

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

Board of 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.

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

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the members of the Company will be held at the Registered Office of the Company on 11th September 2013 at 12.00 P.M to transact the following business.

ORDINARY BUSINESS:

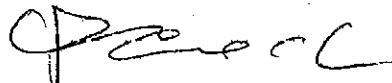
1. To receive, consider and adopt the Profit and Loss Account for the period ended 31st March 2013 the Balance Sheet as on that date, the Auditor's Report and the Directors' Report.
2. To appoint a director in place of Mr.S. Ramesh who retires by rotation and being eligible offer himself for reappointment.
3. To appoint a director in place of Mr. S.V. Natarajan 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: 16th August 2013

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 29th Aug 2013 to 10th Sep 2012 (both days inclusive).

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

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 2013.

Financial Performance:

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Sales	0	34,237,535
Other Income	476,896	82,508
Total Income	476,896	34,320,043
Less: Total Expenditure (Excluding Depreciation & Financial Expenses/Interest)	10,573,465	54,305,400
Profit Before interest, depreciation & Tax	-10,096,569	-19,985,357
Less: Financial Expenses/Interest	2,102,034	2,078,677
Profit/(Loss) before depreciation & Tax	-12,198,603	-22,064,034
Less: Depreciation	1,595,675	2,332,768
Profit/(Loss) before Tax	-13,794,278	-24,396,802
Less: Provision for Taxation	Nil	Nil
Net Profit/(Loss)	-13,794,278	-24,396,802

Review of Operations:

Due to the high cotton prices and low yarn prices the management stopped the business activities. The assets of the company were sold during the year by conducting postal ballots on 13.07.2012

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.

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

Board of Directors:

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

Mr.S.V. Natarajan 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 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 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

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.

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

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 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: 16th August 2013

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

REPORT ON CORPORATE GOVERNANCE:

1 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 31.3.2013 in on 09th April 2012 and 11th July 2012, 8th October 2012 and 4th January 2013. In the Board meetings all the Directors attended the Board meetings.

2 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.

3 SHARE TRANSFER COMMITTEE:

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

4 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.

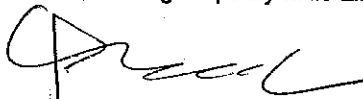
5 SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

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

6 GENERAL SHAREHOLDER INFORMATION:

The last annual general meeting of the Company held on 27th September 2012 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
16th August 2013

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

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 |

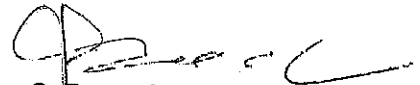
TECHNOLOGY ABSORPTION

Efforts made in technology absorption : As prescribed in Form B

FOREIGN EXCHANGE EARNING & OUT GO - NIL

Malli Village
16th August 2013

For Sri Balaganapathy Mills Limited


S. Ramesh
Director

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

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

A.	POWER AND FUEL CONSUMTION	31/03/2013	31/03/2012
a)	PURCHASED		
	Units	0	697731
	Total Amount	0	3744568
	Rate per Unit Rs.	0	5.37
b)	OWN GENERATION THROUGH		
	SOLAR ENERGY		
	Units	0	0
	Units per Litre of Diesel	0	0
	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	0	2.5
	Furnance Oil (Low sulphur High stock Oil) kg per meter		

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

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
16th August 2013

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 2013		
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	171.80	Total Assets	171.80
Sources of Funds			
Paid up Capital	330.00	Reserves & Surplus	16.83
Secured Loans	0.00	Unsecured Loans	382.99
Application of Funds			
Net Fixed Assets	123.68	Investments	0
Net Current Assets	38.61	Misc. Expenditure	0
Accumulated Lossess	567.52		
IV. Performance of Company (Rs.in Lakhs)			
Turn over	0.00	Total Expenditure	105.73
Profit/Loss Before Tax	-137.94	Profit/Loss after Tax	-137.94
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

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 my/our proxy to vote me/on my/our
behalf, at the Nineteenth Annual General Meeting of the Company to be held on Monday, 11th
September 2013 at the Registered Office at 12.00 P.M. and at any adjournment thereof.

