEES:

The Board of Directors has constituted Three Committees of the Board:

a) Audit Committee

The Committee comprises the following three non-Executive independent Directors. The Committee has powers similar to those stated in the listing agreement and shall exercise most of the functions as per the terms of reference in line with the requirements of the listing agreement.

Mr. P.RamachandraRaju	Chairman
Mr. K.Rama Mohana Rao	Member



PRIYADARSHINI SPINNING MILLS LTD.

Dr. Rajaveeraiah Kodali	Member
Mr. Harish Cherukuri	Member
Mr. Vasudevan Chaturvedi	Member

Note:

- Mr. Raja Veeraiah (Ceased as a Member w.e.f. 08.07.2011)
- Mr. Harish Cherukuri (Appointed as a Member w.e.f. 08.07.2011)
- Mr. P. Ramachandra Raju (Appointed as a Member w.e.f. 09.08.2011)
- Mr. Vasudevan Chaturvedi (Appointed as a Member w.e.f. 13.08.2011)

The Committee met four times during the year 2010-2011 on 7th May, 2010, 14th August, 2010, 10th November, 2010 and 11th February, 2011

b) Remuneration Committee

The Committee periodically reviews and recommends payment of Salaries, commission, and other terms and conditions of the Whole-Time Directors, subject to approval of Board of Directors and subsequent approval by shareholders at a General meeting. The Committee consists of the following Non-Executive Independent Directors:

Mr. P. Ramachandra Raju	Chairman
Mr. K. Rama Mohana Rao	Member
Mr. K. Rajaveeraiah	Member
Mr. Vasudevan Chaturvedi	Member

Note:

- Mr. Rajaveeraiah (Ceased as Member w.e.f. 08.07.2011)
- Mr. Ramachandra Raju (Ceased as Member w.e.f. 09.08.2011)
- Mr. Vasudevan Chaturvedi (Appointed as a Member w.e.f. 13.08.2011)

The Committee met once on 08th June, 2011.

Directors' Remuneration :

i) Executive Directors:

The following is the remuneration paid to the Whole-time Directors during the year 2010-2011.

Name & Designation	Salary (Rs.)	PF Contribution (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr. Harish Cherukuri Managing Director	12,00,000	1,44,000	5,47,964	18,91,964
Mr. Srinivas Kodali Executive Director	12,00,000	1,44,000	5,74,855	19,18,855

ii) Non-Executive Directors

Non-Executive Directors has not been paid any remuneration except sitting fees for attending Board Meeting & Committee Meetings. The details of sitting fees paid to the Non-Executive Directors during the year 2010-2011 are given hereunder:

S.No.	Name of the Director	Sitting Fee (Rs.)
1	Dr. K. Rajaveeraiah	-
2	Mr. P. Ramachandra Raju	13000
3	Mr. K. Rama Mohana Rao	13000
4	Mr. S. Prahalathan Iyer (Exim Bank Nominee)*	12000
5	Mr. R. Venkat Raman (Syndicate Bank Nominee)*	8000
6	Mr. H.N. Vishweshwar (Syndicate Bank Nominee)*	5000

*Sitting fees paid to the concerned bank

No stock options granted to the Non-Executive Directors including independent Directors as on date

c) Shareholders/Investors Grievance Committee:

Main function of the Shareholders/Investors Grievance Committee is to supervise and ensure efficient transfer of shares and proper and timely attendance of Investor's complaints.

The Committee consists of the following Directors:

Mr. P. Ramachandra Raju	Chairman
Mr. Harish Cherukuri	Member
Mr. Srinivas Kodali	Member

During the year under review, the Committee met Four times on 07th May, 2010, 14th August, 2010, 10th November, 2010 and 11th February, 2011.

Name and Designation of Compliance Officer:

Mr. Ramesh Bandari, Company Secretary

It is ensure that queries, if any, received from shareholders are attended within a minimum period of time

During the year under review, the Company has received 3 Complaint under the various matters and replies were sent to the satisfaction of the shareholders. There are no outstanding Complaints as on 12th August, 2011

d) Additional Information on Directors Retiring by Rotation and Seeking Re-appointment at the Annual General Meeting

Mr. Harish Cherukuri, Managing Director

- Mr. Harish Cherukuri, Managing Director is a Graduate in Commerce and post Graduate in Management (with Specialization in Marketing)



from Illinois Institute of Technology Chicago, USA. He is a promoter Director in terms of listing agreement with stock exchanges. Apart from day to day works. He looks after marketing and production departments.

ii) Mr. Srinivas Kodali, Executive Director:

Mr. Srinivas Kodali, Executive Director is a Graduate in Engineering from University of Michigan and Post Graduate in Management (with specialization in finance) from New York University. He worked as project Engineer in USA and gained varied industrial experience in various capacities and has more than 15 years of experience. He joined the company as president in the year 2002 and Continuing as Executive Director. He looks after Finance and Plant Maintenance.

Mr. Kowsalendra Rao Cherukuri, is a graduate in textile (BSC Textile), has got more than 35 years of experience in textile industry. He is promoter of the Company. Appointed as executive vice chairman with effect from 08th June, 2011.

Mr. Vasudevan Chaturvedi is a post Graduate and had undergone training in IIM Ahmadabad and ASCI. And PhD work was on Management of Rural Employment.

He is a member of Federation of AP Chamber of Commerce & Industry and Member of CEO Forum of FAPCCI besides, the President Elect Rotary Club of Hyderabad North (Dist 3150) and District Chairman for Blood Donation.

