

4TH ANNUAL REPORT

HELAPURI SPINNING MILLS PRIVATE LIMITED

2010-2011

HELAPURI SPINNING MILLS PRIVATE LIMITED

REGISTERED OFFICE

PLOT NO 1-3-183/40/22/7
PAMMY'S PLAZA, P & T COLONY,
GANDHINAGAR,
HYDERABAD-500 080
ANDHRA PRADESH
INDIA

FACTORY AND MILLS:

VILLAGE: ALIVEEDU
PANCHAYAT: VIJAYARAI
MANDAL: PEDAVEGI
ELURU - 534001
WEST GODAVARI
ANDHRA PRADESH
INDIA

DIRECTORS

1. KOTI REDDY MALIREDDY
2. SHANTI MALIREDDY

AUDITORS

M/S. PADMANABHA RAO & Co.,
CHARTERED ACCOUNTANTS
FLAT NO. G-5, JAMUNA SADAN
MAYURI MARG, BEGUMPET
HYDERABAD - 500016.

BANKERS

INDIAN OVERSEAS BANK, VIJAYNAGAR CLY, HYDERABAD
INDIAN OVERSEAS BANK, XAVIER ROAD, ELURU

HELAPURI SPINNING MILLS PRIVATE LIMITED

NOTICE

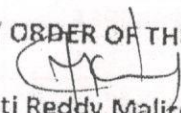
NOTICE IS HEREBY GIVEN THAT THE FOURTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT THE REGISTERED OFFICE AT PLOT NO 1-3-183/40/22/7, PAMMY'S PLAZA, PAND T COLONY, GANDHINAGAR, HYDERABAD - 500 080 ON THURSDAY 29TH SEPTEMBER 2011 AT 3.00 P.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt Audited Profit & Loss Account for the year ended 31st March 2011 and the Balance Sheet as at that date and the Report of the Directors and Auditors thereon
- 2) To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution.

"Resolved that pursuant to the provisions of sections 224 and other applicable provisions, if any, of the Companies Act, 1956, the retiring auditors, M/S. Padmanabha Rao & Co., Chartered Accountants, be and are hereby re-appointed as auditors of the company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General meeting of the company, on such remuneration as may be determined by the Board of Directors in addition to traveling and other out of pocket expenses".

BY ORDER OF THE BOARD


Koti Reddy Malireddy
Managing Director

Place: Hyderabad
Date: 31/08/2011

NOTE:

- a. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and proxy need not be a member of the company.
- b. The instrument appointing proxy should be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.

HELAPURI SPINNING MILLS (P) LTD.


Chairman & Managing Director

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For HELAPURI SPINNING MILLS (P) LTD.

M. Senthil
Director

HELAPURI SPINNING MILLS PRIVATE LIMITED**DIRECTORS REPORT**

To
The Members,
HELAPURI SPINNING MILLS PRIVATE LIMITED

Your directors have pleasure in presenting the Fourth Annual Report of the company with Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2011.

The Company accomplished the setting up a spinning Mill in Village Aliveedu Near, Eluru, West Godavari District, of a capacity of 13480 spindles. We commenced commercial production with effect from 16th April, 2010. We are pleased to inform that we achieved the following financial results.

1) Financial Results:

Sl.No.	Particulars	Current Year	Previous Year
		Rs	Rs.
1	Sales	198702247	0
2.	Other Income	393529	13447
3	Sub total	199095776	13447
4	Profit before appropriations	49783018	13447
5	Bank Interest	33994697	0
6	Depreciation	15430255	0
7	Profit before taxes	358066	13447
8	Taxation	64000	4800
9	Net Profits	294066	8647

- 2) **Employees Details:** There are no employees in your company, whose particulars are required to be disclosed under section 217(2A) of the companies Act, 1956 read with the companies (particulars of employees) Rules, 1975

3) Managerial Remuneration:

Your Directors have been paid the following Managerial Remuneration for the financial year 2010-2011

Managing Director:

Rs
9,00,000/-

Executive Director:

9,00,000/-

Total:

18,00,000/-

- 4) **Auditors:** The auditors M/s. Padmanabha Rao & Co., Chartered Accountants, Hyderabad retire at the conclusion of the forthcoming Annual General Meeting and being eligible have expressed their willingness to continue if re-appointed.