Signed

Re. 1/-
Revenue
Stamp

Date

Note: 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

ATTENDENCE SLIP

19TH ANNUAL GENERAL MEETING 11TH SEPTEMBER 2013

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 11th September 2013

SRI BALAGANAPATHY MILLS LIMITED
Formerly Shree Palaniappa Spinning Mills Limited
BALANCE SHEET AS ON 31ST MARCH 2013

Particulars	Note No	As at 31st March 2013	As at 31st March 2012
<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	(55,069,578)	(41,275,300)
<u>(3) Non-Current Liabilities</u>			
(a) Long-term borrowings	3	-	16,225,624
<u>(4) Current Liabilities</u>			
(a) Short-term borrowings	4	38,298,529	13,382,179
(b) Trade payables	5	628,677	5,213,377
(c) Other current liabilities	6	254,000	1,547,824
(d) Short-term provisions	7	68,104	35,752
		17,179,732	28,129,455
<u>II. ASSETS</u>			
<u>(1) Non-current assets</u>			
(a) Fixed assets			
(i) Tangible assets	8	12,368,100	25,250,397
(b) Non-current investments	9	-	81,000
<u>(2) Current assets</u>			
(b) Inventories	10	-	882,426
(c) Trade receivables	11	-	-
(d) Cash and cash equivalents	12	136,196	85,730
(e) Short-term loans and advances	13	4,307,674	772,444
(f) Other current assets	14	367,759	1,057,457
		17,179,732	28,129,455

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

For Sri & Co.,
Chartered Accountants

M.B. Srinivasan
Partner

Membership No. 027630

Place: Chennai

Date: 16.08.2013



S.Ramesh
Director

Usha Ramesh
Director

For Sri Balaganapathy Mills Limited

SRI BALAGANAPATHY MILLS LIMITED
Formerly Shree Palaniappa Spinning Mills Limited
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013

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
II. Other Income	16	-	82,508
Profit on sale of shares		476,896	
		476,896	34,320,043
<i>IV. Expenses:</i>			
Cost of materials consumed	17	617,032	34,143,416
Change in Inventory of Finished Goods and WIP	17A	-	5,308,269
Employee benefit expense	18	186,822	8,316,276
Financial costs	19	2,102,034	2,078,677
Depreciation and amortization expense	8	1,595,675	2,332,768
Loss on sale of Fixed Assets		8,207,622	
Other expenses	20	1,561,989	6,537,440
		14,271,174	58,716,845
Profit Before Tax		(13,794,278)	(24,396,802)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI. Profit(Loss) from the period from continuing operations		(13,794,278)	(24,396,802)

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

For Sri & Co.,
Chartered Accountants



M.B. Srinivasan
Partner
Membership No. 027630
Place: Chennai
Date: 16.08.2013

For Sri Balaganapathy Mills Limited


S. Ramesh
Director


Usha Ramesh
Director

SRI BALAGANAPATHY MILLS LIMITED		
Formerly Shree Palaniappa Spinning Mills Limited		
NOTES FORMING PART OF FINANCIAL STATEMENTS		
<i>Particulars</i>	<i>As on 31.03.13</i>	<i>As on 31.03.12</i>
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 - (2011-12 - 175000 shares)	-	5.3030
R.Sudarshan - 293500 Shares - 2011-12 and 2012-13	8.8939	8.8939
R.Sudarshan - 322800 Shares -2011-12 and 2012-13	9.7818	9.7818
S.Ramesh - 661500 Shares -2011-12 and 2012-13 -337000 Shares	10.2121	20.0454
Usha Ramesh - 403100 Shares -2011- 12	-	12.2151
Usha Rani Suresh - 198200 Shares -2011-12	-	6.0060
Jutti Chandra Suresh - 235500 Shares -2011-12	-	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	(42,957,974)	(18,561,172)
Balance as at the beginning of the year		
Add : Current Year Profits/(Loss)	(13,794,278)	(24,396,802)
	(56,752,252)	(42,957,974)
Net Reserves and surplus	(55,069,578)	(41,275,300)
Note - 3: Long Term Borrowings		
From IOB, Gemini Circle Branch		
Cash Credit loan	-	16,205,277
Interest Free Sales Tax Deferral Loan	-	20,347
	-	16,225,624

