



THE SRI GANAPATHY MILLS COMPANY LIMITED

Sankar Nagar - Tirunelveli - 627 357

BOARD OF DIRECTORS

: Sri. K.Vee.Rajenthiran, Managing Director
Sri. R. Karthikeyan, Whole Time Director
Smt. Amutha Rajendran
Smt. Niranjani Kousigan
Sri. D.Anand Samuel
Sri. S. Kanthimathinathan
Sri. B.Arumugam
Sri. E. Gabriel Jesudasan

Bankers

: The Karur Vysya Bank Ltd
Palayamkottai.

Auditors

: M/s Krishnan & Raman
Chartered Accountants, Rajapalayam

Cost Auditor

: Dr. I Ashok M.com., FICWA., Phd., Madurai

Registered Office & Unit A

: Sankar Nagar, Tirunelveli - 627 357
Ph. 0462- 2300334 Fax: 0462 - 2300215
E-mail : sgm_tvl@yahoo.co.in
www.ganapathymills.com

Branch
B Unit - Jeeva Bye-Pass Road,
Virudhunagar - 626 001.

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Listed Stock Exchange : Bombay Stock Exchange

Scrip ID : SROGNM

Scrip CODE : 521236

Registrar & Share Transfer Agent

S.K.D.C. CONSULTANTS LIMITED,

Kanapathy Towers, 3rd Floor

1391/A-1, Sathy Road,

Ganapathy

Coimbatore - 641 006.

Ph: 0422-6549995, 2539835-836

Fax: 0422-2539837



The Sri Ganapathy Mills Company Limited

THE SRI GANAPATHY MILLS COMPANY LIMITED

Regd. Office: Sankar Nagar, Tirunelveli - 627 357.

NOTICE FOR ANNUAL GENERAL MEETING

Notice is hereby given that the 64th Annual General Meeting of The Sri Ganapathy Mills Company Limited will be held on 28th September 2012 at the Registered Office of the Company Viz., Sankar Nagar, Tirunelveli - 627 357 at 10.00 a.m to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2012 and the Balance Sheet as at that date along with report of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Smt. Niranjani Kousigan who retires by rotation and being eligible offers her self for re-appointment.
3. To appoint a Director in the place of Smt. Amutharajendran who retires by rotation and being eligible offers her self for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration. The Auditors of the Company M/s Krishnan & Raman, Chartered Accountants, retires at the conclusion of this Annual General Meeting and are eligible for re-appointment.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass the following resolution with or with out modification as an Ordinary Resolution.
"Sri. E.Gabriel Jesudasan who was appointed as additional director during the board of Directors meeting held on 05/07/2012, be and hereby appointed as Director of the company whose office is liable to retire by rotation".

Place : Sankar Nagar
Date : 29-08-2012

For and on behalf of the Board
(sd) **K.Vee.Rajenthiran**
Managing Director

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote for himself/herself and the Proxy need not be a member.
2. Proxy forms in order to be valid should reach the Registered Office of the Company at least 48 hours prior to the time appointed for holding the Meeting.
3. The Registrar of Members and Share Transfer Books will remain closed from 14th September to 28th September 2012 (Both days inclusive)
4. Members who hold shares in dematerialized form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to promptly notify their change of address by quoting their folio no to the Company's Registered Office address.
5. Explanatory statement required u/s 173(2) of the Companies Act, 1956 for the item no. 5 is attached herewith.

Place : Sankar Nagar
Date : 29-08-2012

For and on behalf of the Board
(sd) **K.Vee.Rajenthiran**
Managing Director



EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT 1956 AS REFERRED TO IN ITEM NO. 5 TO THE NOTICE CALLING THE 64th ANNUAL GENERAL MEETING AND FORMING PART THEREOF.

ITEM NO:5.

Sri E.Gabriel Jesudasan has been appointed as an Additional Director in the Board Meeting held on 05-07-2012. In accordance with the provisions of Sec. 260 of the Companies Act, 1956 and as per the article 78 of the Articles of Association of the company he holds his office until the conclusion of the ensuing Annual General Meeting, his appointment as regular director is to be considered and we have received a proposal from a member proposing his candidature as Director. Sri E. Gabriel Jesudasan is a Engineering Graduate having good exposure in the infrastructure and construction activities.
(None of the Directors other than Sri. E. Gabriel Jesudasan is interested in the above resolution)

**REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS OF
THE SRI GANAPATHY MILLS COMPANY LIMITED
FOR THE YEAR ENDED 31st March 2012**

LADIES AND GENTLEMEN:

Your Directors present herewith their 64th Annual Report together with the Audited statement of accounts for the financial year ended 31st March 2012

GENERAL PERFORMANCE:

Due to severe power shortage witnessed during the year and high cotton prices without corresponding increase in the yarn realization, the capacity utilization has lower with reduced profitability. Hence, operations resulted in a net loss of Rs. 376.43 lacs.

The major financial parameters are given hereunder

Description	Rs. lacs	
	31-03-2012	31-03-2011
Sales & Other Income	2322.83	2998.80
Operating Expenses	2379.94	2552.82
Operating Profit / Loss	-57.11	445.98
Financial Expenses	136.46	169.07
Depreciation	147.33	170.84
Net Profit / Loss before VRS & exceptional items	-340.90	106.07
VRS Expenditure	35.53	10.64
Net (+) Profit / (-) Loss	-376.43	95.43
Exceptional items	0.00	44.65
Net (+) Profit/ (-) Loss	-376.43	50.78

DIVIDEND

In view of losses during the year, your directors are unable to recommend any dividend for the year ended 31-03-2012.

FUTURE PROSPECTS

The Textile industry is going through the difficult period. But there appears to be light at the end of the tunnel. The yarn prices have started moving upwards and the cotton prices have stabilized. The demand is also improving Subject to the improvement in the power situation, the Directors hope that the current year operations will be profitable and hope to submit better results in the coming years.

WIND MILL

During the year under review, the generation of power was lower when compared with the previous year figure and generation was 11.21 lacs units, valued at 37.62 lacs.



RESPONSIBILITY STATEMENT

Your Directors are to state that, in the preparations of the annual accounts the applicable accounting standards had been followed along with proper explanation relating to material departure.

Your Directors had selected such accounting policies and made Judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

Your Directors 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.

Your Directors had prepared the annual accounts on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and Analysis Report, which forms part of this report is given as an annexure to this report.

DIRECTORS

The following directors retire by rotation in the ensuing Annual General Meeting.

Smt. Amutharajendran & Smt. Niranjani Kousigan

Being eligible they offer themselves for reappointment.

Sri. R.P.Karthik had resigned the directorship during the year due to pre-occupation. The Board expresses its deep gratitude for the valuable services rendered by him.