4. GENERAL BODY MEETINGS :

Date and Venue of the last three Annual General Meetings

Date	Place of Annual General Meeting	Time
29.09.2010	Sri Sagi Rama Krishnama Raju Community Hall, Madhura Nagar, 'E' Block, Hyderabad – 500038.	10.30. A.M.
23.09.2009	Sri Sagi Rama Krishnama Raju Community Hall, Madhura Nagar, 'E' Block, Hyderabad – 500038.	10.30.A.M.
27.09.2008	Hotel Pearls Inn, S.S. Heights, First Floor, Opp. Deepthi Sri Nagar Bus Stop, Madinaguda, Hyderabad - 500 049.	10.30.A.M.

- Extra-Ordinary General Meeting of the Members was held after 24th June, 2010 through postal ballot for the sale of Garment Division
- Special resolutions passed in previous 3 Annual General Meetings.

Date	Brief particulars of the resolution(s)
29.09.2010	Nil
23.09.2009	Nil
27.09.2008	to re-appoint Managing Director & Executive Director

5. SUBSIDIARIES : There are no Subsidiary Company exist.

6. RELATED PARTY TRANSACTIONS : As per AS-18 the related party Transactions are reflected in notes to Accounts.

7. DISCLOSURES:

- There were no material significant transactions with the Directors or the management, their subsidiary or relatives that have no potential conflict with interest of the Company at large.
- There were no cases of non-compliance by the Company, nor any cases of penalties, strictures imposed on the Company by stock Exchange(s) or SEBI or any statutory authority on any matter related to capital markets during the last three years.

8. MEANS OF COMMUNICATION:

The Company has always promptly reported all material information including quarterly financial results to all stock exchanges where the securities of the Company are listed. The quarterly results and



PRIYADARSHINI SPINNING MILLS LTD.

other information were communicated to the shareholders by way of advertisement in national daily and in vernacular language newspapers. The summary of the financial results of the Company are also made available at the Company's web site www.psm spinning.com.

4. GENERAL SHAREHOLDERS INFORMATION:

- a) Date, Time and Venue of the 30th Annual General Meeting : Thursday, the 29th September, 2011 at 11.00.A.M. at Sri Sagi Rama Krishnam Raju Community Hall, Madura Nagar, Hyderabad - 500 038.
- b) Financial Calendar : 1st April to 31st March
 First quarter results : 1st or 2nd Week of August
 Second quarter results : 1st or 2nd Week of November
 Third quarter results : 1st or 2nd Week of February
 Annual results : Preferably audited within in Two months
- c) Book closure date : 27.09.2011 to 29.09.2011 (Both days Inclusive)
- d) Listing on Stock Exchanges : The Bombay Stock Exchange Limited, Mumbai.
- e) Stock Code (BSE Ltd) : 503873
- f) Stock Market Data:

The monthly high and low price vis-à-vis BSE sensex during the financial year 2010-2011 are given below:

Month	Share prices Rupees		BSE sensex	
	High	Low	High	Low
April, 2010	41.95	18.65	18047.86	17276.80
May, 2010	42.55	33.75	17536.86	15960.15
June, 2010	49.50	34.85	17919.62	16318.39
July, 2010	61.85	49.50	18237.56	17395.58
August, 2010	81.60	53.00	18475.27	17819.99
September, 2010	10.60	80.95	20267.98	18027.12
October, 2010	115.00	85.00	20854.55	19768.96
November, 2010	136.45	104.75	21108.64	18954.82
December, 2010	127.00	98.90	20552.03	19074.57
January, 2011	125.00	98.00	20664.80	18038.48
February, 2011	108.00	64.10	18690.97	17295.62
March, 2011	69.60	54.55	19575.16	17792.17

- g) Listing Fees : Paid to the above Exchange for the year 2011 -2012
- h) Registrars and Share transfer agents for Physical And Electronic Form : M/s. XL Softech Systems Limited
 Plot No - 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad - 500 034.
 Ph No. 040-23545913, Fax No. 040-23553214.
- i) Company's ISN : INE165C01019
- j) Mode of Transfer of Shares : Compulsory dematerialization

As on 30.06.2011, 9907187 shares or 89.42% of the total equity capital is held in a dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).



k) Share Transfer System:

The Company has appointed M/s.XL Softech Systems Limited as Registrars and Share Transfer Agents for both physical and Electronic form, Share transfers/transmissions etc., are being processed and approved by the share transfer committee and subsequently placed before the Shareholders/ Investors Grievance Committee and later on ratified by the Board of Directors, it is ensured that the shares sent for transfer, transmission etc., are processed twice in a month and in case of demat requests, once in a week.

The Company is following rules and regulations framed by the statutory authorities from time to time.

As a part of compliance of listing agreement, the Company is conducting secretarial audit by a qualified practicing Company Secretary on quarterly basis, the audit reconcile the total admitted capital with National Securities Depository Limited(NSDL) and Central Depository Services(India) Limited(CDSL) and the total issued and listed capital of the Company. The audit Confirms that the total issued capital is in agreement with the total number of shares held in physical form and the total number of shares held in dematerialized form with NSDL and CDSL.

l) Shareholding pattern as on 31.03.2011

Category	No. of Shares held	Percentage of Shareholding
1. Indian Promoters	5112951	46.15%
2. Mutual Funds and UTI	100	-
3. Banks, Financial Institutions, Insurance Companies (Central/ State Government Institutions /Non-Government Institutions)	100	-
4. Private Corporate Bodies	2391351	21.58%
5. Indian Public	3510818	31.68%
6. NRIs	14314	0.13%
7. Others (Clearing Members)	50366	0.46%
TOTAL	110800000	100%

m) Company's Address for Correspondence : Secretarial Department,
Priyadarshini Spinning Mills Limited,
Satyanarayana Enclave, Icon Block,
Madinaguda, Hyderabad- 500049.

n) Registrar's Address for Correspondence : M/s. XL Softech Systems Limited
Unit: Priyadarshini Spinning Mills
Limited, No.3, Sagar Society, Road No.2
Banjara Hills, Hyderabad - 500 034.