5) **Expansion Proposals:**

Your Directors are pleased to inform you that the expansion of Phase II of project of 12096 spindles on a project outlay of Rs 32.50 Crores has been well envisaged and Indian Overseas Bank have sanctioned a Term Loan of Rs21.00. Crores and a combined working capital limit of Rs 14 Crores that is Rs. 8 crores for phase 1 and Rs.6 crores for phase II. This project is likely to become operational by 16th November, 2011 and that 80 % of the scheduled tasks for the phase II of the project have been completed.

6) **Energy, Technology Absorption and Foreign Exchange:**

Information as required under section 217(1)(e) of the companies Act, 1956 read with the companies (disclosure of particulars in the report of the board of directors) Rules, 1988 is set out as under.

A. Conservation of Energy	: Nil
B. Technology absorption	: Nil
C. Consumption of Electrical Units	: 3192200 Units (Rs.13688222)
C. Foreign Exchange earnings	:
FOB Value of Export Sales	: Rs.2,18,28,110/-
D. Foreign Exchange outgo	: Nil

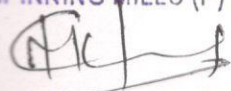
7) **DIRECTORS RESPONSIBILITY STATEMENT:**

As per section 217(2AA) of the companies Act, 1956, we the directors of the company, confirm the following:

- That in the preparation of the accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 or loss of the company for the year under review;
- That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the

For HELAPURI SPINNING MILLS (P) LTD.

HELAPURI SPINNING MILLS (P) LTD.


Chairman & Managing Director

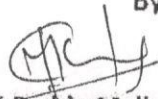
M. Santhya
Director

Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and any other irregularities:

- d) That the directors have prepared the accounts for the financial year ended 31st March, 2011 on going concern basis.

- 8) **ACKNOWLEDGEMENTS:** Your directors wish to place on record their sincere appreciation for the co-operation extended to the company by Indian Overseas Bank for the credit facilities and extended for speedy project scheduling, Employees of our company, and various Government Agencies.

By order of the Board



Koti Reddy Malireddy
(Managing Director)

M. Santhi
Shanti Malireddy
(Director)

Place: Hyderabad
Date: 31st August, 2011

For HELAPURI SPINNING MILLS (P) LTD.

For HELAPURI SPINNING MILLS (P) LTD.



Chairman & Managing Director

M. Santhi
Director

AUDITORS' REPORT

To
The Members of **HELAPURI SPINNING MILLS PRIVATE LIMITED**

1. We have audited the attached Balance Sheet of HELAPURI SPINNING MILLS PRIVATE LIMITED as at 31-03-2011 and also the Profit and Loss Account for the year ended on that date annexed there to (collectively referred as the Financial Statements). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and audit also includes assessing the accounting principles used and significant estimates made by the 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 (the "Order")*(as Amended), issued by the Central Government of India in terms of sub section (4A) of section 227 of The Companies Act, 1956 (The 'Act'), we enclose in the annexure a statement on the matters specified in the paragraphs 4 and 5 of the order.
4. Further to our comments in the annexure referred to the above we report that
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books
 - c. The Financial Statements dealt with by this report are in agreement with the books of account.
 - d. On basis of written representations received from the directors, as on 31-03-2011 and taken on record by the Board of Directors, we report that none of directors is disqualified as on 31-03-2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of The Act.
 - e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of The Act and the rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of :



31082011

- i. The Balance Sheet, of the state of affairs of the company as at 31-03-2011; and
- ii. The Profit and Loss Account, **of the Profit** for the year ended on that date.



Place: Hyderabad
Date: 31/08/2011

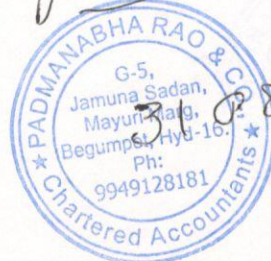
For PADMANABHA RAO & CO
FRN No 002503S
CHARTERED ACCOUNTANTS

A. A. Rao
Ananta Padmanabha Rao R
Chartered Accountant
Proprietor
M No 023656

31082011

Annexure to the Audit Report of even date to the members of HELAPURI SPINNING MILLS PRIVATE LIMITED, on the financial statements for the year ended 31st March, 2011.