Sri. E.Gabriel Jesudason, B.E., has been appointed as additional director as Non-Executive Independent with effect from 05th July 2012 and assigned to the chairman of Audit Committee and member of shareholders / Investors Grievance committee.

AUDITORS

Our Company auditors M/s Krishnan & Raman, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for reappointment.

REPORT ON CORPORATE GOVERNANCE

A report on Corporate Governance is annexed herewith and it forms part of this Directors Report.

COMPANY SECRETARY

Your directors are making all efforts to appoint a company secretary with required qualification as prescribed under 383 (A) of the Companies Act 1956.

STATUTORY INFORMATION

Energy Conservation & Technology Absorption, R & D activities and Foreign Exchange Earnings & Outgo as required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure and form part of this report. During the period under review, none of the employees are in receipt of remuneration in excess of the limit set under section 217 (2A) of the Companies Act, 1956.

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

Particulars required under Companies (Disclosure of particulars in the report of Board of Directors) Rule, 1988 as amended are furnished in the annexure.

OBSERVATIONS OF THE AUDITORS

With regard to the auditor's report para no 9 in Annexure I, we wish to report that the company could not pay the provident fund and employees state insurance dues on the respective due dates regularly mainly because of the paucity of funds. We have sought the directions from the department and got the nod for payment of the arrears in installments pending approval of the higher authorities.

ACKNOWLEDGEMENT

Your Directors express their gratitude for the wholehearted support rendered by the suppliers, The Karur Vysya Bank Ltd, NBFC's and other Statutory Bodies in all the activities of your Company.

The Board expresses its warm appreciation for its dedicated employees whom it considers as its valuable asset.

**MAY THE LORD GANAPATHY SHOWER HIS BLESSINGS ON THE PROSPECTS
OF YOUR COMPANY IN THE YEARS TO COME**

Date : 29-08-2012
Place : Sankar Nagar

For and On Behalf of the Board
(sd) K.Vee.Rajenthiran
Chairman of the Meeting



MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The Sri Ganapathy Mills Company Limited is one of the pioneers in Textile industry in the Southern peninsular and having installed capacity of 44,152 spindles. It has two spinning units one at Tirunelveli and another at virudhunagar of Tamilnadu State. The principle product is cotton and blended yarn.

OPERATING AND FINANCIAL PERFORMANCE

The later part of 2010-11 and the first two quarters of 2011-2012 witnessed very difficult conditions for the textile industry as a whole due to the unprecedented increase in the cotton prices and steep fall in the yarn prices. Consequent to the near recessionary trend in USA & UK, the export demand dried up, resulting in poor demand for yarns and piling up of the stocks. Correspondingly, there was a liquidity crunch and working capital inadequacy. Even though the cotton prices started to stabilize during the later period of the year, the yarn prices are still depressed. During the fourth quarter 2011-2012, there was a severe power shortage with demand cut of 40% and the cost of purchased power from outside was almost double the electricity tariff, A combination of all these factors resulted in the operating loss of ₹.57.11 lacs and net loss of ₹.376.43 lacs.

OPPORTUNITIES AND THREATS

With the volatility in the cotton prices, raw material planning has become a challenge for the textile industry. The situation is turning for the better in 2012-13 with stable cotton prices and improvement in the yarn prices. Hence your directors hope to improve the profitability by optimum product mix and present better results for the coming year. The volatility in the cotton prices and the reduction in the yarn price realizations have led to squeeze in the margins affecting the profitability. However, the company has taken steps to procure cotton at the optimum prices at proper timing and varying the count pattern to achieve the maximum contribution. There is slight improvement in the domestic demand resulting in better realization for the yarns.

INTERNAL CONTROL SYSTEM:

The internal audit system in the company is bestowing a good protection to the assets of the company. The internal audit system closely supervised by the senior executives is helping the company to identify the deficiencies in the system and take corrective measures early. This is commensurately supported by the contribution of the external auditor both at the branch and Head Office.

HUMAN RESOURCES:

The welfare measures of the company taken in the past and present is providing a conducive atmosphere where in the employer and employee relationship is being nursed well

CAUTION STATEMENT:

Investors are cautioned that this discussion contains statements that involve risks uncertainties. Words like anticipate, believe, estimate, intend, will expect and other similar expressions are intended to identify such forward looking statements. The company assumes no responsibility to amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Besides, the company cannot guarantee that these assumptions and expectations are accurate or will be realized and actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements

REPORT ON CORPORATE GOVERNANCE

The present status with regard to the various aspects of the corporate governance is given below.

I. Company's Philosophy on Corporate Governance:

The Sri Ganapathy Mills Co Ltd philosophy on corporate governance envisages the Attainment of transparency, accountability and equity in all facets of its operations and in all its interactions with its shareholders, suppliers, creditors and employees etc.,

Board of Directors:

The present strength of Board is eight. Its composition, particulars of Directorships and the details of the Board Meetings held and attended by the directors during the last year are given below. Nine Board meetings were held on 29-04-2011, 25-05-2011, 29-07-2011, 25-08-2011, 31-10-2011, 31-12-2011, 24-01-2012, 31-01-2012, & 15-03-2012,



The Sri Ganapathy Mills Company Limited

Name of the Director and Category	No. of directorship Held		No. of Board Meetings attended During 2011-12	Whether attended Last AGM
	Public	Private		
Sri. K.Vee.Rajenthiran Managing Director - Executive	2	1	7	Yes
Sri. R.Karthikeyan - Executive Whole Time Director	1	-	9	Yes
Smt. Amutha Rajendran Non-Executive	2	1	7	Yes
Smt. Niranjani Kousigan Non-Executive	1		8	Yes
Sri. D. Anand Samuel Non-Executive - Independent	1		7	No
Sri. R.P.Karthik (Resigned) Non-Executive - Independent	1		7	Proxy
Sri. S.Kanthimathi Nathan Non-Executive - Independent	1		8	Yes
B.Arumugam Non-Executive - Independent	1		7	No
E.Gabriel Jesudasan Non-Executive - Independent	1		-	-

II. Brief Resume of the Directors Seeking Reappointment

Name	Age	Qualification	Brief Resume area of Expertise	Chairman / Member Committee of Directors
Smt. Amutharajendran	54	Metric	Well Experience in Textile Industry	-
Smt. Niranjanikousigan	31	B.E	Well Experience in I.T	Chairman - Share holder Investors Grievance committee
Sri. E. Gabriel Jesudasan	41	B.E	Well Experience in infrastructure and construction	Chairman - Audit committee and Member - Share holder Investor Grievance Committee

The company did not have any pecuniary relationship or transactions with non executive directors during the year

AUDIT COMMITTEE

(a) Terms of reference

The term of reference of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act 1956, besides other matters as may be referred by the Board of Directors.

