

10-11

SRI BALAGANAPATHY MILLS LIMITED
Formerly Shree Palaniappa Spinning Mills Limited
REGD . OFFICE : 37/2A1, SRIVILLIPUTUR SIVAKASI ROAD,
MALLI VILLAGE, SRIVILLIPUTTUR

Directors

: Shri. S. RAMESH
Smt. USHA RAMESH
Shri. K. SUBRAMANYAM
Shri. R. SUDHARSHAN
Shri. S.V. NATARAJAN

Bankers

: INDIAN OVERSEAS BANK
Gemini Circle Branch,
Cathedral Road
Chennai - 600086.

Auditors

: SRI & CO.
Chartered Accountant
27 II Floor,
T.Nagar,
Chennai - 600 017.

Registered Office

: Survey No.37/2A.1,
Srivilliputtur - Sivakasi Road,
Malli Village - 624 141.

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NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the members of the Company will be held at the Registered Office of the Company on 29th September 2011 at 10.00 Hrs to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the period ended 31st March 2011 the Balance Sheet as on that date, the Auditor's Report and the Directors' Report.
2. To appoint a director in place of Mr.K. Subramanyam who retires by rotation and being eligible offer himself for reappointment.
3. To appoint a director in place of Mr. R. Sudharsan who retires by rotation and being eligible offer himself for reappointment.
4. To appoint Auditors and fix their remuneration.

/ By Order of the Board/

Date: 1st September 2011

for SRI BALAGANAPATHY MILLS LIMITED

Place: Malli Village


CHAIRMAN

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend the meeting and vote on a poll instead of himself. A proxy need not be a member of the Company. Proxies in order to be effective must be received at the Company's Registered Office not less than forty eight hours before the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.
3. The register members and share transfer books of the Company will remain closed from 16th Sep 2011 to 28th Sep 2011 (both days inclusive).

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DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the annual report on the working of the Company together with the Audited Accounts for the period ended 31st March 2011

Financial Performance:

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
Sales	73,398,691	56,729,219
Conversion Charges	0	0
Other Income	149,574	60,712
Total Income	73,548,265	56,789,931
Less: Total Expenditure (Excluding Depreciation & Financial Expenses/Interest)	73,959,629	54,876,391
Profit Before interest, depreciation & Tax	-411,364	1,913,540
Less: Financial Expenses/Interest	1,507,125	1,413,377
Profit/(Loss) before depreciation & Tax	-1,918,489	500,163
Less: Depreciation	2,603,957	2,534,083
Profit/(Loss) before Tax	-4,522,446	-2,033,920
Less: Provision for Taxation	Nil	Nil
Net Profit/(Loss)	-4,522,446	-2,033,920

Review of Operations:

Due to the high cotton prices and low yarn prices and Government implement the power cut, the company is incurring loss. Your Company is confident that it will overcome the crisis and further improve the performance during the current year under review.

Dividend:

On account of carry forward losses and also to strengthen the net worth of the company the Directors do not recommend any dividend for the year.

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Board of Directors:

Mr.K. Subramanyam who retires by rotation at the ensuring annual general meeting being eligible, offer himself for reappointment.

Mr.R. Sudharsan who retires by rotation at the ensuring annual general meeting being eligible, offer himself for reappointment.

Deposits:

The company has not accepted deposits during the year under review.

Auditors:

The retiring auditors M/s.Sri & Co, Chartered Accountants, Chennai is eligible for reappointment.

Addendum to the Auditors Report Pursuant to Section 217 of the Companies Act 1956

With reference to the observation of the Auditors in Point No. 2 (f) (i) of the auditors report, the Board wish to bring to the notice of the members that the Company is taking steps for complying the same.

With respect to Point No. 2(f) (ii) of the auditors report, the Company wish to state that since there is no virtual certainty of profit, the Company has not provided Deferred Tax Liability.

With respect to Point No. 10 of Annexure to the auditors report, the Company wish to state that the Company is taking efforts for complying the same

Secretarial Compliance Certificate:

Secretarial Compliance certificate pursuant to Sec 383A (1) of the Companies Act, 1956 is attached herewith.

Particulars of Certain Employees:

There is no employee in the Company whose remuneration in aggregate exceeding Rs.60,00,000/- during the current year or Rs.5,00,000/- per month when employed part of the year.

Particulars as required under section 217(2A) and 217(1)(e) of the companies Act, 1956:

Information as per section 217(2A) & 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to this report.

Directors Responsibility Statement under section 217(2AA) of the Companies Act, 1956:

Your Directors State:

- 1 That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- 2 That they had selected such accounting policies and applied them consistently and made judgements 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 and loss of the company for that period.
- 3 That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- 4 That they had prepared the annual accounts on a going concern basis.

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Corporate Governance:

Pursuant of Clause 49 of the Listing Agreement with the Stock Exchange, a Report on Corporate Governance with Auditor's Certificate on compliance with conditions of Corporate Governance and a Management Discussion & Analysis Report have been attached to form part of the Annual Report

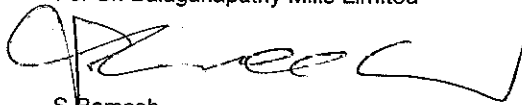
Personal & Industrial relations:

Industrial relation were very much satisfactory. The board wishes to place on record its appreciation for the efforts put in by the employees.