- i. According to the information and explanations furnished to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. ***The company has to commence a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner.*** In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- ii. According to the information and explanations furnished to us, during the year under report the company has physically verified its inventories of Raw Materials, Finished Goods and Stores and Spares. In our opinion the frequency of such verification to the extent carried out is reasonable.
- iii. ***The Company has neither granted nor taken any loan, secured or unsecured to/from companies, firms or other parties except a ex-director covered in the register maintained under section 301 of the Act. However, a sum of Rs.15,00,000/- is due from a ex-director on account of advance paid towards property from him pending execution of the conveyance deed for the same. The terms and conditions on which such advance has been granted is prima facie not prejudicial to the interest of the company or its members***
- iv. In our opinion, there is an adequate internal control system commensurate with the size of the company and the nature of its business. *In our opinion, the internal control system for purchase of fixed assets needs to be strengthened to be commensurate with the size of the company and the nature of its business. Further, we have not come across any continuing failure to correct major weaknesses in the aforesaid internal control system.*
- v. In our opinion, there are no particulars of contracts or arrangements that need to be entered in to the register maintained U/s 301 of the Act except the intended purchase of property for a sum of Rs.15,00,000/- from a ex-director as para (iii) above.
- vi. The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of Clause 4(vi) of the Order are not applicable.
- vii. In our opinion, the company does not have internal audit system for the year under audit.
- viii. The company is not required to maintain cost records pursuant to section 209 (1) (d) and the Rules made by the Central Government for the period under audit.
- ix. (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance , income-tax , custom duty, excise duty, cess and other material statutory dues , as applicable, have generally been regularly deposited with the appropriate authorities.



Further, undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they become payable on account of income tax deducted at source is Rs. 54,61,546/- (Previous Year Rs.43,94,456/ exclusive of interest payable thereon.

(b) There are no amounts in respect of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess that have not been deposited with the appropriate authorities on account of dispute.

- x. In our opinion, the company has no significant accumulated losses at the end of the financial year.
- xi. The company has not issued any debentures during the year. In our opinion, the Company has not defaulted in repayment of dues to a financial institution or bank during the year.
- xii. The Company has not granted any loans and advances on the basis of Security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable.
- xv. In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.
- xvi. In our opinion, the term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been invested in liquid investments, payable on demand.
- xvii. In our opinion, no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act, Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- xix. The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.



The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

No fraud on or by the Company has been noticed or reported during the period covered by our audit.

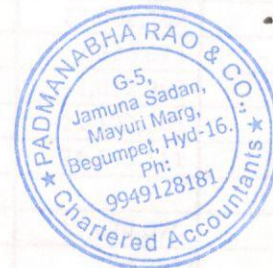
For PADMANABHA RAO & CO
FRN No 002503S
CHARTERED ACCOUNTANTS

Q. A. O. — 2

Ananta Padmanabha Rao R
Chartered Accountant
Proprietor
M No 023656

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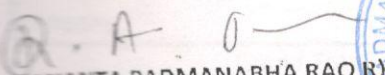
Place: Hyderabad
Date: 31-08-2011



HELAPURI SPINNING MILLS PRIVATE LIMITED
Balance Sheet as on 31st March 2011

Particulars	Schedule	As at 31st March, 2011	As at 31st March, 2010
I Sources of Funds			
(1) Shareholders' funds			
(a) Share Capital	1	132,500,000	132,500,000
(b) Share Application Money	2	82,800,000	8,300,000
(2) Loan funds:			
Secured Loans	3	315,279,512	234,559,276
Total		530,579,512	375,359,276
II Application of funds			
(1) Fixed assets			
(a) Fixed Assets	4	412,799,623	263,591,207
(b) Capital Work-in-Progress (including capital advances)	4	57,928,460	115,450,784
Sub-Total		470,728,083	379,041,991
(2) Current Assets, loans and Advances			
(a) Inventories	5	27,917,949	-
(b) Sundry Debtors	6	27,802,152	-
(c) Cash and Bank Balances	7	2,330,671	2,285,824
(d) Other Current Assets	8	2,012,998	4,013,447
(e) Loans and Advances (Asset)	9	11,102,341	-
Total Current Assets		71,166,111	6,299,271
Less: Current liabilities and provisions			
(a) Current Liabilities	10	13,674,075	12,706,896
(b) Provision for Tax	11	23,961	4,800
Total Current Liabilities		13,698,036	12,711,696
Net Current Assets		57,468,075	(6,412,425)
(4) Misc Expenses			
(a) Preliminary Expenditure to the extent not written off or adjusted	12	-	52,290
(b) Profit and Loss Account	13	2,383,354	2,677,420
Accounting Policies and Notes to Accounts	14		
TOTAL		530,579,512	375,359,276

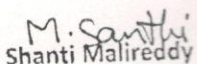
This is the Balance Sheet referred to in our report of even date
For Padmanabha Rao & Co.,
FRN:002503S
Chartered Accountants


ANANTA PADMANABHA RAO
Proprietor
Place: Hyderabad
Date: 31 Aug 2011



For Helapuri Spinning Mills Private Ltd


Koti Reddy Malireddy
Managing Director

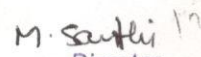

M. Santhi
Shanti Malireddy
Director

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For HELAPURI SPINNING MILLS (P) LTD.