(b) Composition, Name of members and Chairman

The Audit Committee of the Board of the company presently comprises of 3 members all of whom are Independent Directors. The Committee functions under the Chairmanship of Mr. R.P.Karthik who is a Non-Executive Independent Director. The Composition of the Committee is as follows:

Name of the Member	Category / Position
Mr. R.P.Karthik (upto July 5 th 2012)	Independent Director/Chairman
Mr. E.Gabriel Jesudason (from July 5 th 2012)	Independent Director/Chairman
Mr. D.Anand Samuel	Independent Director/Member
Mr. S.Kanthimathi Nathan	Independent Director/Member

Audit Committee Meetings

Audit Committee had met five meetings during the year as required and one meeting was held just before finalization of accounts. The Maximum time gap between two consecutive Audit Committee meetings held during the year has never exceeded 4 months. The name of Members, Chairman and their attendance at the Audit Committee Meetings are as under:



Members	Category	Meetings held	Meeting attended
Mr. R.P.Karthik (Up to July 5 th 2012)	Independent Director / Chairman	5	5
Mr. E.Gabriel Jesudason (from July 5 th 2012)	Independent Director/Chairman		
Mr. D.Anand Samuel	Independent Director / Member	5	5
Mr. S.Kanthimathi Nathan	Independent Director / Member	5	5

III. Remuneration committee

Your Company has constituted Remuneration Committee Comprising of three independent Non-executive Directors. The remuneration payable to the Managing Director and Whole Time Directors as recommended by the remuneration Committee is determined by the Board subject to the approval of the share holders

Details of Remuneration to the Directors, paid during the Year 2011-2012 are given below:

Name	Designation	Salary & Perquisites (₹. lacs)
K. Vee. Rajenthiran	Managing Director	13.39
R. Karthikeyan	Whole Time Director	9.00

IV. Shareholders / Investors Grievance Committee:

The Shareholders/Investor grievance Committee was constituted to attend to shareholder and investor's complaints from Jan 2003 under the chairman ship of Mrs. Niranjani Kousigan, a Non-Executive Director and other members are R.P.Karthik (upto July 5th 2012), S.Kanthimathinathan, and K.Narendra from S.K.D.C Consultants.

During the year under review, One investor complaints were received & disposed off to his satisfaction.

V. DISCLOSURES

Disclosures on materially significant, related party transactions i.e., transaction of the Company of the material nature, with its directors of the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large: Nil

Details of non-compliance by the company, penalties, and strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital market, during the last three years: NIL

The Company has dematerialized the shares through NSDL/CSDL. No penalties or strictures have been imposed on the company.

The Company does not have any Whistle Blower Policy. However no personnel have been denied access to the Audit Committee of the Company.

VI. MEANS OF COMMUNICATION:

The half yearly results of the company are not being sent to the members. However, the half yearly / quarterly un-audited financial results of the Company is being published in leading national paper such as Business Standard and in the vernacular (Tamil) newspaper in the prescribed format as per the listing agreement.

The Company has also provided a Management Discussion and Analysis Report, which forms part of the Annual Report.

VII. GENERAL BODY MEETING:

a. The details of the time, venue and the date of the last three Annual General Meetings are given below:

Date	Time	Location
30/09/2009	10.00 a.m.	Registered Office, Sankar Nagar, Tirunelveli - 627 357
30/09/2010	10.00 a.m.	Registered Office, Sankar Nagar, Tirunelveli - 627 357
30/09/2011	10.00 a.m.	Registered Office, Sankar Nagar, Tirunelveli - 627 357

b. Whether any special resolution passed in the previous 3 AGMs: Yes

- . Year - 2009: nil
- . Year -2010:
 1. Increase in Authorised Share Capital of the company
 2. Capitalisation of reserves and issue of Bonus Shares 1:1
 3. Preferential allotment of Equity Shares.
- . Year- 2011: nil

On 07-02-2011, Extra Ordinary General Meeting was conducted for the purpose of allotment 5,00,000 Equity Shares on preferential basis.



The Sri Ganapathy Mills Company Limited

- c. No resolution was required to be put through postal ballot last year.
d. No Special resolution is proposed to be conducted through postal ballot.

VIII. Share Holders Information

Annual General Meeting	: 64 th (Sixty Fourth)
Date and Time	: 28 th September 2012, 10.00 a.m
Venue	: Registered Office, Sankar Nagar, Tirunelveli - 627 357
Financial Calendar	: 01/04/2011 to 31/03/2012
Date of book closure	: 14 th September 2012 to 28 th September 2012
Address for Correspondence	: SGML, Madurai Road, Sankar Nagar, Tirunelveli-627 357.
Listed on Stock Exchanges	: Mumbai Stock Exchange, Scrip Code - 521236
Registrars and Transfer Agent	: The Share transfer work is being carried out by S. K. D. C. Consultants Ltd., Coimbatore
Share Transfer systems	: The transfer (Demat & Physical) is normally processed Within 15 days from the date of receipt.
Factory Location	: Madurai Road, Sankar Nagar, Tirunelveli - 627 357. Jeeva Bye Pass Road, Virudhunagar - 626 001
Demat ISIN for NSDL & CDSL	: INE 488F01018

IX. Share Holding Pattern as on 31st March 2012

Category	No of Shares Held	% of holding
Promoters	3347578	50.186
Indian Public	2072025	31.063
Fin. Institutions / banks	400	0.006
Pvt. Corporate Bodies	1122894	16.834
NRI / OCBs	127503	1.911
Total	6670400	100.00

X. Distribution of Shareholding as on March 31st 2012

Range	2011-2012 No. of Shareholders	%	2011-2012 Share Amount	%
Up to - 5,000	2260	81.82	4552780	6.83
5,001 - 10,000	221	8.00	1719680	2.58
10,001 - 20,000	112	4.06	1701760	2.55
20,001 - 30,000	36	1.30	887630	1.33
30,001 - 40,000	23	0.83	821800	1.23
40,001 - 50,000	20	0.72	929030	1.39
50,001 - 1,00,000	37	1.34	2590620	3.88
1,00,001 - above	53	1.92	53500700	80.21
	2762	100.00	66704000	100.00

XI. Dematerialization of Shares

The Equity shares of your company are traded in compulsory dematerialized form by all the investors. The Company has entered into agreements with both the depositories viz., National Securities Depositories Limited (NSDL) and Central Depository Services India Limited (CDSL) enabling the investors to hold the shares of the company in Electronic Form through the depository of their choice.

Break up of Shares in Physical and Demat Segment as on 31st March 2012.

