

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 Eighteenth Annual General Meeting of the members of the Company will be held at the Registered Office of the Company on 27th September 2012 at 12.00 P.M to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the period ended 31st March 2012 the Balance Sheet as on that date, the Auditor's Report and the Directors' Report.
2. To appoint a director in place of Smt. Usha Ramesh who retires by rotation and being eligible offer himself for reappointment.
3. To appoint Auditors and fix their remuneration.

/ By Order of the Board/

Date: 05th September 2012

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 14th Sep 2012 to 26th Sep 2012 (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 2012

Financial Performance:

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Sales	34,237,535	73,398,691
Other Income	82,508	149,574
Total Income	34,320,043	73,548,265
Less: Total Expenditure (Excluding Depreciation & Financial Expenses/Interest)	54,305,400	73,959,629
Profit Before interest, depreciation & Tax	-19,985,357	-411,364
Less: Financial Expenses/Interest	2,078,677	1,507,125
Profit/(Loss) before depreciation & Tax	-22,064,034	-1,918,489
Less: Depreciation	2,332,768	2,603,957
Profit/(Loss) before Tax	-24,396,802	-4,522,446
Less: Provision for Taxation	Nil	Nil
Net Profit/(Loss)	-24,396,802	-4,522,446

Review of Operations:

Due to the high cotton prices and low yarn prices and Government implement the power cut, the profitability of the Company is poor. Due to the above the production was stopped from 15th Feb. 2012

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:

Smt. Usha Ramesh who retires by rotation at the ensuing 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 with 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 reprot, 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 reprot, 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

Parituclars 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

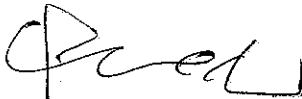
Personal & Industrial relations:

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: 05th September 2012

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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 2011-12 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 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, Reservations 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

The Company has stopped the business of conversion and started its own production of yarn. Due to recession in the industry conversion business is not forthcoming and hence own production of cotton has been started by the management.

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
05th September 2012

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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 31.3.2012 in on 08 April 2011 and 07th July 2011, 7th October 2011 and 4th January 2012. In the Board meetings all the Directors attended the Board meetings.

3 AUDITCOMMITTEE:

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 the Company Secretary.

5 DIRECTOR'S REMUNERATION:

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

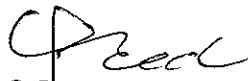
6 SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

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 2011 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. Ramesh
Director

Malli Village
05th September 2012

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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
05th September 2012

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	31/03/2012	31/03/2011
	a) PURCHASED		
	Units	697731	1191307
	Total Amount	3744568	5752119
	Rate per Unit Rs.	5.37	4.83
	b) OWN GENERATION THROUGH SOLAR ENERGY		
	Units	0	0
	Units per Litre of Diesel	0	0.00
	Cost per unit	0	0
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	2.87	2.5
	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 (RAND 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, absorbed, areas where This has not taken place reasons there For and future plans of action

Malli Village
05th September 2012

SRI BALAGANAPATHY MILLS LIMITED
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BALANCE SHEET AS ON 31ST MARCH 2012

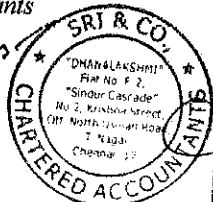
Particulars	Note No	As at 31st March 2012	As at 31st March 2011
<u>I. EQUITY AND LIABILITIES</u>			
(1) Shareholder's Funds			
(a) Share Capital	1	33,000,000	33,000,000
(b) Reserves and Surplus	2	(41,275,300)	(16,878,498)
<u>(3) Non-Current Liabilities</u>			
(a) Long-term borrowings	3	16,225,624	12,398,934
<u>(4) Current Liabilities</u>			
(a) Short-term borrowings	4	13,382,179	12,370,564
(b) Trade payables	5	5,213,377	413,806
(c) Other current liabilities	6	1,547,824	2,303,030
(d) Short-term provisions	7	35,752	50,226
		28,129,455	43,658,061
<u>II. ASSETS</u>			
<u>(1) Non-current assets</u>			
(a) Fixed assets			
(i) Tangible assets	8	25,250,397	27,988,178
(b) Non-current investments	9	81,000	341,520
<u>(2) Current assets</u>			
(b) Inventories	10	882,426	12,521,354
(c) Trade receivables	11	-	888,409
(d) Cash and cash equivalents	12	85,730	153,249
(e) Short-term loans and advances	13	772,444	768,412
(f) Other current assets	14	1,057,457	996,940
		28,129,455	43,658,061

The notes are an integral part of the these financial statements
As per our report attached.