Chairman & Managing Director

For HELAPURI SPINNING MILLS (P) LTD.


M. Santhi
Director

HELAPURI SPINNING MILLS PRIVATE LIMITED
Schedules forming part of Balance Sheet

Schedule: 1 Share Capital

Particulars	As at 31st March, 2011 In Rs	As at 31st March, 2010 In Rs
AUTHORISED SHARE CAPITAL		
13500000 Equity shares of Rs.10/- each	135,000,000	1,000,000
ISSUED SUBSCRIBED AND PAID-UP-CAPITAL		
13250000 Equity shares of Rs.10/- each fully paid	132,500,000	132,500,000
Grand Total	132,500,000	132,500,000

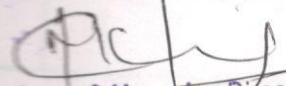
Schedule: 2 Share Capital Application Money

Particulars	As at 31st March, 2011 In Rs	As at 31st March, 2010 In Rs
Share Capital Application Money	82,800,000	8,300,000
Grand Total	82,800,000	8,300,000

Schedule: 3 - Secured Loan

Particulars	As at 31st March, 2011 In Rs	As at 31st March, 2010 In Rs
Term Loan From Indian Oversea Bank A/c No 107103380900013 (Secured by the First Charge of fixed assets, present and future i.e Land and Factory Building, Plant and Machinery and fixed assets of the company at Eluru, West Godavry District. and further guaranteed by two directors of the company)	237,802,398	234,559,276
Cash Credit From Indian Oversea Bank A/c No 1107102000003456 (Secured by the Hypothecation of Raw Material, Work In Process, and Finished Goods and Book Debts including Export receivables present and future and further guaranteed by two directors of the company)	77477114	-
Grand Total	315,279,512	234,559,276

HELAPURI SPINNING MILLS (P) LTD.


Chairman & Managing Director

For HELAPURI SPINNING MILLS (P) LTD.

M. Senthil
Director





SCHEDULE 4: FIXED ASSETS:						
Sl No.	Particulars of Asset	Rate of	Opening	GROSS BLOCK Additions	DEPRECIATION For the	NET BLOCK As on
1	Factory Building	3.34%	3938363	102907566	3971298	147162624
	Additions			3794496		
				40493497		
				147195559		
2	Plant and Machinery	4.75%	221695466	13988239	10569675	225114030
3	Electrical installation	4.75%	19547773	3454873	889282	22113364
4	Land and Development-on	0	18409605	0		18409605
	Sub-totals:		263591207	164638671	15430255	412799623
	CAPITAL WORK IN PROGRESS:					
1	Construction of Factory	0	102907566	-102907566	0	0
	Transferred to (1) in sch 4					
2	Interest on Term Loan	0	3794496	-3794496	0	0
	Transferred to (1) in sch 4					
3	Construction of Phase II	0	0	41200000	0	41200000
	Factory Building					
	SUB-TOTALS		0	41200000	0	41200000
4	Capital Advances:	0	8748722	7979738	0	16728460
			115450784	-57522324		57928460

for Helapuri Spinning Mills Private Limited

for Padmanabha Rao & Co.,
Chartered Accountants

For HELAPURI SPINNING MILLS (P) LTD.

Kotireddy Malireddy Managing Director
Hyderabad

Ananta Padmanabha Rao R
Chartered Accountant
Proprietor

Chairman & Managing Director

Date: 31 August, 2011

For HELAPURI SPINNING MILLS (P) LTD.

M. Gauthi

Schedule: 5 - Inventories (As valued and certified by management)

Particulars	As at 31st March, 2011	As at 31st March, 2010
	In Rs	In Rs
Bags (stock)	102,375	-
Boxes (stock)	118,590	-
Cones (Stock)	156,829	-
Covers (Stock)	31,600	-
PolysterSpun Yarn (Stock)	6,870,230	-
Polyster Stable Fibre (Stock)	20,638,325	-
Grand Total	27,917,949	-

Schedule: 6 - Sundry Debtors

Particulars	As at 31st March, 2011	As at 31st March, 2010
	In Rs	In Rs
Debts Unsecured (considered good)		
(a) Outstanding for a period exceeding 6 months	27,802,152.00	0.00
(b) Other Debts	0.00	0.00
Grand Total	27,802,152.00	0.00

Schedule: 7 - Cash and bank Balances

Particulars	As at 31st March, 2011	As at 31st March, 2010
(a) Cash Balances		
(b) Bank Balances With Scheduled Banks	667,253	250,183
(i) On Current Account	17,958	58,041
(ii) On deposit account	1,645,460	1,977,600
Grand Total	2,330,671	2,285,824

HELAPURI SPINNING MILLS (P) LTD.