Category	No of Shares	% of holding	No of Share holders	% of holding
Physical	2185762	32.768	1346	48.733
NSDL	40219173	60.254	1020	36.930
CDSL	465465	6.978	396	14.337
TOTAL	6670400	100.00	2762	100.00

XII. The Company is being supported with prompt and proper advises at the times of need of the same from Mr. S.Muthuraju who is Company Secretary in practice. Despite sincere efforts made by the company for procurement of full time company secretary the efforts turnout to be in vain as none of the company secretary is being prepared to work in a remote rural area at Sankar Nagar. However for the year ended 31st March 2012, a secretarial compliance certificate has been obtained from practicing Company Secretary Mr. S.Muthuraju.

XIII. Code of Conduct

The Company's Board of Directors has adopted Code of Conduct for Non-executive Directors, which govern the conduct of Executive Directors/employees and Non-Executive Directors of the Company respectively. All Directors and Senior Management Personnel have affirmed Compliance with the respective codes for the financial year ended March 31, 2012.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Member of the Sri Ganapathy Mills Co. Ltd.,

We have examined the compliance of conditions of Corporate Governance by The Sri Ganapathy Mills Co Ltd., for the year ended on 31st march 2012 as stipulated in clause 49 of the Listing Agreement of the Company with stock exchange.

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

In our opinion and the best our information and according to the explanation given to us, we certify that the Company has complied in all material aspects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, which was required to be complied with up to 31st March 2012.

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

For M/s Krishnan and Raman
Chartered Accountants
FRN015155

Place : Tirunelveli
Date: 29-08-2012

CA.K.V.Raman
M.No. 009790

DECLARATION UNDER CLAUSE 49-I (D) OF THE LISTING AGREEMENT

To

The Members of THE SRI GANAPATHY MILLS COMPANY LIMITED

I hereby declare that all the Board members and senior Management personnel of the Company have affirmed Compliance with the Provisions of CODE OF CONDUCT during the financial year 31st March 2012

Place: Tirunelveli
Date: 29-08-2012

K.Vee.Rajenthiran
(Managing Director)



FORM B See Rule (2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY AND ABSORPTION

RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R&D carried out by the Company.
2. Benefits derived as a result of the above R&D
3. Future plan of the action.
4. Expenditure on R&D NIL
 - (a) Capital & Recurring
 - (b) Total R&D expenditure as a percentage of total turn over.

TECHNOLOGY ABSORPTION ADAPTATION & INNOVATION:

1. Effects in brief made towards technology absorption adaptation & innovation
2. Benefits derived as a result of the above efforts e.g. Product improvement cost reduction product development Import substitution etc.
3. Incase of imported technology (Imported during last five years reckoned from the beginning of the financial year) following information may be furnished. Not Applicable
 - (a) Technology Imported, Year of Import
 - (b) Has the technology being fully absorbed.
 - (c) If not fully absorbed areas where this has not taken place reasons there for and future plans of action

(sd) K.Vee.Rajenthiran
Chairman of the Meeting

ANNEXURE TO DIRECTOR'S REPORT FOR THE YEAR ENDED 31st MARCH 2012

Information pursuant to section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988

A. Conservation of Energy:

- (a) Energy Conservation measures taken
 1. Gone for light weight spindles
 2. All cotton tapes replaced by nylon tapes.
 3. Smooth start device installed to reduce initial torque.
 4. Light weight spinning Bobbins with better lubricating systems
 5. Conical Speed variators and inverter changed in Frames.
 6. Individual capacitor for Ring frame
 7. High efficiency motors are mounted
 8. Use 36 W tubes light in all departments.
- (b) Additional investments and proposals if any being implemented for reduction of consumption of energy : Replacing ball bearing with roller bearing for Tin roller pulley pedestal for reducing power consumption
- (c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of Production of goods. : 10% saving in energy achieved.
- (d) Total energy consumption per unit of production of goods. : Particulars given in Form A.

B. Technology absorption

- (e) Efforts made in technology absorption : Particulars given in Form B.

C. Foreign Exchange earnings and outgo

- (f) 1) Activities relating to exports. :
 - 2) Initiatives taken to increase in exports :
 - 3) Development of new exports markets :
for product & Service. Nil
 - 4) Export Plans :
- (g) 1) Total foreign exchange used :
 - 2) Total foreign exchange earned :

(sd) K.Vee.Rajenthiran
Chairman of the Meeting



FORM - A See Rule (2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and fuel consumption :

1) ELECTRICITY

(a) Purchased form EB.

		Year ended 31/03/2012	Year ended 31/03/2011
Units KWH		3607196	5271704
Total amount	₹	20459194	27756171
Rate per unit	₹	5.67	5.27

(b) Own Generation :

(i) Through Diesel generator

Unit KWH		269000	631684
Unit Per litre of Diesel oil		3.49	3.19
Cost per unit	₹	12.39	12.53

(ii) Through wind turbine/generator units

Units generated		1121911	1161791
Rate per unit	₹	3.52	3.52

2) COAL

(Specify quantity and where used)

Quantity / (tonnes)

Total Cost	₹		
Average Cost	₹	Nil	Nil

3) FURNACE OIL

Quantity (k.ltrs)

Total Cost	₹	Nil	Nil
Average rate	₹		

4) OTHER INTERNAL GENERATION

(Please give details)

Quantity

Total Cost		Nil	Nil
Rate / Unit			

B. Consumption per unit of production

Production Standards

100% Cotton Yarn Kgs.		1189392	1654369
Electricity		4.20	4.27
Furnace Oil		-	-
Coal (Specify quality) %		-	-
Others Specify		-	-

(sd) K.Vee.Rajenthiran
Chairman of the Meeting



AUDITORS' REPORT

**REPORT OF THE AUDITORS TO THE MEMBERS OF
THE SRI GANAPATHY MILLS COMPANY LIMITED FOR THE YEAR ENDED 31ST MARCH 2012**

We have audited the attached Balance sheet of The Sri Ganapathy Mills Company Limited as at 31st March 2012 and the Profit and Loss account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. 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.

1. We 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 of material misstatements. An Audit includes examining, on test basis evidence supporting the amounts and disclosures in financial statements. 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.
2. As required by the Companies (Auditor's Report) Order issued by the Central Government of India in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956 we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 and above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law has been kept by the company so far as it appears from our examination of those books.
 - c) The Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this company comply with the Mandatory Accounting Standards referred in Sub Section (3C) of Section 211 of the Companies Act, 1956 and in accordance with the accounting standards (AS) issued by the Institute of Chartered Accountants of India referred to in section 227 (3(1)(d)) of the company's amendment ordinance 1998 with exception of non provision of gratuity (note 4a vide (AS 15) for treatment of retirement gratuity).
 - e) In our opinion and based on information and explanations given to us, none of the directors are disqualified as on 31st March 2012 from being appointed as directors in terms of clause (g) of sub section (1) of Section 274 of the Companies act 1956:
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant policies and other notes thereon give the information required by the Companies Act 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
 - (i) in so far as it relates to Balance Sheet, of the State of affairs of the Company as at 31st March, 2012
 - (ii) in so far as it relates to the Profit and Loss Account of the Profit of the Company for the year ended on that date: and
 - (iii) in so far as it relates to the Cash flow Statement, of the Cash flows of the Company for the year ended on that date.