ACKNOWLEDGEMENT:

The Board places on record its grateful appreciation for the continued support and cooperation received from the shareholders, customers, suppliers, banks and Government Department. The Directors record their special appreciation to a the employees for their committed services.

For and or behalf of the Board
For Sri Balaganapathy Mills Limited



S. Ramesh
Director

Place: Malli Village
Date: 1st September 2011

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

I. INDUSTRY STRUCTURE AND DEVELOPMENTS:

The removal of quota system in Global Trade has generated lot of enthusiasm and activities for increasing the capacities in spinning industry. The Indian textile industry is gearing up by going in capacity expansion, modernization, backward and forward integration etc.

II OPPORTUNITIES AND THREATS:

The globalization of Textile Trade has thrown open opportunities to have access to any market in the market in the World provided the customers are attracted by the products which are offered. In this scenario, Quality, Price and delivery will be the determinant factors in market share.

III SEGMENT WISE OR PRODUCT WISE PERFORMANCE:

As the Operations of the Company are under one segment only, no further analysis is needed.

IV OUTLOOK:

As the textile industry is reeling under high cotton prices, the outlook for the year 2010 -11 is not bright.

V RISKS AND CONCERNS:

The Indian Textile Industry continues to suffer from high cost of production on account of high power cost and Power Cut implemented by the Government of Tamilnadu and lower labour productivity. Government is yet to come up with labour legislation to free the industry from the present laws which are not conducive to increase the productivity it is also a matter of concern that still outmoded regulations like Hank yarn obligation, Reservation of Handloom etc are continue to be implemented.

VI INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an adequate internal control system commensurate with its size and business. Management has overall responsibility for the Company's internal control system to safeguard the assets and to ensure reliability of financial records.

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VII DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Due to power cut implement by the Government of Tamilnadu

VIII MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS:

There were regular shortage of manpower which affect the performace of the Company.To avoid such situations the Company plans to implement new schemes and also to improve the infrastructure in the company quarters.

For and on behalf of the Board
For Sri Balaganapathy Mills Limited



S.Ramesh
Director

Malli Village
1st September 2011

SRI BALAGANAPATHY MILLS LIMITED
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REPORT ON CORPORATE GOVERNANCE:

1 COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Sri Balaganapathy Mills Limited (SBML) has always been committed to achieve the highest standards of quality and business integrity. We have continually striving to reinforce our commitment which helped us to build a valuable reputation for integrity. We strongly believe that adherence to through sound principles of corporate governance through corporate fairness, transparency and accountability is vital to conduct ethical business, protect Company's reputation and gain investor confidence and customers goodwill.

2 BOARD OF DIRECTORS and MEETINGS:

The Present strength of the Board is 5, out of which 3 are Independent non - executive directors. The Board meetings held during the period ended 31.03.2011 on 09th April 2010 , 07th July 2010, 1st September 2010, 07th October 2010 and 04th January 2011. In the Board meetings all the Directors attended the Board meetings

3 AUDIT COMMITTEE:

Since the paid up capital of the Company is less than Rs.5 Crores, no audit committee has been formed by the Board and the functions are discharged by the Board of Directors in their Board Meetings.

4 SHARE TRANSFER COMMITTEE:

The Board has delegated the power of approving the transfer, transmission etc of securities to the Chairman and one Director.

5 DIRECTOR'S REMUNERATION:

In order to strengthen the financial position of the Company, the Director's have not taken any remuneration from the Company for the services rendered by them. The Director's are not paid sitting fees also.

6 SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

There were no complaints received from the members during the year and no complaints are pending for disposal.

7 GENERAL SHAREHOLDER INFORMATION:

The last annual general meeting of the Company held on 29th September 2010 at the Registered Office of the Company . The Company's shares are not traded in any stock exchanges during the year. The Company's Share Transfer Agent is M/s.Cameo Corporate Services Limited, Subramanian Building , No.1 Club House Road, Chennai. The Company has not yet undertaken dematerialization of its shares. The Registered Office and plant location are one and the same and Company does not have any other place of business.

For and On behalf of the Board
For Sri Balaganapathy Mills Limited



S. Ramiah
Director

Malli Village
01st September 2011

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ANNEXURE TO DIRECTORS REPORT

Particulars pursuant to the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

CONSERVATION OF ENERGY

- | | | | |
|----|--|---|--|
| a) | Energy Conservation measures taken | : | Power Capacitors are provided to ensure saving in energy |
| b) | Additional investments and proposal being implemented for reduction of consumption of energy | : | NIL |
| c) | Impact of measures (a) & (b) for reduction of energy consumption and consequent impact on cost of production | : | Not ascertainable |
| d) | Total energy consumption and energy consumption per unit of production | : | As prescribed in form A |

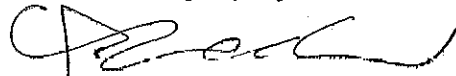
TECHNOLOGY ABSORPTION

Efforts made in technology absorption : As prescribed in Form B

FOREIGN EXCHANGE EARNING & OUT GO-NIL

Malli Village
1st September 2011

For Sri Balaganapathy Mills Limited



S. Ramesh
Director

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FORM A
Form for Disclosure of Particulars with respect to
Conservation of Energy