For Sri & Co.,
Chartered Accountants

For Sri Balaganapathy Mills Limited

M.B. Srinivasan
Partner
Membership No. 027630



S.Ramesh
Director

Usha Ramesh
Director

Place: Chennai
Date: 05.09.2012

SRI BALAGANAPATHY MILLS LIMITED
Formerly Shree Palaniappa Spinning Mills Limited
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012

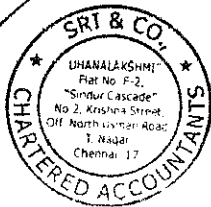
Particulars	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I. Revenue from operations	15	34,237,535	73,398,691
II. Other Income	16	82,508	149,574
		34,320,043	73,548,265
<i>IV. Expenses:</i>			
Cost of materials consumed	17	34,143,416	58,093,220
Change in Inventory of Finished Goods and WIP	17A	5,308,269	(3,337,543)
Employee benefit expense	18	8,316,276	8,904,022
Financial costs	19	2,078,677	1,507,125
Depreciation and amortization expense	8	2,332,768	2,603,957
Other expenses	20	6,537,440	10,299,929
		58,716,845	78,070,710
Profit Before Tax		(24,396,802)	(4,522,445)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI. Profit(Loss) from the period from continuing operations		(24,396,802)	(4,522,445)

The notes referred to above an integral part of profit and loss accounts.

For Sri & Co.,
Chartered Accountants

For Sri Balaganapathy Mills Limited

M.B. Srinivasan
Partner
Membership No. 027630
Place: Chennai
Date: 05.09.2012



S. Ramesh
Director

Usha Ramesh
Director

SRI BALAGANAPATHY MILLS LIMITED

formerly Shree Palaniappa Spinning Mills Limited
NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As on 31.03.12	As on 31.03.11
Note - 1		
Authorised Share Capital		
40,00,000 Equity Shares of RS.10/- each	400,00,000	400,00,000
	400,00,000	400,00,000
Issued Subscribed and Paid up		
33,00,000 Equity Shares of Rs.10/- each Fully Paid up	33,000,000	33,000,000
	33,000,000	33,000,000
Details of shares held by Shareholder holding more than 5% of share of the company.		
Name of Shareholder	%	%
K.Subramanyam - 175000 Shares	5.3030	5.3030
R.Sudarshan - 293500 Shares	8.8939	8.8939
R.Sudarshan - 322800 Shares	9.7818	9.7818
S.Ramcsh - 661500 Shares	20.0454	20.0454
Usha Ramesh - 403100 Shares	12.2151	12.2151
Usha Rani Suresh - 198200 Shares	6.0060	6.0060
Jutto Chandra Suresh - 235500 Shares	7.1363	7.1363
Note - 2: Reserves and surplus		
Reserves at the beginning	1,682,674	1,682,674
Profit & loss		
Profit/(Loss) at the Beginning of the year	(18,561,172)	(14,038,727)
Balance as at the beginning of the year	(24,396,802)	(4,522,445)
Add : Current Year Profits/(Loss)	(42,957,974)	(18,561,172)
Net Reserves and surplus	(41,275,300)	(16,878,498)
Note - 3: Long Term Borrowings		
From IOB, Gemini Circle Branch		
Cash Credit loan	16,205,277	12,346,989
Interest Free Sales Tax Deferral Loan	20,347	51,945
	16,225,624	12,398,934