(sd) for M/s Krishnan and Raman
Chartered Accountants
FRN 015155

Place : Tirunelveli
Date : 29-08-2012

(sd) CA. K.V.Raman
M.No. 009790



ANNEUXRE TO AUDITORS' REPORT U/s 227 (4A)

(Referred to in Paragraph 2 of our report of even date)

1. In respect of its fixed assets:

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- b. In our opinion, the Company has not disposed of substantial part of its fixed assets during the year and the going concern status of the company is not affected.

2. In respect of its inventories:

- a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories, as explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans secured or unsecured granted or taken by the company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956;
- a. The Company has not granted any fresh unsecured loans and no loans have been taken from any party other than directors during the year.
 - b. In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the company.
 - c. Since the Company has not taken any loans other than directors, there is no question of overdue amount.
4. 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 for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956.
- a. In our opinion and according to the information and explanations given to me, the transactions made in pursuance of contracts or arrangements, that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b. In my opinion and according to the information and explanation given to me there are no transactions in pursuance of contracts or arrangements entered in the register maintained during the year to Rs.500000/- (Rupees Five Lakhs only) or more in respect of any party.
6. The Company has not accepted deposits from Public and in my opinion and according to the explanations given to us the provisions of Section 58A and 58AA of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules 1975 is not applicable.
7. In our opinion the internal audit system of the company is commensurate with its size and nature of its business.
8. The Central Government has prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion, that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the same.
9. a) In our opinion and According to the information and explanations given to us during the year, the company is regular in depositing the provident Fund and Employees State Insurance dues, with the appropriate authorities.
- b) The disputed statutory dues pertaining to earlier years aggregating to ₹ 82.64 lacs that have not been deposited on account of matters pending before appropriate authorities are as under and for which no provision had been made in the accounts:



The Sri Ganapathy Mills Company Limited

S.No	Name of the Statute	Name of the Dues	Forum where dispute is pending	Amount Rs. In lacs
1	Central Excise Act, 1944	Service Tax	High Court, Chennai	0.13
2	Tamil Nadu General Sales Tax Act, 1956	Hank Yarn Obligation	Appellate Tribunal Madurai.	4.68
		-----do-----	High Court, Chennai.	4.34
		-----do-----	Taxation Special Tribunal, Chennai.	2.90
3	Employees Provident Fund and Miscellaneous Act, 1958	Liquidity Damages and Interest	High Court, Chennai.	53.84
4	Employees State Insurance Act, 1974	Interest	Labour Court	16.75

10. The Company has accumulated Losses to tune of ₹.668.81 lakhs as at 31.3.2012 and has incurred cash loss during the financial year covered by our audit and no cash loss was incurred in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions and banks subject to the clause no 8 (ii) in the notes on accounts.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a Chit fund or a Nidhi / Mutual Benefit fund / Society. Therefore clause 4(xiii) of the companies (Auditors Report) order 2003 is not applicable to the Company.
14. Since the Company is not Investment Company, the reporting regarding trading of Securities, Debentures and other investments is not applicable.
15. According to the information and explanations given to us and based on the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions during the year under review
16. The Company has hire purchase loan of ₹. 211.50 lakhs during the year. The term loans outstanding at the beginning of the year and those raised during the year were applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has not utilized any amount from Short term Sources towards repayment of long term borrowings.
18. The company has not issued any debentures and hence creation of securities in respect of the same does not arise.
19. The company has not raised any money by way of Public Issue during the year.
20. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially mistated.

for M/s Krishnan and Raman
Chartered Accountants
FRN 015155
CA. K.V.Raman
M.No. 009790

Place : Tirunelveli
Date : 29-08-2012



BALANCE SHEET AS AT 31-MARCH-2012

PARTICULARS	NOTE	31-Mar-12 ₹	31-Mar-11 ₹
I) EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	1	66,704,000	66,704,000
(b) Reserves and surplus	2	107,761,586	143,461,457
		174,465,586	210,165,457
2. Non- current liabilities			
(a) Long-term borrowings	3	56,080,028	50,831,430
(b) Deferred tax liabilities	4	4,756,256	6,700,000
(c) Other long term liabilities	5	11,801,855	5,793,453
		72,638,139	63,324,883
3. Current liabilities			
(a) Short-term borrowings	6	54,149,416	42,130,637
(b) Trade payables	7	7,838,971	6,011,524
(c) Other current liabilities	8	19,819,163	22,357,272
		81,807,550	70,499,433
		328,911,275	343,989,773
II) ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	124,321,669	142,020,811
(b) Non-current investments	10	1,302,572	1,295,322
(c) Long-term loans and advance	11	70,271,410	68,413,511
(d) Other Non Current Assets'	12	14,545,407	4,650,970
		210,441,058	216,380,614
2. Current assets			
(a) Current investments			
(b) Inventories	13	61,978,455	75,199,284
(c) Trade receivables	14	42,042,087	34,850,523
(d) Cash and cash equivalents	15	5,179,868	5,165,229
(e) Short-term loans and advances	16	9,269,807	12,394,124
		118,470,218	127,609,159
TOTAL		328,911,275	343,989,773

See accompanying notes to the financial statement.

(sd) For M/s Krishnan & Raman
Chartered Accountants
FRN 01515S

(sd) CA. K.V.RAMAN
M.No. 009790

Date : 29/08/2012
Place : Tirunelveli

(sd) R.Karthikeyan
(sd) Amutha Rajenthiran
(sd) S.Kanthimathinathan
(sd) Niranjani Kousigan
Directors

(sd) K.Vee.Rajenthiran
Managing Director



The Sri Ganapathy Mills Company Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31-MARCH-2012

PARTICULARS	NOTE	31-Mar-12	31-Mar-11
		₹	₹
I. Revenue from operations	17	229,638,470	298,795,859
II. Other income	18	2,644,810	1,083,925
III. Total Revenue (I+II)		232,283,280	299,879,784
IV. Expenses :			
Cost of materials consumed	19	127,373,132	138,486,755
Purchase of traded goods	20	39,940,680	36,609,620
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	11,569,638	(357,139)
Employee benefits expense	22	15,128,987	19,669,656
Finance costs	23	13,646,544	16,906,782
Depreciation and amortization expense		18,285,880	18,147,884
Other expenses	24	43,982,033	65,338,437
Total expenses		269,926,895	294,801,995
V. Profit before exceptional and extraordinary items and tax (V-VI)		(37,643,616)	5,077,789
VI. Profit before extraordinary items and tax (V-VI)		(37,643,616)	5,077,789
VII. Tax expenses :			
Provision for Income Tax		-	1,000,000
Provision for Deferred tax liability/asset		(1,943,744)	(1,000,000)
VIII. Profit / (Loss) for the period from continuing operation (after tax)		(35,699,872)	5,077,789
IX. Profit / (Loss) for the period (XI+XII)		(35,699,872)	5,077,789
X. Earnings per equity share :			
(1) Basic		(5.35)	0.76
(2) Diluted		-	-

See accompanying notes to the Financial Statement.