CEO Compliance certificate on code of conduct

I, Harish Cherukuri, Managing Director of Priyadarshini Spinning Mills Limited declare that all Board Members and senior management personnel have affirmed compliance with code of conduct for the year ending March 31, 2010.

Place : Hyderabad
Date : 13th August, 2011

HARISH CHERUKURI
Managing Director



COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Priyadarshini Spinning Mills Limited
Hyderabad

We have examined the compliance of conditions of Corporate Governance by Priyadarshini Spinning Mills Limited, for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange.

The Compliance of the Conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of the information and according to the explanation give to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Investors Grievance Committee.

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

For P.Srinivasan & Co.,
Chartered Accountants

Place : Hyderabad
Date : 14th August, 2010

K.Ranganathan
Partner
M.No.10842









Balance Sheet as at 31st March 2011

	Schedule	As at 31-03-2011		As at 31-03-2010	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	11,08,00,000		11,08,00,000	
Reserves & Surplus	B	32,97,92,655		24,24,69,818	
Loan Funds					
Secured Loans	C	10,10,77,3771		1,02,08,45,374	
Unsecured Loans	D	16,97,91,499		15,93,81,980	
Deferred Tax Liability (Net)		0		77,17,579	
Total		162,11,57,925		154,12,14,751	
APPLICATION OF FUNDS					
Fixed Assets	E				
Gross Block		204,21,03,207		202,70,90,734	
Less: Depreciation		90,12,15,890		82,53,00,513	
Net Block		114,08,87,317		120,17,90,221	
Capital Work in Progress		1,85,73,691	115,94,61,008	0	120,17,90,221
Investments	F		-		1,40,00,000
Defered Tax Asset			7,30,71,480		-
Current Assets, Loans & Advances	G	87,13,21,707		80,52,56,613	
Less: Current Liabilities & Provisions	H	48,36,92,263		48,10,77,075	
Net Current Assets			38,76,29,444		32,41,79,538
Miscellaneous Expenditure (to the extent not written off or adjusted)					
Capital Issue Expenses			9,95,993		12,44,992
Significant Accounting Policies	N				
Notes on Accounts	O				
Total		162,11,57,925		154,12,14,751	

Schedules and notes annexed hereto form part of these accounts

As per our report attached
for **P.SRINIVASAN & CO.**
Chartered Accountants

for and on behalf of the Board

K.RANGANATHAN
Partner

HARISH CHERUKURI
MANAGING DIRECTOR

C.K. RAO
EXECUTIVE VICE CHAIRMAN

Place: Hyderabad
Date : 08.07.2011

RAMESH BANDARI
COMPANY SECRETARY


Profit & Loss Account for the period ended 31st March 2011

	Schedule	2010-11 Rs.	2009-10 Rs.
INCOME			
Gross sales/Income from Operations	L	259,61,67,362	192,43,39,009
Less: Excise duty		36,386	30,038
		<u>259,61,30,976</u>	<u>192,43,08,971</u>
Other Income	M	1,48,02,115	20,68,995
	Total	<u>261,09,33,091</u>	<u>192,63,77,966</u>
EXPENDITURE			
Manufacturing, Administration and Selling expenses	I	251,38,89,730	186,17,55,849
Interest & Finance Charges	J	13,68,03,321	13,44,94,666
Depreciation		8,06,59,054	8,46,16,289
Capital Issue Expenses - Written Off		2,48,999	2,48,999
		<u>273,16,01,104</u>	<u>208,11,15,803</u>
(Increase)/Decrease in stocks	K	(12,87,03,531)	(7,61,28,250)
	Total	<u>260,28,97,573</u>	<u>200,49,87,553</u>
Profit/(Loss) before Tax		80,35,518	(7,86,09,587)
Provision for Taxation:			
Current Tax		15,01,740	-
Deferred Tax Liability Reversed		77,17,579	0
Deferred Tax Asset		7,30,71,480	7,87,13,080
Profit/(Loss) after Tax		<u>8,73,22,837</u>	<u>1,03,493</u>
Prior Period Item		0	0
Add:Balance brought forward from previous year		9,58,56,978	9,57,53,485
Profit available for appropriation		<u>18,31,79,815</u>	<u>9,58,56,978</u>
APPROPRIATIONS			
Balance carried to Balance Sheet		<u>18,31,79,815</u>	<u>9,58,56,978</u>
		<u>18,31,79,815</u>	<u>9,58,56,978</u>
Significant Accounting Policies	N		
Notes on Accounts	O		