A.	POWER AND FUEL CONSUMTION	31/03/2011	31/03/2010
	a) PURCHASED		
	Units	1191307	1223578
	Total Amount	5752119	5525982
	Rate per Unit Rs.	4.83	4.52
	b) OWN GENERATION THROUGH DIESEL GENERATOR		
	Units	NIL	0
	Units per Litre of Diesel	NIL	0.00
	Cost per unit	NIL	0.00
B.	COAL	NIL	NIL
C.	Furnace Oil (Low sulphur High stock Oil)		
	Quantity	NIL	NIL
	Total Cost	NIL	NIL
	average Rate	NIL	NIL
D.	Other/ Internal generation	NIL	NIL
E.	CONSUMPTION PER UNIT OF PRODUCTION OF YARN		
	Electricity per kg. of production of yarn	2.5	3.03
	Furnance Oil (Low sulphur High stock Oil) kg per meter		

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FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

RESEARCH & DEVELOPMENT (R AND D)

- | | |
|--|-----|
| 1 Specify areas in which R & D carried out by the Company | NIL |
| 2 Benefits derived as a result of the above R & D | NIL |
| 3 Future Plan of action | NIL |
| 4 Expenditure on R & D | |
| a) Capital | NIL |
| b) Recuring | NIL |
| c) Total | NIL |
| d) Total R & D expenditure as Percentage of total turnover | NIL |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION - NOT APPLICABLE

- 1 Efforts, in brief, made towards technology Absorption, Adaptation and innovation
- 2 Benefits derived as a result of the above efforts e.g. product improvement, cost Reduction, product development, import substitution etc.
- 3 In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) following information may be furnished
 - a) Technology Imported
 - b) Year of Import
 - c) Has Technology been fully absorbed
 - d) If not fully, absorted, areas where This has not taken place reasons there For and future plans of action

Malli Village
01st September 2011

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Certificate On Corporate Governance

To the members of Sri Balaganapathy Mills Limited

We have examined the compliance of conditions of Corporate Governance by Sri Balaganapathy Mills Limited, for the year ended 31st March 2011 as stipulated in clause 49 of the listing agreement of the said company with stock exchange in India.

The Compliance of conditions of Corporate governance is the responsibility of the company's management. Our examination was limited to the procedures are 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 statement of the company.

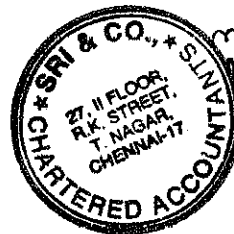
In our opinion and to the best of our information and according to the explanations given to us and representations made by the management, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreements.

We state that in respect of investor grievances received during the year ended March 31, 2011 no investor grievances are pending for a period exceeding one month against the company, as per the records maintained by the company which are presented to the shareholders/investors grievance committee.

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

For SRI & CO
CHARTERED ACCOUNTANTS

Chennai
01st September 2011



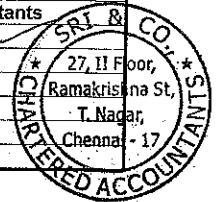
M. B. SRINIVASAN
Partner

SRI BALAGANAPATHY MILLS LIMITED

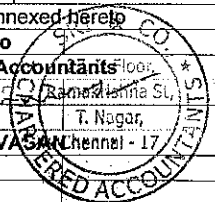
[Formerly Known as Shree Palaniappa Spinning Mills Limited]

BALANCE SHEET AS ON 31st MARCH 2011

PARTICULARS	Schedule	31.03.2011	31.03.2011	31.03.2010	31.03.2010
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Share Capital	1	33,000,000		33,000,000	
Reserves & Surplus	2	1,682,674		1,682,674	
			34,682,674		34,682,674
LOAN FUNDS					
Secured Loans	3	12,398,934		15,479,834	
Unsecured Loans	4	12,370,564		9,561,356	
			24,769,498		25,041,190
TOTAL			59,452,172		59,723,864
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5				
Less : Depreciation		59,765,557		61,299,676	
Net Block		31,777,379		31,760,075	
			27,988,178		29,539,601
INVESTMENTS					
	6		341,520		341,520
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	7	12,521,354		12,177,519	
Sundry Debtors	8	888,409		604,078	
Cash & Bank balances	9	153,249		94,394	
Loans & Advances	10	1,765,351		7,685,523	
		15,328,362		20,561,515	
Less : Current Liabilities & Provisions	11	2,767,062		4,757,499	
Net Current Assets			12,561,302		15,804,016
MISCELLANEOUS EXPENDITURE					
Profit & Loss a/c - Debit Balance			18,561,173		14,038,727
TOTAL			59,452,172		59,723,864
			As per our report of		
			even date annexed hereto		
			For Sri & Co		
			Chartered Accountants		
			M.B. SRINIVASAN		
			Partner		
Chennai	S. Ramesh	S.V.Natarajan			
Date : 01.09.2011	Director	Director			