In accordance with our report even date attached

For M/s Krishnan & Raman

Chartered Accountants

FRN 015155

(sd) CA. K.V.RAMAN

M.No. 009790

Date : 29/08/2012

Place : Tirunelveli

(sd) R.Karthikeyan

(sd) Amutha Rajenthiran

(sd) S.Kanthimathinathan

(sd) Niranjani Kousigan

Directors

(sd) K.Vee.Rajenthiran
Managing Director

NOTES TO THE FINANCIAL STATEMENT

PARTICULARS	31-Mar-12	31-Mar-11
	₹	₹
Note : 1 SHARE CAPITAL		
a) Authorised Share Capital 1,00,00,000 Equity Shares of Rs.10/- each	100,000,000	100,000,000
b) Issued, Subscribed and Fully Paid up Share Capital 66,70,400 Equity Shares of Rs.10/- each	66,704,000	66,704,000
c) Par Value per Share	10	10
d) Reconciliation of Number of Shares		
No of Equity Shares at the beginning of the year	6,670,400	3,085,200
Add: Issue of Bonus Shares 1:1	-	3,085,200
Allotment of 5,00,000 Equity Shares @ 10 at a premium of Rs. 10 on Preferential Basis	-	500,000
No of Equity Shares at the end of the year	6,670,400	6,670,400

e) Details of Share holders holding more than 5% of Equity Shares of the Company

	%	As at 31st 31/03/2012 Nos of Shares	%	As at 31st 31/03/2011 No of Shares
K.Vee.Rajenthiran	29.69%	1,980,618	29.69%	1,980,618
Loyal Credit and Investments Limited	11.99%	800,000	11.99%	800,000
R.Karthikeyan	10.01%	667,680	10.01%	667,680

Terms / Rights attached to Equity Shares

The company has only one class of Equity Shares having a par value of Rs. 10/- per share. Each Share holder has right to participate in General Meeting and is eligible for one vote per share held.

NOTE : 2 RESERVE & SURPLUS

i) Securities Premium Reserve		
Opening Balance	47,130,000	72,982,000
Add: Premium on shares issued during the year	-	5,000,000
Less: Issue of Bonus Shares 1:1	-	30,852,000
Closing Balance	47,130,000	47,130,000
ii) General Reserve		
Opening Balance	127,513,511	127,513,511
Addition / Deductions during the year	-	-
Closing Balance	127,513,511	127,513,511
iii) Surplus in statement of Profit & Loss		
Opening Balance	(31,182,054)	(36,259,843)
Add: Profit / (Loss) After tax	(35,699,872)	5,077,789
Closing Balance	(66,881,926)	(31,182,054)
	107,761,586	143,461,457

Note: 3 LONG - TERM BORROWINGS SECURED LOANS

Term Loans -

a) From Banks	27,824,681	3,926,859
b) From Other parties	28,255,348	46,904,571
TOTAL	56,080,028	50,831,430



THE SRI GANAPATHY MILLS COMPANY LIMITED - SANKAR NAGAR
Schedule of Fixed Assets as at 31 / 03 / 2012

FIXED ASSETS	GROSS BLOCK			DEPRECIATION			CLOSING BALANCE		
	As at 1.4.2011 Year	Additions during the Year	Deletions during the Year	As at 31.3.2012	As at 1.4.2011	Depreciation for the year	deletions during the Year	As at 31.3.2012	As at 31.3.2011
TANGIBLE ASSETS									
Land	8461537	0	2076978	6384559	0	0	0	6384559	8461537
Buildings	42998739	12100	0	43010839	21154730	1014504	0	20841605	21844008
Well	397568	0	0	397568	180382	5322	0	211864	217186
Machineries	272425405	105666	3614471	268916600	204272652	7970480	2935902	59609370	68152752
Furniture	2229313	1750	0	2231063	1744675	100825	0	385563	484638
Computer	2746720	10000	0	2756720	2698102	48694	0	9924	48618
Office appliances	1767189	0	0	1767189	1188537	54849	0	523803	578652
Vehicles	21002711	1447119	2826458	19623372	9419110	1565814	992623	9631071	11583598
Other Assets	2512220	46250	0	2558470	1783501	81310	0	693659	728719
Wind Mills	53755846	0	0	53755846	23834747	3890848	0	26030251	29921099
Grand Total	408297248	1622885	8517907	401402226	266276436	14732646	3928525	124321668	142020807
Previous Year	407982077	23653319	23338148	408297248	261036924	17084185	11844669	142020808	146945154



Security Details for the aforesaid Long Term Loans

Term Loan outstanding balance of Rs. 234.92 lacs with KVB secured by exclusive 1st charge over the entire Fixed Assets of the company excluding the assets financed by the other NBFC's

Hire Purchase outstanding of Rs, 131.51 lacs with Indo Wind Energy Ltd secured by exclusive charge over four number of wind mills

HP outstanding of Rs. 57.53 lacs with Indonet Global Ltd, secured by exclusive charge over number of wind mill

HP outstanding of Rs. 23.73 lacs with Loyal Credit Investments Ltd, secured by exclusive charge over the specific items of machinery.

Terms of repayment :

1. All Term Loans with KVB except Corporate Loan to the tune of Rs. 200 lacs, is due for repayment before 31-03-2013
2. With regard, Corporate Loan, repayable in 60 monthly instalment starting from August 2012 onwards.