Schedules and notes annexed hereto form part of these accounts

As per our report attached
for **P.SRINIVASAN & CO.**
Chartered Accountants

for and on behalf of the Board

K.RANGANATHAN
Partner

HARISH CHERUKURI
MANAGING DIRECTOR

C.K. RAO
EXECUTIVE VICE CHAIRMAN

Place: Hyderabad
Date : 08.07.2011

RAMESH BANDARI
COMPANY SECRETARY


SCHEDULES TO ACCOUNTS

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
Schedule-A		
SHARE CAPITAL		
Authorised		
30000000 Equity Shares of Rs.10/- each	30,00,00,000	15,00,00,000
500000 Preference Shares of Rs.100/- each	5,00,00,000	5,00,00,000
	<u>35,00,00,000</u>	<u>20,00,00,000</u>
Issued and Subscribed		
11080000 Equity Shares of Rs.10/-each	11,08,00,000	11,08,00,000
	<u>11,08,00,000</u>	<u>11,08,00,000</u>
Called up & Paid up		
11080000 Equity Shares of Rs.10/-each	11,08,00,000	11,08,00,000
	<u>11,08,00,000</u>	<u>11,08,00,000</u>
Schedule-B		
RESERVES & SURPLUS		
AP State Subsidy	25,00,000	25,00,000
Capital Reserve	30,34,840	30,34,840
Share Premium	10,62,00,000	10,62,00,000
General Reserve	3,48,78,000	3,48,78,000
Profit & Loss Account	18,31,79,815	9,58,56,978
	<u>32,97,92,655</u>	<u>24,24,69,818</u>
Schedule-C		
SECURED LOANS		
From Financial Institutions & Banks		
Term Loans	59,00,71,374	61,81,17,527
From Banks		
Short Term Loans (working capital)	42,07,02,397	40,27,27,847
	<u>101,07,73,771</u>	<u>102,08,45,374</u>
Schedule-D		
UNSECURED LOANS		
Fixed Deposits	7,61,26,000	6,26,51,000
Others	9,36,65,499	9,67,30,980
	<u>16,97,91,499</u>	<u>15,93,81,980</u>



SCHEDULES TO ACCOUNTS (contd.)
Schedule - E : FIXED ASSETS

Name of the Asset	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2010	Additions/ Adjustments during the period	Deductions/ Adjustments during the period	As AT 31.03.2011	Up to 31.03.2010	Transfers/ Adjustments during the period	For the period	Up To 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land	32711051	1441145	-	34152196	-	-	-	-	34152196	32711051
Buildings	300203026	-	-	300203026	91690087	-	8291727	99981814	200221212	208512939
Plant & Machinery	1508883415	15424963	6605471	1517702907	646235473	4743677	63765911	705257707	8124445200	862647942
Effluent Treatment Plant	30352626	-	-	30352626	5738094	-	1389742	7127836	23224790	24614532
Generators	8483353	-	-	8483353	6387500	-	258013	6645513	1837840	2095853
Electrical Installations	87036153	1425259	-	88461412	38458975	-	3884335	42343310	46118102	48577178
Furniture & Fittings	6056116	-	-	6056116	5297895	-	72717	5370612	685504	758221
Computers	21160411	69836	-	21230247	19901269	-	1006824	20908093	322154	1259142
Office Equipment	19420914	105320	-	19526234	3872104	-	900607	4772711	14753523	15548810
Vehicles	12114968	3151421	-	15266389	7192393	-	1063792	8256185	7010204	4922575
Other Assets	668701	-	-	668701	526723	-	25386	552109	116592	141978
Previous Year Figures	2027090734	21617944	6605471	2042103207	825300513	4743677	80659054	901215890	1140887317	1201790221
Capital Work-in-Progress	2019038007	18225529	10172802	2027090734	744295932	3611708	84616289	825300513		
									18573691	
									1159461008	1201790221



SCHEDULES TO ACCOUNTS

	As at 31.03.2011		As at 31.03.2010	
	Rs.	Rs.	Rs.	Rs.
Schedule-F				
INVESTMENTS-TRADE (UNQUOTED-AT COST)				
Equity Shares:				
Ibiza Industries Limited		-		1,40,00,000
1032100 of shares of Rs.10/- each				
		<u>-</u>		<u>1,40,00,000</u>
		<u>-</u>		<u>1,40,00,000</u>
Schedule-G				
CURRENT ASSETS, LOANS & ADVANCES				
A. CURRENT ASSETS				
Inventories				
(Valued and Certified by management)				
a. Raw Materials	6,36,49,193		4,00,92,390	
b. Consumables Stores & Spares	2,72,12,152		2,16,63,391	
c. Dyes & Chemicals	73,28,311		47,12,265	
d. Packing Materials	19,42,536		23,51,216	
e. Stock in process	23,38,23,304		17,04,87,544	
f. Finished Goods (including goods in transit)	21,94,37,297		15,40,69,526	
		55,33,92,793		39,33,76,332
Sundry Debtors (unsecured considered good)				
a. Exceeding 6 months	2,73,22,185		1,09,50,781	
b. Not exceeding 6 months	11,93,24,309		17,82,46,003	
		14,66,46,494		18,91,96,784
Cash and Bank Balances				
Cash on hand		37,78,535		10,91,466
Balances with Scheduled Banks				
a. In Current Accounts	28,07,038		39,24,789	
b. In Deposit Accounts	2,54,31,310		2,40,18,310	
		2,82,38,348		2,79,43,099
B. LOANS & ADVANCES				
(Unsecured considered good),				
Advances (Recoverable in cash or kind or for value to be received)		10,42,08,761		15,88,84,563
Deposits				
a. With Excise authorities on current accounts	56,529		56,529	
b. With others	3,50,00,247		3,47,07,840	
		3,50,56,776		3,47,64,369
		<u>87,13,21,707</u>		<u>80,52,56,613</u>



PRIYADARSHINI SPINNING MILLS LTD.