SRI BALAGANAPATHY MILLS LIMITED					
<i>[Formerly Known as Shree Palaniappa Spinning Mills Limited]</i>					
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011					
PARTICULARS	Schedule	31.03.2011	31.03.2011	31.03.2010	31.03.2010
		Rs.	Rs.	Rs.	Rs.
A. INCOME					
Sales	12	73,398,691		56,729,219	
Other income	13	149,574		60,712	
TOTAL (A)			73,548,265		56,789,931
B. EXPENDITURE					
Raw materials consumed	14	56,445,486		37,865,525	
Stores consumption	15	1,647,734		1,522,217	
Power & fuel cost		5,926,768		5,853,512	
Salaries, Wages & benefits	16	8,904,022		6,681,691	
Repairs and maintenances	17	888,293		1,046,497	
Interest	18	1,507,125		1,413,377	
Other Administrative Expenses	19	3,484,868		1,605,169	
Depreciation		2,603,957		2,534,083	
		81,408,254		58,522,071	
Less: Increase/Add: (Decrease) in stock	20	3,337,543		-301,780	
TOTAL (B)			78,070,711		58,823,851
Net Profit/(Loss) for the year (A) - (B)			-4,522,446		-2,033,920
Profit/(Loss) brought forward			-14,038,727		-12,004,807
Balance carried to Balancesheet			-18,561,173		-14,038,727
Schedules 12 to 20 from part of this Profit and Loss account As per our report of evendate annexed hereto					
			As per our report of evendate annexed hereto		
			For Sri & Co Chartered Accountants		
			M.D. SRINIVASAN Partner		
Chennai	S. Ramuch	S.V. Natarajun			
Date: 01.09.2011	Director	Director			



SRI BALAGANAPATHY MILLS LIMITED

[Formerly Known as Shree Palaniappa Spinning Mills Limited]

SCHEDULES TO BALANCE SHEET AS ON 31.03.2011

PARTICULARS	Schedule	31.03.2011	31.03.2011	31.03.2010	31.03.2010
		Rs.	Rs.	Rs.	Rs.
SHARE CAPITAL	1				
AUTHORISED					
40,00,000 EQUITY SHARES OF					
Rs. 10 EACH			40,000,000		40,000,000
TOTAL			40,000,000		40,000,000
ISSUED & SUBSCRIBED & PAIDUP					
33,00,000 Equity shares of					
Rs. 10/- each fully paid up		33,000,000		33,000,000	
TOTAL			33,000,000		33,000,000
RESERVES & SURPLUS	2		1,682,674		1,682,674
SECURED LOANS	3				
From IOB, Gemini Circle Branch					
Cash Credit Loan		12,346,989		14,400,213	
Interest Free Sales Tax Deferral Loan			12,346,989		14,400,213
			51,945		1,079,621
TOTAL			12,398,934		15,479,834
UNSECURED LOANS	4				
From the Directors of the Company		7,453,543		6,248,356	
From Others		4,917,021		3,313,000	
TOTAL			12,370,564		9,561,356
INVESTMENTS	6				
1 Bank of India Shares of Rs. 10					
each with a premium of Rs. 35/- per share		81,000		81,000	
26052 shares of Operational Energy Group					
India Pvt. Ltd of Rs. 10/- each		260,520		260,520	
TOTAL			341,520		341,520

SRI BALAGANAPATHY MILLS LIMITED

[Formerly Known as Shree Palaniappa Spinning Mills Limited]

SCHEDULES TO BALANCE SHEET AS ON 31.03.2011

PARTICULARS	Schedule	31.03.2011	31.03.2011	31.03.2010	31.03.2010
		Rs.	Rs.	Rs.	Rs.
INVENTORIES	7				
(As Certified by the Managing Director of the Company)					
Raw materials at cost		6,282,373		9,073,954	
Stock in process		4,805,520		1,665,254	
Finished Goods		502,749		305,472	
Waste Cotton		365,517		552,645	
Stores and spares at cost		565,195		580,194	
TOTAL			12,521,354		12,177,519
SUNDRY DEBTORS	8				
Outstanding for a period less than six months		732,409		604,078	
Other debts		156,000		-	
TOTAL			888,409		604,078
CASH & BANK BALANCES	9				
Cash in hand		105,106		41,243	
Cash at Bank - With Scheduled Banks		48,143		-	
In Current account		-		53,151	
TOTAL			153,249		94,394
LOANS & ADVANCES	10				
Deposit With TNEB		976,940		543,939	
Telephone Deposit		20,000		20,000	
Tax Deducted at Sources		511,153		519,454	
Central Excise Duty		784		784	
Advance for spares		-		144,882	
Advance for Machinery		-		100,000	
Advance for Cotton		-		6,110,048	
Advance to workers		210,126		137,272	
Prepaid Insurance		5,554		7,726	
Input credit		-		60,624	
Input credit		-		60,624	
Input credit		6,594		6,594	
Input credit		34,200		34,200	
TOTAL			1,765,351		7,685,523
CURRENT LIABILITIES & PROVISIONS	11				
Sundry Creditors					
Liability for purchase of raw materials		-		2,019,065	
Liability for purchase of spares, stores etc		413,806		732,844	
Liability for expenses		1,036,403		1,262,171	
Liability for Tax		50,226		-	
Advance for yarn		329,850		-	
Due to Directors		54,653		54,621	
Provision for Expenses		882,124		688,798	
TOTAL			2,767,062		4,757,499