Note: 4 DEFERRED TAX LIABILITIES:

Opening Balance	6,700,000	7,700,000
Add / (less) : Provided / (Reversed) during the year	(1,943,744)	(1,000,000)
	4,756,256	6,700,000

Note: 5 OTHER LONG TERM LIABILITIES

Due to Others - Loan from Directors	11,801,855	5,793,453
	11,801,855	5,793,453

Note: 6 SHORT - TERM BORROWINGS

Secured Loans repayable on demand from Banks	51,904,286	40,473,335
Due to Customers	2,245,131	1,657,302
	54,149,416	42,130,637

Security details for the short term loans

1. Working Capital limit of Rs. 500 lacs from KVB are secured by exclusive charge over the entire current assets of the company and also charge over the entire fixed assets of the company excluding machineries financed under HP

Note: 7 TRADE PAYABLES

Creditors	5,474,449	3,586,716
Expenses	2,364,522	2,424,809
	7,838,971	6,011,524

Note: 8 OTHER CURRENT LIABILITIES

Current Maturities of long term debt	18,606,603	21,698,749
Unpaid dividend	312,748	312,848
Other payables	-	-
Related Parties	493,054	-
Statutory dues payable	134,449	124,300
Others & Capital Expenditure payable	272,309	221,375
	19,819,163	22,357,272

Note: 9 FIXED ASSETS

Note: 10 NON - CURRENT INVESTMENTS

Investment in Equity Instruments		
Quoted - At Cost		
- 700 Equity Shares of Rs. 10 each in M/s Aban Offshore India Ltd	1,009,322	1,009,322
- 1000 Equity Shares of Rs. 10 each in M/s Indowind Energy Ltd	7,250	-
- 10,000 Equity Shares of Rs. 10 each in Andhra Cements	286,000	286,000
	1,302,572	1,295,322



Note: 11 LONG TERM LOANS & ADVANCES

(Unsecured, considered good)

i) Security Deposit	9,413,056	8,978,915
ii) Prepaid Expenses	200,000	200,000
iii) Advances Income Tax (Net of provisions)	2,238,554	1,213,632
iv) Other loans and advances	58,419,800	58,020,964
	70,271,410	68,413,511

Note: 12 OTHER NON CURRENT ASSETS

Unamortised Expenses	13,545,407	4,650,970
Receivables on sales of Fixed Assets	1,000,000	-
	14,545,407	4,650,970

Note: 13 INVENTORIES

Raw materials	15,674,452	14,435,518
Work - in - Progress at cost	15,287,583	19,873,586
Finished Goods at Cost	29,761,397	40,016,598
Stores & Spares at Cost	1,255,024	873,582
	61,978,455	75,199,284

Note: 14 TRADE RECEIVABLES

Outstanding for a period exceeding six months.

Secured, considered good

Unsecured, considered good

Doubtful

Less: Provision for Doubtful

Other trade receivables

	6,064,400	10,900,494
	351,275	571,455
	6,415,675	11,471,949
	263,006	263,006
	6,152,670	11,208,943
	35,889,418	23,641,580
	42,042,087	34,850,523

Note: 15 CASH AND CASH EQUIVALENTS

Balance with Banks	1,125,791	1,280,183
Margin Money with Banks	3,293,155	3,137,063
Un paid Dividend balance with Banks	298,584	298,714
Cash on hand:	462,338	449,269
	5,179,868	5,165,229

Note: 16 SHORT TERM LOANS AND ADVANCES

i) Loans & Advances to related parties

Unsecured, considered good

ii) Loans & Advances to employees

Unsecured, considered good

iii) Prepaid Expenses

iv) CENVAT credit receivable

v) Other loans and advances

Secured, considered good

Unsecured, considered good

	-	2,101,287
	512,895	772,220
	769,726	869,241
	2,915,461	3,564,361
	5,071,726	5,087,016
	9,269,807	12,394,124

Note: 17 REVENUE FROM OPERATIONS

i) Sale of products

ii) Other operating revenue - conversion charges

iii) Sale of waste

	215,825,356	281,954,306
	13,134,545	15,985,155
	678,569	856,398
	229,638,470	298,795,859

Note: 18 OTHER INCOME

i) Interest Income - Others

ii) Other non-operating Income

Other Miscellaneous Income

Profit on Sale of Assets

	453,153	753,183
	159,720	8,937
	2,031,937	321,805
	2,644,810	1,083,925

Note: 19 COST OF MATERIALS CONSUMED		
Raw Material	127,373,132	138,486,755
Note: 20 PURCHASE OF TRADED GOODS		
Yarn Purchases	39,940,680	36,609,620
Note: 21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK- IN-PROGRESS & STOCK IN TRADE		
Opening Inventory		
Finished goods	40,016,598	38,514,720
Work in progress	4,835,693	5,980,432
	44,852,291	44,495,152
Less : Closing inventory		
Finished goods	29,761,397	40,016,598
Work in progress	3,521,256	4,835,693
	33,282,653	44,852,291
	11,569,638	(357,139)
Note: 22 EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages & Bonus	10,157,284	13,923,594
Gratuity	3,223,700	740,889
Contribution to Provident Fund & Other funds	418,521	2,326,492
Welfare Expenses	1,329,483	2,678,682
	15,128,987	19,669,656
Note: 23 FINANCE COST		
a) Interest expenses	13,646,544	16,906,782
	13,646,544	16,906,782
Note: 24 OTHER EXPENSES		
Manufacturing Expenses - Power and Fuel	26,085,948	38,831,135
Manufacturing Expenses - Repairs to Building	274,977	477,327
Manufacturing Expenses - Repairs to Machinery	536,109	1,133,055
Manufacturing Expenses - Repairs to General	25,499	58,356
Manufacturing Expenses - Stores	6,365,040	6,602,387
Audit Fees	40,000	40,000
Corporate Expenses	152,190	163,206
Directors Remuneration	2,238,995	2,223,881
Insurance	476,044	370,688
Loss on Sale of Asset	1,007,999	4,465,474
Miscellaneous	299,794	283,853
Postage and Telephone	311,998	415,495
Printing and Stationary	235,104	253,236
Professional charges	521,100	512,180
Rates and Taxes	352,644	562,690
Selling Expenses - Commission	2,312,742	3,767,409
Selling Expenses - Others	216,680	2,017,803
Commercial Taxes	32,071	-
Travelling	638,070	2,212,105
Vehicle Maintenance	1,859,030	948,160
	43,982,033	65,338,437

In accordance with our report even date attached

For M/s Krishnan & Raman

Chartered Accountants

FRN 01515S

(sd) CA. K.V.RAMAN

M.No. 009790

Date : 29/08/2012

Place : Tirunelveli

(sd) R.Karthikeyan

(sd) Amutha Rajenthiran

(sd) S.Kanthimathinathan

(sd) Niranjani Kousigan

Directors

(sd) K.Vee.Rajenthiran

Managing Director



SCHEDULE 21

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

- a. The Accounts of the Company have been prepared under the Historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the company. The Company follows the Mercantile system of accounting and recognizes significant items of Income and Expenditure on accrual basis, except provident fund and employees state insurance contributions, Bonus, interest due from trading advances to sister concerns and interest due to NBFCs, which are accounted on payment basis.
- b. A Sale is net of excise, charity, cess and sales tax collected from customers.

c. DEPRECIATION

Fixed Assets are stated at acquisition cost less accumulated depreciation.