SCHEDULES TO ACCOUNTS

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
Schedule-H		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
a. Sundry Creditors	48,04,08,994	47,92,05,124
b. Unclaimed Dividends	7,99,021	8,89,443
c. Interest accrued but not due on term loans	3,60,622	3,60,622
Provisions		
Provisions For Tax	15,01,740	
Fringe Benefit Tax	6,21,886	6,21,886
	<u>48,36,92,263</u>	<u>48,10,77,075</u>

	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
Schedule-I				
MANUFACTURING, ADMINISTRATION, SELLING & OTHER EXPENSES				
Consumption of Raw materials				
Opening Stocks	4,00,92,390		3,23,32,068	
Add:Purchases	1,75,66,30,236		121,48,99,678	
	<u>1,79,67,22,626</u>		<u>124,72,31,746</u>	
Less:Closing Stocks	<u>6,36,49,193</u>		<u>4,00,92,390</u>	
		173,30,73,433		120,71,39,356
Power & Fuel		20,43,17,655		17,57,37,478
Consumption of Dyes & Chemicals		9,42,85,818		7,98,39,674
Consumption of Stores, Spares & Tools		3,85,56,392		3,52,74,494
Consumption of Packing Materials		2,58,84,119		2,18,43,153
Repairs & Maintenance				
Plant & Machinery	2,16,59,622		1,49,26,890	
Buildings	29,25,083		15,47,710	
Others	<u>7,69,800</u>		<u>11,96,032</u>	
		2,53,54,505		1,76,70,632
Payments to & Provisions for Employees				
Salaries, Wages, Bonus, Retirement benefits,etc.	16,67,01,323		16,01,24,994	
Staff and Workmen Welfare	62,64,183		57,99,754	
Contribution to PF & Other Funds	<u>1,23,07,844</u>		<u>1,39,97,627</u>	
		18,52,73,350		17,99,22,375
Conversion Charges		3,17,38,550		3,44,74,309
Insurance		25,50,340		30,17,798
Rent		13,82,846		8,50,859
Rates & Taxes		28,13,004		22,49,010
Directors' Travelling Expenses		2,57,932		3,16,972

**SCHEDULES TO ACCOUNTS**

	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
Remuneration To Auditors				
a. Audit Fee	75,000		75,000	
b. Tax audit fee	50,000		50,000	
c. Tax representation	0		0	
d. Others Services	15,000		80,815	
		1,40,000		2,05,815
Directors' Remuneration		35,73,819		35,79,509
Miscellaneous Expenses		9,12,85,185		3,71,42,436
Commission on Sales		1,38,54,904		95,30,792
Brokerage on Sales		1,77,82,817		1,39,12,931
Freight outwards on finished goods		4,17,65,061		3,90,48,256
		<u>251,38,89,730</u>		<u>186,17,55,849</u>
Schedule-J				
INTEREST & FINANCE CHARGES				
a. Term Loans		4,90,37,683		4,77,44,454
b. Banks & Others		8,20,21,324		8,22,25,222
c. Bank charges		57,44,314		45,24,990
		<u>13,68,03,321</u>		<u>13,44,94,666</u>
Schedule-K				
(INCREASE)/DECREASE IN STOCKS				
1. Work in Progress				
Opening Stock	17,04,87,544		12,77,84,713	
Closing Stock	<u>23,38,23,304</u>		<u>17,04,87,544</u>	
		(6,33,35,760)		(4,27,02,831)
2. Finished Goods				
Opening Stock	15,40,69,526		12,06,44,107	
Closing Stock	<u>21,94,37,297</u>		<u>15,40,69,526</u>	
		(6,53,67,771)		(3,34,25,419)
		<u>(128703531)</u>		<u>(7,61,28,250)</u>
Schedule-L				
SALES/INCOME FROM OPERATIONS				
From Yarn and Fabric Sales				
Domestic		223,61,55,336		163,17,84,695
Export		26,68,92,911		21,34,88,246
From Garment Sales				
Domestic		3,22,872		23,99,353
Export		0		57,63,621
From Generation of Power		84,33,527		81,96,589
Others		8,43,26,330		6,26,76,467
		<u>259,61,30,976</u>		<u>192,43,08,971</u>
Schedule-M				
OTHER INCOME				
Foreign Exchange Fluctuations		18,86,653		0
Others		1,29,15,462		20,68,995
		<u>1,48,02,115</u>		<u>20,68,995</u>



SCHEDULES TO ACCOUNTS (Contd.)

SCHEDULE - N

SIGNIFICANT ACCOUNTING POLICIES

1. **BASIS OF ACCOUNTING:** The Accounts of the Company are prepared on accrual basis following historical cost convention.
2. **PURCHASES AND SALES:**
 - a) The Purchase cost of Raw Materials and other Inputs has been considered net of CENVAT Credits Receivable for dutiable products and inclusive of CENVAT for exempt products.
 - b) Sales exclude CENVAT and net of discounts and Sales Tax.
3. **FIXED ASSETS:** Fixed Assets are stated at cost. Cost is inclusive of Freight, Duties, Levies and any directly attributable cost of bringing the assets to their working condition for intended use and net of VAT Credits receivable on the Assets.
4. **DEPRECIATION:** Depreciation has been provided on Straight Line method on the assets acquired upto 31.12.1986, on Written Down Value method on the assets acquired from 01.01.1987 to 31.03.1990 and on Straight Line method on the additions from 1.4.1990 onwards in accordance with the rates stipulated in Schedule XIV to the Companies Act, 1956. Depreciation has not been provided on buildings, plant and machinery of Gas Power Project as the unit was not in operation for the whole year. Depreciation not provided up to the Current year amounts to Rs.6,15,76,908/-
5. **INVESTMENTS:** Investments are stated at cost.
6. **INVENTORY VALUATION:**
 - a) Raw Materials, Consumable Stores and Spares: at cost
 - b) Work-in-progress: At cost of raw materials and other variable costs
 - c) Finished Goods: At lower of cost or net realisable value.
7. **FOREIGN EXCHANGE TRANSACTIONS:** During the year foreign currency transactions are recorded at the exchange rate prevailing on the date of transactions. Foreign Currency Liabilities / Assets are restated at the rates ruling at the year end. Exchange differences relating to Fixed Assets are adjusted in the cost of the assets. Any other ex-change differences are dealt within the Profit and Loss Account.
8. **RETIREMENT BENEFITS:** Retirement benefits viz. Provident Fund and Pension Fund are accounted for on accrual basis. Contributions to these funds are made to appropriate authorities. The Company adopted Accounting Standard AS-15 (Revised 2005) on employee benefits. Current years provision of Rs.93.34 lakhs has been charged to profit and loss account.
9. **EXPORT BENEFITS:**