[Signature]
Chairman & Managing Director

For HELAPURI SPINNING MILLS (P) LTD.

M. Sautli
Director



Schedule: 8- Other Current Assets

Particulars	As at 31st March, 2011	As at 31st March, 2010
	In Rs	In Rs
Advance towards Materials	2,012,998	-
Grand Total	2,012,998	

Schedule: 9- Loans and Advances (Unsecured considered Good)

Particulars	As at 31st March, 2011	As at 31st March, 2010
	In Rs	In Rs
Advance towards Capital expenditure-Land	6,500,000	-
Deposit Electricity	2,338,950	-
Advance cenvat recoverable	2,263,391	-
Grand Total	11,102,341	

includes a sum of Rs.15 Lakhs due from a ex-director pending execution of sale deed of property by him

Schedule: 10 - Current Liabilities and Provisions

Particulars	As at 31st March, 2011	As at 31st March, 2010
	In Rs	In Rs
Tax Deducted at source Payable	5,461,546	4,394,456
Due to a Director	129,790	8,302,440
Sundry Creditors	7,116,982	-
Expenses Payable	965,757	10,000
Grand Total	13,674,075	12,706,896

Schedule 11 Provision for Taxation

Particulars	As at 31st March, 2011	As at 31st March, 2010
Opening balance	4800	0
Add: Provision for the year	64000	4800
Sub-Total	68800	4800
Less: Adjustment of TDS	44839	0
Total	23961	4800

Schedule: 12 - Preliminary Expenditure to the extent not writtenoff or adjusted

Particulars	As at 31st March, 2011	As at 31st March, 2010
	In Rs	In Rs
Preliminary Expenses	74,700	74,700
Less: Amount Writtenoff to till date	74,700	22,410
Preliminary Expenses to be written off	-	52,290
Grand Total	-	52,290

For HELAPURI SPINNING MILLS (P) LTD.

(Signature)
Chairman & Managing Director

For HELAPURI SPINNING MILLS (P) LTD.

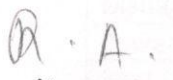
(Signature)
Director

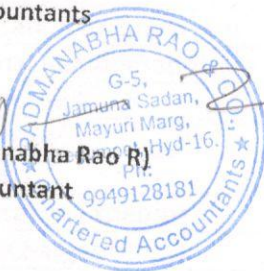


Schedule: 13 - Profit and Loss Account

Particulars	As at 31st March, 2011	As at 31st March, 2010
	In Rs	In Rs
Opening Balance	2,677,420	1,295,960
Add: Net Loss/ Deduct Profit transferred from Profit and Loss A/c	(294,066)	1,381,460
Closing Balance	2,383,354	2,677,420

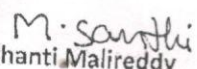
For Padmanabha Rao & Co.,
FRN:002503S
Chartered Accountants


(Ananta Padmanabha Rao R)
Chartered Accountant
Proprietor
M.No:023656



For HELAPURI SPINNING MILLS PRIVATE LIMITED

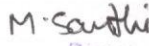

Koti Reddy Malireddy
Director


M. Santoshi
Shanti Malireddy
Director

For HELAPURI SPINNING MILLS (P) LTD.


Chairman & Managing Director

For HELAPURI SPINNING MILLS (P) LTD.


M. Santoshi
Director

HELAPURI SPINNING MILLS PRIVATE LIMITED
Profit and Loss Account for the year ended 31-3-2011

Particulas	Schedule	As at 31st March, 2011	As at 31st March, 2010
INCOME			
Income From Operations	A	198702247	-
Other Income	B	393529	13447
Transfer of Expenses		-	3938363
Increase in Stock of Finished Goods	C	6870230	-
Total		205966006	3951810
EXPENDITURE			
Materials Consumed	D	136261009	-
Compensation to Employees	E	1514168	1131700
Managerial Remuneration	F	1800000	-
Power and Fuel		13688222	98236
Rent		108000	108000
Audit Fee	G	330900	5000
Administrative Expenses	H	197505	509407
Financial Charges	I	33994698	3468657
Depreciation	J	15430255	-
Indirect taxes	K	202494	-
Rates and taxes	L	141136	-
Insurance		1474682	-
Other Manufacturing Expenses	M	412581	-
Preliminary Expenses written Off		52290	7470
Total		205607940	5328470
Net Loss Before Tax		358066	(1376660)
Add: Provision for tax		64000	4800
Net Loss / PROFIT		294066	(1381460)
Balance B.F		2677420	1295960
Loss carried to Balance Sheet		2383354	(2677420)