Note - 4: Short Term Borrowings		
Loan From Director	12,059,638	6,094,704
From Others	26,238,891	7,287,475
	38,298,529	13,382,179
Note - 5: Trade Payables		
Sundry Creditors:		
For trade		
Liability for purchase of raw materials	350,000	4,514,465
Liability for purchase of spares, stores etc	278,677	698,912
	628,677	5,213,377
Note - 6: Other Current liabilities		
Provision for Expenses	69,770	148,062
Advance for yarn	-	-
Due to Directors	-	-
Liability for expenses	184,230	1,399,762
	254,000	1,547,824
Note - 7: Short-term provisions		
Taxation		
Liability for Tax	68,104	35,752
	68,104	35,752
Note - 9: Investments		
1800 Bank of India Shares of Rs.10		
each with a premium of Rs.35/- per share	-	81,000
26052 shares of Operational Energy Group		
India Pvt. Ltd of Rs.10/- each	-	-
	-	81,000
Note - 10: Inventories		
Finished Goods Trading stock		
(As Certified by the Managing Director		
of the Company)		
Raw materials at cost	-	0
Stock in process	-	0
Finished Goods	-	-
Waste Cotton	-	712,616
Stores and spares at cost	-	169,810
	-	882,426
Note - 11: Trade Receivables		
Debts due exceeding Six Months		
Others	-	-
	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS

<i>Particulars</i>	<i>As on 31.03.13</i>	<i>As on 31.03.12</i>
<u>Note -12 : Cash and Cash equivalents</u>		
Cash in hand	12,111	20,466
Cash at Bank - With Scheduled Banks	119,714	65,264
In Current account	4,371	-
	136,196	85,730
<u>Note - 13 : Short Term Loans and Advances</u>		
Tax Deducted at Sources	511,924	511,924
Central Excise Duty	-	-
Advance to workers	-	-
Prepaid Insurance	-	-
Advance for Cotton	-	-
Sundry advance from Southganga	3,456,075	260,520
Sundry advance from Sujay Waters	339,675	-
Sales tax paid under Dispute	-	-
	4,307,674	772,444
<u>Note - 14 : Other current Assets</u>		
Deposit With TNEB	347,759	1,037,457
Telephone Deposit	20,000	20,000
	367,759	1,057,457

SRI BALAGANAPATHY MILLS LIMITED		
Formerly Shree Palaniappa Spinning Mills Limited		
NOTES FORMING PART OF FINANCIAL STATEMENTS		
Particulars	For the year ended 31.03.13	For the year ended 31.03.12
Note - 15 : Revenue from operations:		
Yarn Sales - Local	-	34,180,122
Waste cotton	-	57,413
	-	34,237,535
Note - 16: Other Income		
Interest on IT Refund	-	69,908
Interest received	-	-
Hank yarn obligation fees	-	12,600
Dividend recieved	-	82,508
Note - 17: Cost of Materials		
Opening stock of Rawmaterials	712,616	6,647,890
ADD: Purchases during the year	(265,394)	26,913,268
LESS: Closing stock	-	712,616
Raw Material Consumed	447,222	32,848,542
Stores and spares	158,000	925,772
Packing materials	11,810	369,101
	169,810	1,294,874
Note:17A: Change in Inventory of Finished Goods & WIP		
Opening stock	-	502,749
Finished goods	-	-
Yarn & cotton waste	-	4,805,520
Stock-in-process	-	5,308,269
Less: Closing Stock	-	-
Finished goods	-	-
Stock-in-process	-	-
	-	5,308,269
INCREASE/DECREASE IN STOCK		
Note - 18 : Employee benefits		
Wages & Office Staff salaries	186,712	3,655,993
Salary to Director	-	585,742
Contribution to ESI & PF.	-	1,288,030
Gratuity	-	196,720
Bonus	-	1,602,265
Contingency Expenses	-	44,622
Medical Expense	110	942,904
Welfare and Conveyance expenses	186,822	8,316,276