SRI BALAGANAPATHY MILLS LIMITED

[Formerly Known as Shree Palaniappa Spinning Mills Limited]

SCHEDULES TO PROFIT AND LOSS ACCOUNT

PARTICULARS	Schedule	31.03.2011	31.03.2011	31.03.2010	31.03.2010
		Rs.	Rs.	Rs.	Rs.
SALES	12				
Yarn Sales - Local		73,265,500		54,727,770	
Yarn Sales - other state		-		1,385,000	
Waste cotton		133,191		616,449	
TOTAL			73,398,691		56,729,219
OTHER INCOME	13				
Interest on IT Refund		1,224		-	
Interest received		53,489		46,312	
Hank yarn obligation fees		82,261		-	
Dividend recieved		12,600		14,400	
TOTAL			149,574		60,712
RAW MATERIAL CONSUMED	14				
Opening stock of Rawmaterials		9,626,599		4,603,272	
ADD: Purchases during the year		53,466,777		42,888,852	
LESS: Closing stock		6,647,890	56,445,486	9,626,599	37,865,525
TOTAL			56,445,486		37,865,525
STORES CONSUMPTION	15				
Stores and spares		1,065,053		928,429	
Packing materials		582,681	1,647,734	593,788	1,522,217
TOTAL			1,647,734		1,522,217
SALARIES, WAGES & BENEFITS	16				
Wages & Office Staff salaries		3,503,154		5,470,304	
Salary to Director		360,000		-	
Contribution to ESI & PF.		285,405		259,000	
Gratuity		-		4,000	
Bonus		521,645		-	
Contingency Expenses		2,623,371		-	
Medical Expense		99,214		-	
Welfare and Conveyance expenses		1,511,233		948,387	
TOTAL			8,904,022		6,681,691

SRI BALAGANAPATHY MILLS LIMITED

[Formerly Known as Shree Palaniappa Spinning Mills Limited]

SCHEDULES TO PROFIT AND LOSS ACCOUNT

PARTICULARS	Schedule	31.03.2011	31.03.2011	31.03.2010	31.03.2010
		Rs.	Rs.	Rs.	Rs.
REPAIRS AND MAINTENANCES	17				
Repairs to machineries		364,186		394,170	
Repairs & maintenances of vehicles		495,282		425,731	
Repairs to building & others		28,825		226,597	
TOTAL			888,293		1,046,497
INTEREST	18				
Interest on Loans		1,445,700		1,220,621	
Interest - others		61,425		192,756	
TOTAL			1,507,125		1,413,377
OTHER ADMINISTRATIVE EXPENSES	19				
Advertisement		1,800		6,864	
Audit Fee & Expenses		264,030		4,738	
Bad Debts Written Off		-		79,158	
Bank charges		30,417		60,867	
Banking Cash Transaction Tax		-		-	
Brokerage		-		318,453	
Cleaning Exp		86,026		78,730	
Consultancy & legal Exp		38,329		14,648	
Directors Travelling Expenses		-		-	
Freight inwards		69,621		46,414	
Fringe Benefit Tax		7,686		-	
Insurance		37,488		69,347	
Loss on sale of Asset		740,707		-	
Miscellaneous expenses		154,972		459,098	
Penalty		191,389		-	
Pooja Expense		103,184		-	
Postage and telephone and telegram		58,126		52,974	
Printing and Stationary		45,849		61,222	
Reeling charges		918,238		1,337	
Rent, Rates and taxes and licence fees		89,459		48,538	
Security Service charges		19,710		59,100	
Service Tax		46,411		14,629	
Subscription to Association		3,000		-	
Testing charges		10,308		-	
Travelling & Local Conveyance expenses		550,504		229,052	
Van hire charge		17,635		-	
TOTAL			3,484,868		1,605,169
INCREASE/(DECREASE) IN STOCK	20				
OPENING STOCK					
Finished goods		305,472		924,862	
Cotton waste		-		51,004	
Stock-in-process		1,665,254		1,296,640	
			1,970,726		2,272,506
IFSS: CLOSING STOCK					
Finished goods		502,749		305,472	
Cotton waste		-		-	
Stock-in-process		4,805,520		1,665,254	
			5,308,269		1,970,726
INCREASE/DECREASE IN STOCK			3,337,543		301,780

SRI BALAGANAPATHY MILLS LIMITED, MALLI
 [Formerly Known as Sree Palaniappa Spinning Mills Limited]
SCHEDULE OF DEPRECIATION AS ON 31.03.2011