This is the Profit and Loss account referred to in our report of even date

For Padmanabha Rao & Co.,

FRN:0025035

Chartered Accountants

For HELAPURI SPINNING MILLS PRIVATE LIMITED

(Anantha padmanabha Rao R)

Koti Reddy Mallireddy
Director

Shanti M
Director

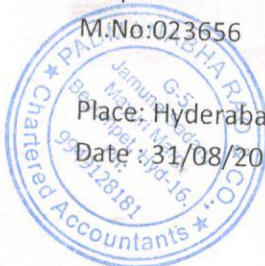
Chartered Accountant

Proprietor

M.No:023656

Place: Hyderabad

Date: 31/08/2011



For HELAPURI SPINNING MILLS (P) LTD. For HELAPURI SPINNING MILLS (P) LTD.

(Signature)
Chairman & Managing Director

(Signature)
Director

SCHEDULES TO Profit and Loss Account

Schedule A

SALES (INCOME FROM OPERATIONS)	As at 31st March, 2011	As at 31st March, 2010
20/1 Polyester Spun Yarn	5,822,597	-
30/1 Polyester Spun Yarn CST	144,331,900	-
40/1 Polyester Spun Yarn	15,757,720	-
Polyster Chip Sales	26,831,976	-
Wastage sale	1,148,812	-
Duties Recovered	4,809,242	-
Total	198,702,247	-

Schedule B

OTHER INCOME	As at 31st March, 2011	As at 31st March, 2010
Interest *		
On Bank Deposits		
Other Deposits	269,696	13,447
Total	123,833	-
	393,529	13,447

Schedule C

(increase) /decrease in stocks	As at 31st March, 2011	As at 31st March, 2010
Closing stock of finished goods	6,870,230	-
Less: Opening stock of finished goods		-
Increase in stock	6,870,230	-

Schedule D

MATERIALS :	As at 31st March, 2011	As at 31st March, 2010
Opening stock of raw materials and components		-
Add : Purchase during the year		-
Freight Charges	155,083,074	-
Packing Charges	2,224,764	-
	890	-
Less: Closing stock of raw materials and components	21,047,719	-
stores and spares consumed		-
Materials consumed	136,261,009	-

For HELAPURI SPINNING MILLS (P) LTD.

[Signature]
Chairman & Managing Director

For HELAPURI SPINNING MILLS (P) LTD.

M. Sanku
Director



Schedule E

	As at 31st March, 2011	As at 31st March, 2010
Compensation to Employees		
Compensation to Employees	1,345,608	1,109,317
Refreshment Expenses	168,560	22,383
Total	1,514,168	1,131,700

Schedule F

	As at 31st March, 2011	As at 31st March, 2010
Managerial Remuneration		
Remuneration to Managing Directors	900,000	-
Remuneration to Executive Directors	900,000	-
Total	1,800,000	-

Schedule G

		As at 31st March, 2011	As at 31st March, 2010
Audit Fee			
Statutory Audit	111000		
Tax Audit	50000		
Taxation	50000		
project prperation	89000		
Service Tax	30900		
		330,900	5,000

Schedule H

	As at 31st March, 2011	As at 31st March, 2010
OTHER ADMINISTRATIVE EXPENSES		
Postage and Corier Charges	1,945	-
Travelling Expenses	195,560	-
Other Administrative expenses	197,505	509,407

Schedule I

	As at 31st March, 2011	As at 31st March, 2010
INTEREST AND FINANCIAL CHARGES		
Interest on Term Loan	30,990,781	3,468,657
Interest on Cash Credit	2,636,290	-
Interest on Deposit loans	182,201	-
Bank Charges	185,426	-
Total	33,994,698	3,468,657



Schedule J

DEPRECIATION on	As at 31st March, 2011	As at 31st March, 2010
Electrical Installation	889,282	-
Factory Building	3,971,298	-
Plant and Machinery	10,569,675	-
Land and Land Development	-	-
Total	15,430,255	-