Note - 19: Financial cost		
Interest on Loans	2,093,842	2,065,987
Interest - others	8,192	12,690
	2,102,034	2,078,677
Note - 20: Other Expenses		
Repairs to machineries	47,827	125,630
Repairs & maintenances of vehicles	24,600	439,248
Repairs to building & others	7,275	69,987
Advertisement	24,611	300
Audit Fee & Expenses	25,000	3,950
Bank charges	54,782	70,598
Cotton Planting exp	-	151,275
Brokerage	-	37,163
Cleaning Exp	-	15,260
Consultancy & legal Exp	254,394	107,914
Freight inwards	1,750	38,135
Fringe Benefit Tax	-	-
Insurance	36,943	43,985
Loss on sale of Asset	-	7,912
Miscellaneous expenses	89,498	837,448
Penalty	-	-
Pooja Expense	19,186	41,408
Postage and telephone and telegram	3,832	49,312
Printing and Stationary	1,423	23,591
Reeling charges	-	255,473
Rent, Rates and taxes and licence fees	29,934	82,934
Security Service charges	164,901	20,681
Service Tax	-	14,399
Subscription to Association	-	-
Testing charges	-	5,164
Telephone Expenses	6,844	
Travelling & Local Conveyance expenses	74,813	326,973
Power & fuel cost	694,376	3,744,568
Van hire charge	-	24,134
	1,561,989	6,537,440

SRI BALAGANAPATHY MILLS LIMITED
(Formerly Shree Palaniappa Spinning Mills Limited)

SCHEDULE OF DEPRECIATION AS ON 31.03.2013

Amount in Rs.

ASSET	Rate of Dep	GROSS BLOCK			5%	95%	DEPRECIATION			NET BLOCK		
		AS ON 01.04.2012	ADDITION	DELETION			As on 31.03.2013	UP TO 01.04.12	FOR THE YEAR	Withdrawal	UPTO 31.03.13	As on 31.03.2013
LAND		286,517									286,517	286,517
BUILDING												
FACTORY	3.34%	18,393,902			18,393,902	17,474,207	919,695	583,639	9,508,463		8,885,439	9,469,077
OFFICE	1.63%	650,672			650,672	618,138	32,534	10,076	206,904		443,768	453,843
LABOUR HOSTEL	1.63%	1,496,328			1,496,328	1,421,512	74,816	23,171	111,413		1,384,915	1,408,085
PLANT & MACHINERY	4.75%	36,948,175		35,408,175	1,540,000	1,463,000	77,000	944,996	24,307,990	210,783	1,329,218	13,374,399
OFFICE EQUIPMENT	4.75%	131,923		131,923		125,327	6,596	3,262	31,830			103,355
KITCHEN EQUIPMENT	4.75%	22,014		22,014		20,913	1,101	544	8,541			14,018
FURNITURE & FITTINGS	6.33%	368,579		368,579		350,150	18,429	12,145	318,693			62,031
COMPUTER	16.21%	115,434		115,434		109,662	5,772	9,740	92,449			32,725
VEHICLE	9.50%	89,775			89,775	85,287	4,489	8,102		51,531	38,245	46,347
TOTAL		58,503,319		36,046,125	22,457,194	21,668,196	1,140,431	1,595,675	24,759,503	10,089,094	12,368,100	25,250,397

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

Basis of preparation of financial statements:

These financial statements are prepared on the historical cost convention, on the accrual basis of accounting and are in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by the Institute of Chartered Accountants of India and referred to in Section 211(3C) of the Companies Act, 1956 ('the Act'). The significant accounting policies are as follows

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.

ii. Since the company has discontinued its operations, major parts of the Fixed Assets of the company were disposed during the current Financial Year 2012-13, with the due approval of Share holder in accordance with the laid procedure in the Companies Act by conducting postal ballots on 13.07.2012

b) INVENTORY

Since the company has sold all its stock-in-trade, it does not have any closing stock as on 31st March 2013.

c) SALES

Due to the high cotton prices and low yarn prices the management stopped the business activities. Hence no sales reported

d) GOING CONCERN

The company has disposed major parts of the Fixed Assets which will affect the Going Concern of the company.

e) INCOME & EXPENDITURE

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

e) RETIREMENT BENEFITS

There is no employees at the end of the Financial year. All the employees has been retired during the current financial year and their retirement benefits has been settled.

f) CONTINGENT LIABILITY

There is no Contingent liability for the company.

g) INVESTMENTS

Investments made in the Share has been sold during the Financial Year

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.OEG Green Water Technologies P Ltd M/s.South Ganga Waters Technologies P Ltd M/s.Sujay Consultancy

ii) Related party transactions:

1 Advances received from M/s.OEG Green Water Technologies private Limited	Rs.28,00,000/-
2 Advance received from M/s Operational Energy Group India P Ltd	Rs.2,34,38,891/-
3 Advance received from Directors	Rs.1,20,59,638/-
4 Advance given to South Ganga Waters Technologies private Limited	Rs.34,56,075/-
5 Advance given to Sujay Waters	Rs.3,39,675/-

3 Secured Loans:

The company has settled all its secured loans.