ASSETS	Rate of Depreciation	GROSS BLOCK				5%	95%	UP TO		DEPRECIATION		NET BLOCK	
		AS ON	ADDITION	DELETION	AS ON			FOR THE	WITH-	UPTO	As on	As on	
		01.04.10	Rs.	Rs.	31.03.11			YEAR	DRAWAL	31.03.11	31.03.11	31.03.10	
					Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
LAND	NA	286,517	-	-	286,517	-	-	-	-	-	-	286,517	286,517
BUILDING													
FACTORY	3.34%	18,393,902	-	-	18,393,902	919,895	17,474,207	7,757,847	583,839	-	8,341,186	10,052,716	10,636,355
OFFICE	1.63%	650,672	-	-	650,672	32,534	618,138	176,677	10,076	-	188,753	483,919	473,995
LABOUR HOSTEL	1.63%	1,009,582	486,746	-	1,496,328	74,816	1,421,512	46,167	18,904	-	65,072	1,431,256	963,415
PLANT & MACHINERY	4.75%	38,007,790	1,618,745	3,678,360	36,948,175	1,847,409	35,100,766	22,314,801	1,825,250	2,586,653	21,553,398	15,394,777	16,692,989
OFFICE EQUIPMENT	4.75%	131,923	-	-	131,923	6,596	125,327	16,662	5,953	-	22,615	109,308	115,261
KITCHEN EQUIPMENT	4.75%	6,514	15,500	-	22,014	775	14,725	6,514	489	-	7,003	15,011	-
FURNITURE & FITTINGS	6.33%	364,729	3,000	-	367,729	18,386	349,343	282,324	22,060	-	284,384	83,345	102,405
COMPUTER	16.21%	93,134	20,250	-	113,384	5,669	107,715	49,942	15,306	-	65,248	48,136	43,192
VEHICLE	9.50%	1,354,913	-	-	1,354,913	67,748	1,287,167	1,129,440	122,281	-	1,251,721	103,192	225,473
TOTAL		61,299,676	2,144,241	3,678,360	69,765,557	2,973,626	66,498,900	31,760,075	2,603,957	2,586,653	31,777,379	27,988,178	29,539,601

SRI BALAGANAPATHY MILLS LIMITED

[Formerly Known as Shree Palaniappa Spinning Mills Limited]

SCHEDULES TO PROFIT AND LOSS ACCOUNT

PARTICULARS	Schedule	31.03.2011	31.03.2011	31.03.2010	31.03.2010
		Rs.	Rs.	Rs.	Rs.
REPAIRS AND MAINTENANCES	17				
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Freight inwards		69,621		46,414	
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Insurance		37,488		69,347	
Loss on sale of Asset		740,707		-	
Miscellaneous expenses		154,972		459,098	
Penalty		191,389		-	
Pooja Expense		103,164		-	
Postage and telephone and telegram		58,126		52,974	
Printing and Stationary		45,849		61,222	
Reeling charges		918,238		1,337	
Rent, Rates and taxes and licence fees		89,459		48,538	
Security Service charges		19,710		59,100	
Service Tax		46,411		14,629	
Subscription to Association		3,000		-	
Testing charges		10,308		-	
Travelling & Local Conveyance expenses		550,504		229,052	
Van hire charge		17,635		-	
TOTAL			3,484,868		1,605,169
INCREASE/(DECREASE) IN STOCK	20				
OPENING STOCK					
Finished goods		305,472		924,862	
Cotton waste		-		51,001	
Stock-in-process		1,665,254		1,296,640	
LESS: CLOSING STOCK			1,970,726		2,272,506
Finished goods		502,749		305,472	
Cotton waste		-		-	
Stock-in-process		4,805,520		1,665,254	
			5,308,269		1,970,726
INCREASE/DECREASE IN STOCK			3,337,543		301,780

SRI BALAGANAPATHY MILLS LIMITED
Formerly Shree Palaniappa Spinning Mills Limited
REGD . OFFICE : 37/2A1, SRIVILLIPUTUR SIVAKASI ROAD,
MALLI VILLAGE, SRIVILLIPUTTUR

NOTES FORMING PART OF ACCOUNTS

1.ACCOUNTING POLICIES

a) FIXED ASSETS

i. Fixed Assets are stated at historical cost of acquisition installation, commissioning less accumulated depreciation. Depreciation is charged on Straight - line method at the rate prescribed under schedule- XIV of the Companies Act, 1956, depreciation on additions/ deletions is calculated prorata from/ to the month of additions/ deletions.

b) INVENTORY

(As Certified by the Managing Director of the Company)

i.	Raw materials	:	At Cost
ii.	Finished goods (cotton yarn)	:	Lower of cost and net realisable value
iii.	Stock in process	:	At Cost
iv.	Waste & reusable cotton	:	At market price
v.	Store and Spares	:	At cost

c) SALES

Sales as reported is exclusive of Excise Duty, Sales tax, Insurance and Transportation charges and net of trade discounts, if any.

d) INCOME & EXPENDITURE

Income and expenditure have been identified based on the accrual concept of accounting

e) RETIREMENT BENEFITS

Retirement Benefit to the employees comprise of contribution to provident fund. Contributions to the provident fund and pension fund are in accordance with the Rules and charged to the profit and loss account.

e) CONTINGENT LIABILITY

Contingent liability are not generally provided for in the accounts and are shown separately in the noted on accounts.

f) INVESTMENTS

Investments, being non- trade, are valued at cost.