The Company exports yarn and fabric under Duty Draw Back Scheme and Focus Market scheme. The unutilised benefits under the scheme are accounted for on accrual basis.
10. **VALUATION OF POWER GENERATED:**

Power generated through Wind mills project is valued as per the credits given by DISCOMS in regular power bills and is included in 'sales/income from operations'.
11. **BORROWING COSTS:**

Specific Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.
12. **ACCOUNTING FOR TAXES ON INCOME:**

The Accounting treatment followed for taxes on income is to provide for current tax and deferred tax. Current Tax is the amount of income tax determined to be payable in respect of taxable income for a period. Deferred tax is the tax effect of timing differences.



SCHEDULES TO ACCOUNTS (Contd.)

SCHEDULE - O

Notes annexed to and forming part of the accounts for the year ended 31st March, 2011.

01. Contingent Liabilities in respect of :

(Rs. in lakhs)

	As at 31/03/2011	As at 31/03/2010
a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	-	7.38
b) Letters of Credit	1148.00	1265.00
c) Counter Guarantee in respect of Guarantees issued by Banks	86.30	94.42
d) Claims against the Company not acknowledged as debts	131.81	158.08

02. a) Term loans are secured by way of joint equitable mortgage of all immovable properties both present and future and hypothecation of all movable assets on a paripassu basis along with personal guarantee of the Managing Director of the Company. Specified movable assets are subject to prior charge in favour of the Company's Bankers for working capital requirements among which participating Financial Institutions have second charge.

b) Term loans from Housing Development Finance Corporation Limited are secured by first mortgage of Dwelling units.

c) Working Capital facilities from Banks are secured by hypothecation of raw materials, semi-finished goods, finished goods, stores and spares and book debts and second charge on Fixed Assets of the Company and personal guarantee of managing director and C.K.Rao promoter of the company.

03. Unsecured loans from others includes sales tax deferred liability of Rs. 90,25,374/- (previous year Rs. 1,82,43,630/-) (Incentive granted by Government of Andhra Pradesh).

04. a) The 1.8 M.W. Wind Farm of the Company has generated 20,50,800 units during the year (Previous year 24,45,482 units). The value of Rs.84,33,527/- of the units generated is included in the Income from operations Previous year Rs. 81,96,589/-).

b) The 3 M.W Gas based power project of the company has not generated power due to non-availability of gas. (Previous year NIL units).

05. Other Income includes profit on sale of assets Rs 13,84,492/-. Miscellaneous expenses includes Loss on sale of assets Rs 12,87,286/-, and loss of investments Rs 1,40,00,000/-.

06. None of the party's selling goods and materials and/ or rendering services have claimed it to be small-scale undertaking.

07. During the year the company has entered into agreement for sale of assets of the Garment Division. The Sale is being concluded in 2011-12. The loss if any on the sale of the assets including net current assets will be accounted in the year of transfer of property.

08. Sundry creditors, sundry debtors and Loans & advances are subject to confirmation.



SCHEDULES TO ACCOUNTS (Contd.)

09. Related Party Transactions

The company has transactions with the following related parties:

(Amount in Rs.)

Name of the Party	Nature of relationship	Description of transaction	Amount of transaction	Outstanding Balances as on 31/03/2011	Written off or Written back
a) Padmaja Agencies (P) Ltd.	Managing Director Interested	Deposit against lease	—	13,23,759 Dr	Nil
		Rent paid	3,60,000	27,000 Cr	Nil
b) Key Management Personnel					
Mr.Harish Cherukuri	Managing Director	Payment of salary & allowances	18,91,964		
Mr.Srinivas Kodali	Executive Director	Payment of salary & allowances	19,18,855		

10. Information on earning per share as per Accounting Standard 20

	31/03/2011	31/03/2010
a) No. of equity shares outstanding	1,10,80,000	1,10,80,000
b) Profit/(Loss) available to equity shareholders (in Rs.)	8,73,22,837	1,03,493
c) Nominal Value per equity share (in Rs)	10	10
d) Basic & diluted earning per share (in Rs)	7.88	0.01

11. Deferred Tax Asset / (Liability) **7,30,71,480** (77,17,759)

12. Particulars of Remuneration paid to Directors

	2010-2011 (Rs.)	2009-2010 (Rs.)
Salary	24,00,000	24,00,000
Contribution to P.F.	2,88,000	2,88,000
Perquisites	11,22,819	11,55,509
	38,10,819	38,43,509
Sitting fee	51,000	24,000



PRIYADARSHINI SPINNING MILLS LTD.

SCHEDULES TO ACCOUNTS (Contd.)