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 2013 and 31st March 2012.

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

a) Remuneration to Auditors

	31.3.2013	31.3.2012
	Rs.	Rs.
Statutory Audit, Tax Audit and Certification Fees	92725	92725

b) Dividend Remitted in foreign currency NIL

c) CIF value of Imports NIL

d) Consumption of Stores, spares and consumables

	31.3.2013	31.3.2012
	Rs.	Rs.
Consumption of Stores (Indigenous)	158,000	925,722

Date: 16th August 2013
Place: Chennai

S.Ramesh
Director

Usha Ramesh
Director

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





AUDITOR'S REPORT

TO
THE MEMBERS OF
SRI BALAGANAPATHY MILLS LIMITED

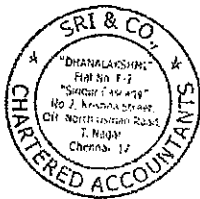
We have audited the accompanying financial statements of SRI BALAGANAPATHY MILLS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013 the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act, in the manner so required, subject to Note No. 1 c of Notes to Accounts, regarding discontinuing of its operation and Note No. 1 a (ii), regarding disposal of its Fixed Assets with the due approval of Share holder through postal ballot during the Financial year, give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 2. As required by section 227(3) of the Act, 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 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 those books
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For SRI & CO

Chartered Accountants

FRN: 010495 S

M. B. Srinivasan
M.B. SRINIVASAN

M.No. 027630

Partner



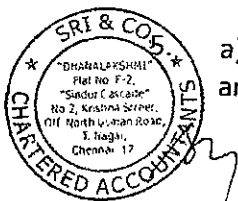
Place: Chennai

Date: 16/08/2013

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of SRI BALAGANAPATHY MILLS LIMITED on the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
(c) In our opinion and according to the information and explanations given to us, during the financial year covered by our audit Major part of the fixed asset has been disposed, with the due approval of Share holder in accordance with the laid procedure in the Companies Act through postal ballot, which will affect the going concern of the organization.
2. Since the company has discontinued its operation, The company does not have any inventory.
3. The Company has granted Interest free unsecured loan to companies under the same management, a party covered in the register maintained under section 301 of the Companies Act, 1956. The number of parties involved is two. The maximum amount involved during the year was Rs.31.95/- lakhs for South Ganga Waters & Tech. (P) Ltd. and Rs. 3.39 for Sujay Foundations (P) Ltd. In our opinion and according to the information and explanations given to us, the loan is Interest free and other terms and conditions for such loan are prima facie prejudicial to the interest of the company. The loans granted are re-payable on demand. As the loans are repayable on demand, we are not commenting on the regularity of the principal repayment. As mentioned above the loan is interest free.
(b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has taken loans from Director and other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In our opinion and according to the information and explanations given to us, the loan is Interest free and other terms and conditions for such loan are prima facie not prejudicial to the interest of the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, with regard to the sale of Fixed Assets and payment for expenses. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or

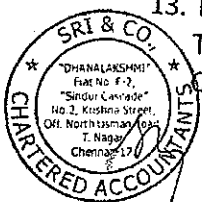


arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

b) In our opinion and according to the information and explanations given to us, the transactions made by the company with parties covered u/s 301 in pursuance of disposal of Fixed Assets exceeding value of Rupees Five Lakhs have been entered in to during the year at prices which are reasonable having regard to prevailing market prices at relevant market time.

6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company **does not maintain an internal audit system** commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, the company does not maintain cost records as there has been no revenue transaction made during the year.
9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, cess, to the extent applicable and any other statutory dues, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues except service tax dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company has accumulated loss and also it has incurred cash loss during the financial year covered by our audit and also in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.



14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other investments.
15. According to the information and explanations given to us, the Company has given guarantees for loan taken by *companies under the same management, a party covered in the register maintained under section 301 of the Companies Act, 1956.*
16. Based on our audit procedures and on the information given by the management, we report that the company has settled all term loans from Banks during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment or vice versa.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made preferential allotment of Shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

Place: Chennai

Date: 16/08/2013



For SRI & CO.,

Chartered Accountants

FRN: 010495 S

M.B. Srinivasan
M.B. SRINIVASAN

M.No. 027630

Partner