Schedule K

Indirect Taxes	As at 31st March, 2011	As at 31st March, 2010
Service Tax	48,116	-
APVAT	154,378	-
TOTAL	202,494	-

Schedule L

Rates and Taxes	As at 31st March, 2011	As at 31st March, 2010
Panchayat Taxes etc	102,648	-
Factory License	17,210	-
Professional Tax	18,020	-
Other taxes	3,258	-
Total	141,136	-

Schedule M

Other Manufacturing Expenses	As at 31st March, 2011	As at 31st March, 2010
Tapes Expenses	38,464	-
Adhesives	336	-
Miscellaneous Material	367,133	-
Machine Repares	6,648	-
Total	412,581	-

For Padmanabha Rao & Co.,

FRN:0025035

Chartered Accountants

For Helapuri spinning mills private limited

(Ananta Padmanabha Rao R)
Chartered Accountant
Proprietor
M.No:023656
9949128181
Place: Hyderabad
Date: 31/08/2011

Koti Reddy Malireddy
Director

M. Santhi
Shanti M
Director

For HELAPURI SPINNING MILLS (P) LTD.

Chairman & Managing Director

For HELAPURI SPINNING MILLS (P) LTD.

M. Santhi
Director

SCHEDULE 14 - Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2011**COMPANY OVERVIEW:**

Helapuri Spinning Mills Private Limited incorporated in accordance with the provisions of the Companies Act, 1956 of India is a limited liability company and the Company is primarily into manufacturing of Synthetic Yarn and have set up spinning mill with a production capacity of 13480 spindles to produce Polyester spun Yarn. Further the company also envisages expansion of the capacity by 12096 spindles during the F.Y. 2011-201.

Significant accounting policies**a. Basis of preparation of financial statements**

The financial statements are prepared in accordance with accounting principles generally accepted ('GAAP') in India under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956 pronouncements of The Institute of Chartered Accountants of India ('ICAI'), other relevant provisions of the Act.

b. Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debtors and other receivables, provision for inventories, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

c. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprise of purchase price, freight, non-refundable duties, taxes and any other cost attributable to bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready for its intended use. Assets retired from active use and held for disposal are stated at their estimated net realisable values or net book values, whichever is lower. Advances paid towards the acquisition of fixed assets and outstanding at each balance sheet date and the cost of assets under construction are disclosed as capital work-in-progress.



d. Depreciation

Depreciation is provided on straight line method ('SLM') based on useful lives of the assets as estimated by management which coincides with the rates prescribed under Schedule XIV to the Act. Depreciation on sale/discarded from fixed assets provided for up to the date of sale / discarded as the case may be. Individual assets acquired for Rs. 5000 or less are entirely depreciated in the year of acquisition.

e. Intangible assets

Intangible assets are recorded at the consideration paid for acquisition. Intangible assets are amortized over a period of 6 years, on a straight line basis.

f. Impairment of assets

The carrying of amounts of assets, both tangible and intangible, are viewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

g. Government grants

Government grants relating to specific fixed assets are adjusted against the cost of underlying fixed assets and revenue grants are credited to Profit and loss Account on a systematic basis in the profit and loss account over the periods necessary to match them with the related costs which they are intended to compensate.

h. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary, in the value of the investments.

i. Inventory: Raw material, packaging material, stores and spare parts are carried at lower of cost and net realizable value. Cost includes purchase price excluding taxes those are subsequently recoverable by the enterprise from the concerned revenue authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used. The carrying cost of raw materials, packaging materials and stores and spare parts are appropriately written down when there is a decline in replacement cost of such materials and finished products in which they will be incorporated are expected to be sold below cost.



Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realizable value. Cost of work in progress and manufactured finished goods is determined on weighted average basis and comprises cost of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on weighted average basis. Excise duty liability is included in the valuation of closing inventory of finished goods.

j. Research and Development

Revenue expenditure on research and development is expensed as incurred. Capital expenditure incurred on research and development is capitalized as fixed assets and depreciated in accordance with the depreciation policy of the company.

k. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue measured and collectability is reasonably assured.

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of products are transferred to the customers. Revenue from domestic sales of products is recognized on dispatch of products from the factory to stockiest by clearing and forwarding agents of the company. Revenue from export sales is recognized on shipment of products.

Revenue from product sales is stated exclusive of returns, sales tax and applicable trade discounts and allowances.

Service income is recognized as per the terms of contracts with customers when the related services are performed, or the agreed milestones are achieved.