13. Capacities, Production, Turnover and Stocks:

	2010-2011		2009-2010	
a) Capacity (No. of Spindles):				
Installed		82,176		82,176
b) Production :				
(i) Yarn (Kgs)				
Own		1,34,24,950		1,23,06,752
Jobwork		2,47,237		1,56,767
(ii) Garments(Pieces)		1,646		
Own		-		49,390
Job Work		62,792		1,36,193
c) Turnover	Qty.	Value Rs.	Qty.	Value Rs.
Yarn Sales(Kgs)	1,33,80,813	249,70,50,511	1,22,57,646	184,44,51,761
Fabric Sales(Mts)	67,414	59,97,736	10,703	8,21,180
Garments(Nos)	6,324	3,22,872	43,260	81,62,974
Others		9,29,06,657		7,08,73,056
		<u>259,61,30,976</u>		<u>192,43,08,971</u>
d) Stocks of Yarn	Qty (kgs)	Value Rs.	Qty. (kgs)	Value Rs.
Opening Stock	8,81,311	15,11,21,876	8,25,387	11,92,89,207
Closing Stock	9,25,448	21,94,38,297	8,81,311	15,11,21,876
	Qty (Nos)	Value Rs.	Qty (Nos)	Value Rs.
e) Stock of Garments				
Opening Stock	11,614	29,47,650	5,484	13,54,900
Closing Stock	6,936	10,40,400	11,614	29,47,650
Note: Consumption of yarn in fabric manufacturing on job work basis by outsiders	Qty. (kgs)		Qty. (kgs)	
Own yarn :	24,480		3,530	
14. Consumption of Raw materials.				
Class of goods :	Qty (kgs)	Value Rs.	Qty. (kgs)	Value Rs.
Polyester	72,69,052	66,40,45,620	68,08,558	48,94,15,512
Viscose	26,35,985	38,75,76,073	24,32,529	30,23,48,348
Acrylic	-	-	7,912	9,99,951
Cotton	31,29,935	32,61,82,575	24,98,332	18,05,74,524
Cotton yarn	20,15,118	35,52,69,165	18,07,475	22,99,56,210
Fabric	-	-	-	38,44,811
		<u>173,30,73,433</u>		<u>120,71,39,356</u>
Note: Cotton yarn includes goods purchased for trading				
Consumption of Imported and Indigenous materials and percentage thereof :				
Raw Materials	Value Rs.	%	Value Rs.	%
Imported	-	-	1,33,79,086	1.11
Indigenous	173,30,73,433	100.00	119,37,60,270	98.89
	173,30,73,433	100.00	120,71,39,356	100.00
Stores and Spares:				
Imported	18,86,148	4.90	20,04,404	5.68
Indigenous	3,66,70,245	95.10	3,32,70,090	94.32
	3,85,56,393	100.00	3,52,74,494	100.00
15. C I F Value of Imports		Value (Rs.)		Value (Rs.)
Raw Materials		-		1,11,83,968
Capital Goods		45,85,187		3,36,333
Stores and Spares		18,62,569		18,85,425
16. Expenditure in foreign currency				
a) Travelling Expenses		-		-
b) Commission		29,92,883		26,34,413
17. Earnings in foreign exchange				
FOB Value of Exports		26,02,71,534		21,36,28,649
18. Previous years figures have been regrouped/reclassified wherever necessary.				



PRIYADARSHINI SPINNING MILLS LTD.

SCHEDULES TO ACCOUNTS (Contd.)

19. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No./CIN : L18100AP1981PLC003031 State Code : 01
 Balance Sheet Date : 31/03/2011

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs.Thousands)

Public Issue : NIL Rights Issue : NIL
 Bonus Issue : NIL Private Placement : NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs.Thousands)

Total Liabilities : 16,21,158 Total Assets : 16,21,158

Sources of Funds

Paid-Up Capital : 1,10,800 Reserves & Surplus : 3,29,793
 Secured Loans : 10,10,774 Deferred Tax Liability (net) : -
 Unsecured Loans : 1,69,791

Application of Funds

Net Fixed Assets : 11,59,461 Defered Tax Asset : 73,072
 Net Current Assets : 3,87,629 Misc. Expenditure : 996

IV. PERFORMANCE OF THE COMPANY (Amount in Rs.Thousands)

Turnover : 25,96,131 Total Expenditure : 26,02,898
 Other Income : 14,802
 Profit Before Tax : 8035 Profit After Tax : 87,323
 Earnings Per Share (in Rs.) : 7.88
 Dividend Rate % : NIL

V. GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (As per Monetary Terms)

<u>Item Code No.</u>	<u>Product Description</u>
5205.14	100% Cotton Yarn
5206.11	Cotton Blended Single Yarn
5206.12	Cotton Blended Double Yarn
5510.12	VSF Double Yarn
5509.50	Polyester/Viscose Yarn - 65/35
5509.22	100% Polyester Double Yarn
5509.31	Acrylic Single Yarn
5509.32	Acrylic Double Yarn
5512.00	Synthetic Fabric