Note - 4: Short Term Borrowings		
Loan From Director	6,094,704	7,453,543
From Others	7,287,475	4,917,021
	13,382,179	12,370,564
Note - 5 : Trade Payables		
Sundry Creditors:		
For trade		
Liability for purchase of raw materials	4,514,465	-
Liability for purchase of spares, stores etc	698,912	413,806
	5,213,377	413,806
Note - 6 : Other Current liabilities		
Provision for Expenses	148,062	882,124
Advance for yarn	-	329,850
Due to Directors	-	54,653
Liability for expenses	1,399,762	1,036,403
	1,547,824	2,303,030
Note - 7 : Short-term provisions		
Taxation		
Liability for Tax	35,752	50,226
	35,752	50,226
Note - 9: Investments		
1800 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
	81,000	341,520
Note - 10 : Inventories		
Finished Goods Trading stock (As Certified by the Managing Director of the Company)		
Raw materials at cost	-	6,282,373
Stock in process	-	4,805,520
Finished Goods	-	502,749
Waste Cotton	712,616	365,517
Stores and spares at cost	169,810	565,195
	882,426	12,521,354
Note - 11 : Trade Receivables		
Debts due exceeding Six Months	-	732,409
Others	-	156,000
	-	888,409

NOTES FORMING PART OF FINANCIAL STATEMENTS

<i>Particulars</i>	<i>As on 31.03.12</i>	<i>As on 31.03.11</i>
<u>Note -12 : Cash and Cash equivalents</u>		
Cash in hand	20,466	105,106
Cash at Bank - With Scheduled Banks In Current account	65,264 -	48,143 -
	85,730	153,249
<u>Note - 13 : Short Term Loans and Advances</u>		
Tax Deducted at Sources	511,924	511,153
Central Excise Duty	-	784
Advance to workers	-	210,127
Prepaid Insurance	-	5,554
Advance for Cotton	-	-
Sundry advance from Southganga	260,520	-
Modvat adjustable on Capital Goods	-	6,594
Sales tax paid under Dispute	-	34,200
	772,444	768,412
<u>Note - 14 : Other current Assets</u>		
Deposit With TNEB	1,037,457	976,940
Telephone Deposit	20,000	20,000
	1,057,457	996,940

SRI BALAGANAPATHY MILLS LIMITED
formerly Shree Palaniappa Spinning Mills Limited
NOTES FORMING PART OF FINANCIAL STATEMENTS

<i>Particulars</i>	<i>For the year ended 31.03.12</i>	<i>For the year ended 31.03.11</i>
<u>Note - 15 : Revenue from operations:</u>		
Yarn Sales - Local	34,180,122	73,265,500
Waste cotton	57,413	133,191
	34,237,535	73,398,691
<u>Note - 16: Other Income</u>		
Interest on IT Refund	-	1,224
Interest received	69,908	53,489
Hank yarn obligation fees	-	82,261
Dividend received	12,600	12,600
	82,508	149,574
<u>Note - 17: Cost of Materials</u>		
Opening stock of Rawmaterials	6,647,890	9,626,599
ADD: Purchases during the year	26,913,268	53,466,777
LESS: Closing stock	712,616	6,647,890
Raw Material Consumed	32,848,542	56,445,486
Stores and spares	925,772	1,065,053
Packing materials	369,101	582,681
	1,294,874	1,647,734
<u>Note:17A: Change in Inventory of Finished Goods & WIP</u>		
Opening stock	-	-
Finished goods	502,749	305,472
Yarn & cotton waste	-	-
Stock-in-process	4,805,520	1,665,254
	5,308,269	1,970,726
Less: Closing Stock		
Finished goods	-	502,749
Stock-in-process	-	4,805,520
	-	5,308,269
INCREASE/DECREASE IN STOCK	5,308,269	(3,337,543)
<u>Note - 18 : Employee benefits</u>		
Wages & Office Staff salaries	3,655,993	3,503,154
Salary to Director	-	360,000
Contribution to ESI & PF.	585,742	285,405