2 RELATED PARTY DISCLOSURES:

i) Names of related parties where control exists irrespective of whether a transaction have occurred or not:

Key Management Personnel

S.Ramesh
Usha Ramesh

Enterprises owned or controlled
by key management personnel
or their relatives

M/s.Operational Energy Group India P Limited
M/s.Pacific Supplies P Limited
M/s.Pacific Technical Services India P Limited
M/s.South Ganga Waters Technologies P Ltd
M/s.Sujay Consultancy

ii) Related party transactions:

Advances received from M/s.Pacific
Technical Services India P Limited Rs.28,00,000/-

3 Secured Loans:

i. The Company's cash credit facility is secured by the land, buildings, plant and machineries of the company and guranteed by the Directors Mr.S.Ramesh and Mrs.Usha Ramesh

4 There are no amounts due to small scale industrial undertakings outstanding for more than 30 days, based on the information available with the Company. There are no dues outstanding to any enterprises covered under Micro, Small and Medium Enterprises Development Act, 2006 based on the information available with the Company as at 31st March 2011 and 31st March 2010

5 Additional Information pursuant to Part II-4 to Schedule VI to Companies Act, 1956

a) Remuneration to Auditors

	31.3.2011	31.3.2010
	Rs.	Rs.
Stautory Audit, Tax Audit and Certification Fees	92725	59947

b) Dividend Remitted in foreign currency NIL

c) CIF value of Imports NIL

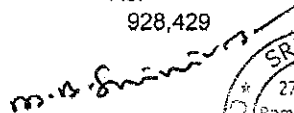
d) Consumption of Stores, spares and consumables

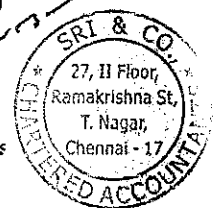
	31.3.2011	31.3.2010
	Rs.	Rs.
Consumption of Stores (Indigeneous)	1,065,053	928,429

01st September 2011
Place: Chennai


S.Ramesh
Director

S.V.Natarajan
Director


For Sri & Co.,
Chartered Accountants
M.B.Srinivasan
Partner



SRI BALAGANAPATHY MILLS LIMITED
Formerly Shree Palaniappa Spinning Mills Limited
REGD. OFFICE : 37/2A1, SRIVILLIPUTUR SIVAKASI ROAD,
MALLI VILLAGE, SRIVILLIPUTTUR

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details			
Registration No.	28309	State Code:	18
Balance Sheet Date	31 03 2011		
II. Capital raised during the year (Rs.in Lakhs)			
Public Issue		Bonus Issue	NIL
Right Issue		Private Placement	NIL
III. Position of Mobilisation and Deployment of Funds (Rs.in Lakhs)			
Total Liabilities	594.52	Total Assets	594.52
Sources of Funds			
Paid up Capital	330.00	Reserves & Surplus	16.83
Secured Loans	123.99	Unsecured Loans	123.71
Application of Funds			
Net Fixed Assets	279.88	Investments	3.42
Net Current Assets	125.61	Misc.Expenditure	0.00
Accumulated Lossess	185.61		
IV. Performance of Company (Rs.in Lakhs)			
Turn over	733.99	Total Expenditure	780.71
Profit/Loss Before Tax	-45.22	Profit/Loss after Tax	-45.22
Earning Per Share in Rs.	0	Dividend Rate%	...
V. Generic Names of Three Principal Products/Services of Company (As per monetary term)			
Item Code No.(ITC Code)	5205	Product Description	Cotton Yarn

SRI BALAGANAPATHY MILLS LIMITED
Formerly Shree Palaniappa Spinning Mills Limited

Sri Balaganapathy Mills Limited

PROXY FORM

Reg.Folio No.

No.of Shares held.

I/we _____ of _____
being a member/Members of SRI BALAGANAPATHY MILLS LTD., Survey No.37/2A.1
Srivilliputtur - Sivakasi Road, Malli Village - 626 141, hereby appoint
of _____ or failing him _____ of _____
or failing him _____ as may/our proxy to vote me/on my/our
behalf, at the Seventeenth Annual General Meeting of the Company to be held on Thursday , 29th
September 2011 at the Registered Office at 10.00 A.M.and at any adjournment thereof.

Signed

Date

Re.1/-
Revenue
Stamp

Notte: This form duly completed should be deposited at the Registered Office of the Company
48 Hours before the commencement of the meeting.

Sri Balaganapathy Mills Limited

ATTENDANCE SLIP

17TH ANNUAL GENERAL MEETING 29TH SEPTEMBER 2011

Please complete this attendance slip and hand it over at the entrance of the
Meeting Hall. Only member or their proxies are entitled to be present at the meeting

Member's Ledger Folio

No of Shares

Name and address

NAME OF THE ATTENDING MEMBER:

NAME OF THE PROXY MEMBER:

I hereby record my presence at the Seventeenth Annual General Meeting held at
Registered Office at 10.00 am on Thursday , 29th September 2011.