Schedules and notes annexed hereto form part of these accounts

As per our report attached
 for **P.SRINIVASAN & CO.**
 Chartered Accountants

for and on behalf of the Board

K.RANGANATHAN
 Partner

HARISH CHERUKURI
 Managing Director

C.K. RAO
 Executive Vice Chairman

Place : Hyderabad
 Date : 08/07/2011

RAMESH BANDARI
 Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010

PARTICULARS	YEAR ENDED 31.03.2011		YEAR ENDED 31.03.2010	
	Rs.	Rs.	Rs.	Rs.
A CASH FLOW ARISING FROM OPERATING ACTIVITIES:				
Net profit before tax & extraordinary items		80,35,518		(7,86,09,587)
Add: Depreciation	8,06,59,054		8,46,16,289	
Interest	13,10,59,007		12,99,69,676	
Capital Issue Expenses	2,48,999		2,48,999	
Loss on sale of Assets	13,84,492		85,97,574	
		<u>21,33,51,552</u>		<u>22,34,32,538</u>
		22,13,87,070		14,48,22,951
Less: Profit on sale of Assets		1287286		7,66,569
Operating profit before working capital changes		<u>22,00,99,784</u>		<u>14,40,56,382</u>
Adjustments for working capital changes				
Sundry debtors	4,25,50,290		(3,92,32,008)	
Current liabilities	12,03,870		9,64,49,515	
Inventories	(16,00,16,461)		(8,55,94,857)	
Loans & Advances	5,43,83,395	(6,18,78,906)	(25,02,285)	(3,08,79,635)
Cash generated from Operations		<u>15,82,20,878</u>		<u>11,31,76,747</u>
Less: Interest charges		13,10,59,007		12,99,69,676
Less: Direct Taxes		-		-
CASH FLOW BEFORE EXTRAORDINARY ITEMS		<u>2,71,61,871</u>		<u>(1,67,92,929)</u>
Less: Prior Period Item		-		-
CASH FLOW FROM OPERATING ACTIVITIES		<u>2,71,61,871</u>		<u>(1,67,92,929)</u>
B CASH FLOW FROM INVESTING ACTIVITIES				
Inflow: Sale of fixed assets		17,64,588		(12,69,911)
Loss of Investments		1,40,00,000		
Outflow: Acquisition of fixed assets		4,01,91,635		17,12,814
		<u>(2,44,27,047)</u>		<u>(29,82,725)</u>
C CASH FLOW FROM FINANCING ACTIVITIES				
Inflow: Term Loans received		-		-
Increase in Bank borrowings	1,79,74,550		(1,11,27,218)	
Fixed deposits received	3,31,14,000		2,66,17,440	
Unsecured Loans	(30,65,481)		5,54,17,109	
Share Capital & Share premium	-	4,80,23,069	-	7,09,07,331
Outflow: Repayment of Term loans	2,80,46,153		2,16,76,561	
Repayment of Fixed deposits	1,96,39,000		2,51,20,440	
Dividends	90,422	4,77,75,575	-	4,67,97,001
NET CASH FROM FINANCING ACTIVITIES		<u>2,47,494</u>		<u>2,41,10,330</u>
NET INCREASE IN CASH/CASH EQUIVALENTS(A+B+C)		29,82,318		43,34,676
ADD:CASH/CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR.		2,90,34,565		2,46,99,889
CASH/CASH EQUIVALENTS AT THE CLOSING OF THE YEAR		<u>3,20,16,883</u>		<u>2,90,34,565</u>

As per our report attached
for **P.SRINIVASAN & CO.**
Chartered Accountants

for and on behalf of the Board

K.RANGANATHAN
Partner

HARISH CHERUKURI
Managing Director

C.K. RAO
Executive Chairman

Place: Hyderabad
Date : 08/07/2011

RAMESH BANDARI
Company Secretary



PRIYADARSHINI SPINNING MILLS LTD.

PRIYADARSHINI SPINNING MILLS LIMITED

Regd. & Corporate Office: Satyanarayana Enclave, Icon Block, 2nd Floor, Madinaguda, Hyderabad - 500 049.

ATTENDANCE SLIP

30th ANNUAL GENERAL MEETING

Thursday, the 29th day of September, 2011 at 11.00 A.M.

- 1. Regd. Folio No. : _____
- 2. Client ID No. : _____
- 3. DP ID No. : _____
- 4. No. of shares held : _____
- 5. Name of the Member/Proxy : _____

I am a member/proxy for the member of the Company. I hereby record my presence at the 30th Annual General Meeting of the Company at Sri Sagi Ramakrishnam Raju Community Hall, 8-3-222/R/1, 'E' Block, Madhuranagar, Hyderabad - 500 038.

Signature of the Member / Proxy

Note : Please complete and sign this attendance slip and hand it over at the entrance of the hall.

PRIYADARSHINI SPINNING MILLS LIMITED

Regd. & Corporate Office: Satyanarayana Enclave, Icon Block, 2nd Floor, Madinaguda, Hyderabad - 500 049.

PROXY FORM

Regd. Folio No. _____ Client ID No. _____

No. of shares held _____ DP ID No. _____

I/We _____ of

_____ in the district of _____

_____ being the Member(s) of

Priyadarshini Spinning Mills Ltd. hereby appoint Mr./Ms. _____ of

_____ in the district of _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held on 29-09-2011 at 11.00 A.M. at Sri Sagi Ramakrishnam Raju Community Hall, 8-3-222/R/1, 'E' Block, Madhuranagar, Hyderabad - 500 038 and at any adjournment thereof.

Affix a
Re.1/-
Revenue
Stamp

Signed this _____ day of September, 2011.

Signature of the Member(s)

- Notes:
- 1. The proxy form to be effective should be duly completed in all respects and signed across the revenue stamp.
 - 2. The proxy form must be deposited at the Registered Office not less than 48 hours before the time fixed for holding the meeting.
 - 3. A proxy need not be a member of the Company



30th Annual Report

If undelivered, please return to:



Priyadarshini Spinning Mills Limited

Satyanarayana Enclave, Icon Block, 2nd Floor,
Madinaguda, Hyderabad - 500 049. A.P. India.
Tel: +91 40 4015 3333, Fax: +91 40 2304 0374