<i>Particulars</i>	<i>For the year ended 31.03.12</i>	<i>For the year ended 31.03.11</i>
Gratuity	1,288,030	-
Bonus	196,720	521,645
Contingency Expenses	1,602,265	2,623,371
Medical Expense	44,622	99,214
Welfare and Conveyance expenses	942,904	1,511,233
	8,316,276	8,904,022
<u>Note - 19: Financial cost</u>		
Interest on Loans	2,065,987	1,445,700
Interest - others	12,690	61,425
	2,078,677	1,507,125
<u>Note - 20: Other Expenses</u>		
Repairs to machineries	125,630	364,186
Repairs & maintenances of vehicles	439,248	495,282
Repairs to building & others	69,987	28,825
Advertisement	300	1,800
Audit Fee & Expenses	3,950	264,030
Bank charges	70,598	30,417
Cotton Planting exp	151,275	-
Brokerage	37,163	-
Cleaning Exp	15,260	86,026
Consultancy & legal Exp	107,914	38,329
Freight inwards	38,135	69,621
Fringe Benefit Tax	-	7,686
Insurance	43,985	37,488
Loss on sale of Asset	7,912	740,707
Miscellaneous expenses	837,448	154,972
Penalty	-	191,389
Pooja Expense	41,408	103,164
Postage and telephone and telegram	49,312	58,126
Printing and Stationary	23,591	45,849
Reeling charges	255,473	918,238
Rent, Rates and taxes and licence fees	82,934	89,459
Security Service charges	20,681	19,710
Service Tax	14,399	46,411
Subscription to Association	-	3,000
Testing charges	5,164	10,308
Travelling & Local Conveyance expenses	326,973	550,504
Power & fuel cost	3,744,568	5,926,768
Van hire charge	24,134	17,635
	6,537,440	10,299,929

SRI BALAGANAPATHY MILLS LIMITED, MALLI
Formerly Shree Palaniappa Spinning Mills Limited

SCHEDULE OF DEPRECIATION AS ON 31.03.2012

ASSET	Rate of Dep	AS ON 01.04.11		GROSS BLOCK ADDITION DELETION		AS ON 31.03.12		5%		95%		UP TO 01.04.11		DEPRECIATION FOR THE YEAR		DEPRECIATION WITH-DRAWAL		UPTO 31.03.12		NET BLOCK		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
		286,517	286,517	0	0	286,517	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	286,517
BUILDING																						
FACTORY	3.34%	18,393,902	18,393,902	0	0	18,393,902	18,393,902	919,695	17,474,207	8,341,186	583,639	8,924,825	8,924,825	9,469,077	10,052,716							
OFFICE	1.63%	650,672	650,672	0	0	650,672	650,672	32,534	618,138	186,753	10,076	196,829	196,829	453,843	463,919							
LABOUR HOSTEL	1.63%	1,496,328	1,496,328	0	0	1,496,328	1,496,328	74,816	1,421,512	65,072	23,171	88,243	88,243	1,408,085	1,431,256							
PLANT & MACHINERY	4.75%	36,948,175	36,948,175	0	0	36,948,175	36,948,175	1,847,409	35,100,766	21,906,490	1,667,286	23,573,776	23,573,776	13,374,399	15,394,777							
OFFICE EQUIPMENT	4.75%	131,923	131,923	0	0	131,923	131,923	6,596	125,327	22,615	5,953	28,568	28,568	103,355	109,308							
KITCHEN EQUIPMENT	4.75%	22,014	22,014	0	0	22,014	22,014	1,101	20,913	7,003	993	7,996	7,996	14,018	15,011							
FURNITURE & FITTING	6.33%	367,729	367,729	850	850	368,579	368,579	18,429	350,150	284,384	22,164	306,548	306,548	62,031	83,345							
COMPUTER	16.21%	113,384	113,384	2,050	2,050	115,434	115,434	5,772	109,662	65,248	17,461	82,709	82,709	32,725	48,136							
VEHICLE	9.50%	1,354,913	1,354,913	0	0	89,775	89,775	4,489	85,287	898,629	2,026	857,226	857,226	46,347	103,192							
TOTAL		59,765,557	59,765,557	2,900	2,900	1,265,138	1,265,138	2,910,840	55,305,962	31,777,379	2,332,768	33,252,922	33,252,922	25,250,397	27,988,178							