Sri & Co.,
CHARTERED ACCOUNTANTS

AUDITOR'S REPORT TO THE MEMBERS
OF M/S. SRI BALAGANAPATHY MILLS LIMITED
[FORMERLY KNOWN AS SHREE PALANIAPPA SPINNING MILLS LIMITED]

We have audited the attached Balance Sheet of M/s. SRI BALAGANAPATHY MILLS LIMITED as at 31st March, 2011 and the Profit and Loss Account for the year ended 31st March' 2011 annexed thereto. Preparations of these financial statements are responsibility of management of the company. Our responsibility is to express an opinion on these financial statements based on our audit

We have conducted our audit in accordance with "Auditing Standards" generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit also includes examining on test basis, the evidence supporting the amounts and disclosures in the financial statements. Further an 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.

1. As required by the "Companies (Auditors' Report) Order, 2003" issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as it appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
 - d) In our opinion, the profit and loss account and the balance sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) As per the information and explanations given to us, none of the directors of the company is disqualified from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

my

f) In our opinion and to the best of our knowledge, according to the information and explanation given to us, the said Balance sheet and the Profit & Loss account read together with the notes on accounts thereon, subject to:

i. *Note no.2 regarding non - availability of confirmation of balances from parties due to and due from the company.*

ii. *Note no.3 regarding non-provision of deferred tax liability*

Provides the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- i) In the case of "Balance Sheet", of the state of affairs of the company as on 31st March' 2011.
- ii) In the case of "Profit and Loss Account" of the loss of the Company for the year ended 31st March' 2011.
- iii) In the case of "Cash Flow Statement", of the cash flows for the year ended on that date.

For SRI & CO
CHARTERED ACCOUNTANTS



M.B. Srinivasan
M.B. SRINIVASAN
Partner

Chennai

01-09-2011

ANNEXURE REFERRED TO IN PARAGRAPH 1 ON THE AUDITORS REPORT TO THE SHAREHOLDERS OF M/S. SRI BALAGANAPATHY MILLS LIMITED (FORMERLY KNOWN AS SHREE PALANIAPPA SPINNING MILLS LIMITED) ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH' 2011.

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. All the fixed assets have been physically verified by the management once during the period, which is in our opinion, is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on verification.
2. Management has certified that, the physical verification of Inventory is made at regular intervals. The procedure of physical verification of inventory, as followed by the management is believed to be reasonable and adequate in relation to the size of the company and the nature of its business. We have not conducted any physical verification of Inventory on relying upon the Management representation for Inventory.
3. *The Company has taken interest free loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and from the companies under the same management.*
4. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and to the companies under the same management.
5. In our opinion and according to the information and explanations given to us, there are adequate Internal Control procedures commensurate with the size of the Company and the nature of its business with the regard to the fixed assets and with regard to the sale of goods
6. According to the information and explanations given to us, the Company has not entered into any transaction that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the period to Rs. 5,00,000/- or more in respect of each party.
7. The Company has not accepted any deposits from public.
8. The company has an internal audit system commensurate with its size and nature of its Business.
9. The Provision of Section 209(1)(d) of the Companies Act, 1956 regarding maintenance of Cost Records is not applicable to the company

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10. According to the records of the company, the company is not regular in paying the statutory dues such as Provident fund, Employee's state insurance fund, service tax, sales tax and Tax deducted at source.
11. The Provident fund and Employee state Insurance dues were remitted to the authorities. According to the information and explanation given to us, there are no amounts payable which are outstanding as on 31ST March' 2011 for a period of more than six months from the date they became payable.
12. The point numbers from x to xxi of paragraph - 4 of CARO 2003 are not applicable to the company, hence not reported in this report.

For SRI & CO

CHARTERED ACCOUNTANTS



M. B. Srinivasan
M. B. SRINIVASAN
Partner

Chennai,
Date: 01-09-2011

NOTES FORMING PART OF ACCOUNTS

1. Accounting Policies:

a) *Fixed Assets:*

i. Fixed Assets are stated at historical cost of acquisition, installation, and commissioning, less accumulated depreciation. Depreciation is charged on "Straight-Line Method" at the rate prescribed under schedule - XIV of the Companies Act, 1956.

ii. Depreciation on additions/deletions is calculated on pro-rata from/to the month of additions/deletions.

b) *Inventory:*

(As Certified by the Managing Director of the Company)

- | | |
|-----------------------------|---|
| i. Raw materials | : At cost |
| ii. Finished goods (yarn) | : cost or market prices whichever is lower. |
| iii. Stock in process | : At cost |
| iv. Waste & reusable cotton | : At market price |
| v. Store and Spares | : At cost |

c) *Sales:*

Sales as reported are exclusive of Excise Duty, Sales tax, Insurance and Transportation charges and net of trade discounts, if any.

d) *Revenue Recognition:*

Income and expenditure have been accounted based on the accrual concept of accounting.

e) *Contingent Liability:*

Contingent liabilities are not generally provided for in the accounts and are shown separately in the notes to accounts.

f) *Investments:*

Investments, being non - trade, are valued at cost.

2. Confirmations of balances from parties due to and due from the company have not been received by the Company.

3. The Company has not provided for deferred tax liability as per Accounting Standard 22 issued by the Institute of Chartered Accountants of India due to inadequate balance in the Reserves & Surplus.
4. Additional particulars as required in clause IV of part II of Schedule of the Companies Act, 1956, is attached.
5. Part IV Schedule of Companies Act, 1956 (As amended) Balance Sheet Abstract and Company's General Business Profile.