Dividend income is recognized when the unconditional right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognized on the time proportionate methods taking into account the amount outstanding and the rate applicable.

Export entitlements are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

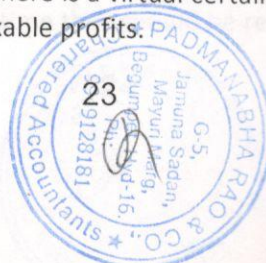
Revenue from licensing and long term supply arrangements is recognized in the period in which the Company completes all its performance obligations.

l. Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian income tax act, 1962. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods. Deferred taxes are measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that they can be realized against future taxable profits.



Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each balance sheet date.

The company writes – down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the ICAI, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

m. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n. Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction ; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of the monetary items or on reporting Groups monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements , are recognized as income or as expenses in the year in which they arise, except in the case of exchange differences arising on a monetary item that , in substance , forms part of an enterprise's net investment in a non-integral foreign operation has been accumulated in a foreign currency translation reserve in the enterprise's financial statements until the disposal of the net investment , at which time they should be recognised as income or expenses.



o. Employee Benefits**Leave Encashment**

As per the Company's policy, leave s can be accumulated by the employees and carried forward to future periods either to be utilized during the service, or encashed. Encashment can be made during service or on resignation, or retirement of the employee. The value of benefits is determined based on an independent actuarial valuation using the projected unit credit method as at the year end. Actuarial gains and losses are recognized immediately in the profit and loss account.

p. Leases

Where the lessor effectively retains all risk and benefits of ownership of the leased items, such leases are classified as operating lease. Operating lease payments are recognized as an expense in the profit and loss account on a straight line basis.

q. Provisions and contingent liabilities

A provision is recognized when the company has a present obligation as a result of past event i.e., it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A Disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

Notes to Accounts**1.0 Remuneration to Auditor:**

PARTICULARS	FOR THE PERIOD ENDED 31-03-2011	FOR THE PERIOD ENDED 31-03-2010
Statutory Audit Fee	111000	5,000
Project Report Validation fee	89000	0
Tax Audit fee	50000	0
Taxation Services	50000	0
Service tax thereon	30090	0
Totals:	Rs.3,30,090	5,000

2.0 Managerial Remuneration:

Managing Director:

Executive Director:

Total:

Rs
900000/-
900000/-
1800000/-



3.0 Foreign Currency Transactions:

Foreign Exchange Inflow: FOB Value of Sales: Rs.2,18,28,110/-
 Foreign Exchange Outflow: Nil

4.0 The Additional information pursuant to the Part II of Schedule VI to the Act to the extent applicable:

LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION:

Licensed Capacity: Not Applicable

Installed Capacity: 13480 spindles for production of Polyester Spun Yarn

Actual Production in Kgs As certified by Management:

Particulars	Production	Sales	Closing stock
20/1 P.S.Yarn	51904	51904	Nil
30/1 PS Yarn	953621	940549	1307
40/1 PS Yarn	118686	93162	2552

Raw Materials Staple Fibre: in Kgs

PURCHASES	ISSUES	CLOSING BALANCE
15,12,652	13,46,214	1,66,438

5.0 Contingent Liabilities in respect of

- Claims against the company not acknowledged as debts – NIL
- Estimated amount of contracts remaining to be executed on capital account not provided for: Rs.4.72 Crores as follows:
 - Construction of Phase II of the factory building: Rs.1.50 Crores
 - Electrical Work: Rs.1.50 Crores
 - Purchase of Property: Rs.0.22 Crores
 - Purchase of Machinery: Rs.1.50 Crores
- Counter Guarantee issued to Indian Overseas Bank: Rs.1 Crore;

6.0 The Account balances of debtors and creditors accounts are subject to confirmation.

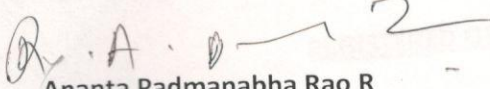
7.0 On the basis of the information and records available with management, there are no dues/overdue principal amounts payable to micro and small enterprises as at 31st March 2010 and there is no interest is paid / payable for the year ended 31st March 2011.

8.0 The Previous year figures are regrouped / rearranged to confirm to current period presentation.



For PADMANABHA RAO & CO
FRN 002503S
CHARTERED ACCOUNTANTS

For Helapuri Spinning Mills Private Limited



Ananta Padmanabha Rao R
Chartered Accountant
Proprietor
M No 023656

SD

Koti Reddy Malireddy

SD

Shanti Malireddy

Hyderabad
31st August, 2011

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