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 abd net realisable val
iii.	Stock in process	:	At Cost
iv.	Waste & reusable cotton	:	At market price
v.	Store and Spares	:	At cost
vi.	Stock with consignee	:	At profoma invoice prices

c) SALES

Sales as reported is exclusive of Excise Duty, Sales tax, Insurance and Transporation 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/-

Advance received from M/s Operational
Energy Group India P Ltd Rs.4487475/-

3 Secured Loans:

i. The Company's cash credit facility is secured by the land, buildings, plant and
machineries of the company and guaranteed 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 2012 and 31st March 2011.

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

a) Remuneration to Auditors

	31.3.2012	31.3.2011
Statutory Audit, Tax Audit and Certification Fees	Rs. 92725	Rs. 92725

b) Dividend Remitted in foreign currency NIL

c) CIF value of Imports NIL

d) Consumption of Stores, spares and consumables

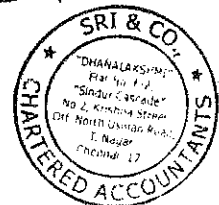
	31.3.2012	31.3.2011
Consumption of Stores (Indegeneous)	Rs. 925,722	Rs. 1,065,063

Date: 05th September 2012
Place: Chennai


S.Ramesh
Director


Usha Ramesh
Director


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



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 2012	

II. Capital raised during the year (Rs.in Lakhs)

Public Issue	Nil	Bonus Issue	NIL
Right Issue	Nil	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Rs.in Lakhs)

Total Liabilities	281.29	Total Assets	281.29
Sources of Funds			
Paid up Capital	330.00	Reserves & Surplus	16.83
Secured Loans	162.25	Unsecured Loans	133.82
Application of Funds			
Net Fixed Assets	252.50	Investments	0.81
Net Current Assets	-39.99	Misc.Expenditure	0
Accumulated Lossess	429.58		

IV. Performance of Company (Rs.in Lakhs)

Turn over	342.37	Total Expenditure	543.05
Profit/Loss Before Tax	-243.97	Profit/Loss after Tax	-243.97
Earning Per Share in Rs.	0.00	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
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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 Eighteenth Annual General Meeting of the Company to be held on Monday , 27th
September 2012 at the Registered Office at 12.00 P.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

18TH ANNUAL GENERAL MEETING 27TH SEPTEMBER 2012

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 Eighteenth Annual General Meeting held at
Registered Office at 12.00 P.M on Monday 27th September 2012.



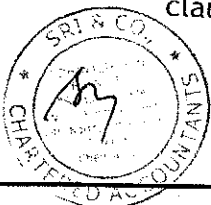
Sri & Co.,
Chartered Accountants

**AUDITORS 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 2012 and the Profit and Loss Account for the year ended 31ST March'2012 annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 misstatement. An audit also includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 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 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.



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;*

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

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012 and
- ii. In the case of the Profit and Loss Account, of the Loss of the Company for the Period ended 31st March'12.
- iii. In case of Cash Flow Statement, of the cash flows for the year ended on that date.

For SRI & CO
CHARTERED ACCOUNTANTS
FRN no. 10495S

M. B. Srinivasan

M.B. SRINIVASAN
Partner

M.NO: 027630



Chennai

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 2012.

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 discrepancy was noticed on verification.
2. The physical verification of inventory has been conducted at reasonable intervals by the management. The procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of its business. As per information and explanation given to us, the company is maintaining proper records of inventory and there is no material discrepancies noticed on physical verification and the same have been properly dealt with in the books of account;
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
10. According to the records of the company, the company is 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 2012 for a period of more than six months from the date they became payable.



12. The point numbers from x to xxi of CARO 2003 are not applicable to the company, hence not reported in this report.

For SRI & CO
CHARTERED ACCOUNTANTS

CHENNAI,

M. B. Srinivasan

M. B. SRINIVASAN
Partner

M.No: 027630