The Company provides depreciation under the Straight line method at the rates and in the manner prescribed by Schedule XIV of The Companies Act, 1956 in respect of Assets acquired in Unit A after 31/03/93 and in respect of all assets acquired in Unit B.

However, in respect of assets acquired in unit A prior to 31/03/93, the Company provides depreciation under the Written Down Value method at the rates prescribed under the Income Tax Rules, 1962.

However the company has obtained opinion from the certified engineer relating to the residual useful life of the assets. Further during the year the critical power position in Tamil Nadu TNEB has reduced demand KVA by 30% resulting in lower utilization of the machineries. Taking the above in to the consideration, the depreciation has been provided on the plant and machinery at 60% of the prescribed rate under the companies Act. Depreciation at normal rate will be higher by Rs. 49.27 lacs

d. INVENTORIES

The Company values its stock of Raw materials and Stores at Cost and values its Finished Goods at Sales/realizable value. The Process Stock is valued at Average Cost

2. CONSIGNMENT SALES

The Company records sales to the extent of statements received from the consignees in respect of stock of finished goods despatched to the consignees.

3. FOREIGN CURRENCY TRANSACTION.

Liability in Foreign Currency has been shown at cost incurred at the time of the transaction. Any fluctuation in the liability arising out of the exchange rates will be accounted for at the time of repayment and hence no provision has been made for the difference.

4. RETIREMENT BENEFITS AS - 15

a. GRATUITY

In respect of Unit A, all the employees except few staffs have opted for Voluntary Retirement Scheme and hence in respect of the new employees there is no gratuity liability. In respect of staffs in the Unit A and employees of Unit B, gratuity is payable as and when the employee leaves and the same is accounted on cash basis. However the Company is taking necessary steps to obtain Actuarial valuation certificate in respect of anticipated future gratuity liability.

b. LEAVE ENCASHMENT.

The Company normally allows its employees to utilize the leave and no encashment leave has been demanded. In the event of leave entitlement being en-cashable in future it will be accounted on payment basis. However, as at the end of the year no employees have accumulated leave to encash.

c. PROVIDENT FUND

The Company deposits the Provident fund contribution under the Employees Provident Fund Scheme run by the Government.

5. BORROWING COSTS - AS - 16.

The Company is following AS-16 with regard to the treatment of borrowing costs. But there are no borrowing costs to be capitalized during the year.

6. QUANTITATIVE DETAILS

Particulars	Units	31/03/2012	31/03/2011
Installed Capacity	Spindles	44,152	44,152
Cotton Purchased	Kgs	11,51,958	13,88,908
Cotton Consumed	Kgs	11,05,010	15,92,379
Yarn Consumed	Kgs	0	540
Yarn Produced	Kgs Own	9,55,104	13,99,445
Yarn Produced	Kgs Conversion	2,34,288	2,54,924

7. DETAILS OF STOCK (in Kgs)

Item	Description	31/03/2012	31/03/2011
Cotton	Opening Stock	96,208	2,99,679
	Closing Stock	1,43,156	96,208
Yarn	Opening Stock	46,449	39,032
	Closing Stock	18,605	46,449
Cotton & Yarn Waste	Opening Stock	1,13,954	60,224
	Closing Stock	1,15,723	1,13,954

8. CONTINGENT LIABILITIES

Item	₹in lacs	
	31/03/2012	31/03/2011
Disputed Service Tax	0.13	0.13
Disputed PF & ESI	70.59	70.59
Disputed Sales Tax Liability	11.92	11.92
Disputed Liability towards Labour	14.42	14.42
Disputed Urban land Tax	4.72	4.72

i. In respect of the Term Loan originally availed from ICICI for purchase of wind mills, the said loan has been transferred to M/s Kotak Mahindra Bank Limited with out the company's consent. M/s Kotak Mahindra Bank has already filed petition before the Hon'ble High court vide C.P 51/2005 and as per the directions of the court the company has paid Rs. 25 lacs as initial payment in 2008 and after that paid Rs. 2 lacs per month as monthly installments without interest. During the financial year under audit, the company has paid Rs. 6 lacs to M/s Kotak Mahindra Bank Ltd, as dues. The Scheme has been agreed to in principle by M/s. Kotak Mahindra Bank and accepts the dues. Hence no provision has been made towards interest.

9. EXPENDITURE IN FOREIGN CURRENCY

Nil

10. EARNINGS IN FOREIGN EXCHANGE

Nil

11. The balances appearing in the Books of Accounts relating to Debtors, Creditors, Loans and Advances are subject to confirmation and reconciliation wherever necessary. Letters have been sent to the parties soliciting confirmation.

12. Other Income of Rs. 93.73 lacs is the conversion charges received in unit A working on job work basis on a production of yarn commercially valued at Rs. 416.54 lacs

13. Disclosure in respect of MSME Sector.

The company does not hold any payment due to the MSME sector. Further information regarding MSME registration has not been provided by the suppliers. However, based on the information available from the company the amount due to MSME creditors for the year towards

Principal	- Rs. Nil
Interest	- Rs. Nil



The Sri Ganapathy Mills Company Limited

14. Income Tax Assessments have been completed up to the assessment year 2009-2010 and wealth tax assessments have been completed up to the Assessment year 1997-98.

15. Segment Reporting:

As per AS 17 recommended by the Institute of Chartered Accountants of India

The Company operates in a single primary business segment namely manufacture of cotton yarn. Hence no separate disclosure is required

Secondary Segment Analysis

Sales revenue by geographical market is given as under.

Market	2011-2012 (Rs. in lacs)
Nepal	124.17
India	2034.08

16. The Share Transfer works is presently being done at M/s S.K.D.C.Consultants Ltd, Coimbatore. The Company has opted for dematerialization of shares with the stock exchanges and become a member of NSDL and CSDL.

17. As per provisions of Accounting Standard 18 - "Related Parties Transactions" issued by the Institute of Chartered Accountants of India, the details of Related Party Transaction based on disclosure certificate issued by the Directors is given below:

a) Related Parties	Nature of Relationship	Rs. In lacs			
		Balance outstanding			
		2012	2011		
K.V.R.Kousigan	Son of M.D	19.70	Cr	36.83	Cr
M/s Sivakumar spinning Mills P Ltd (Trading account balance)	Interested Concern	4.93	Cr	21.01	Cr
Loyal Credit & Investment Co.Ltd.,	Interested Concern	23.72	Cr	23.72	Cr

Details of remuneration paid to the Managing Director and Director of the Company

	2012	2011
K.Vee.Rajenthiran	: Rs. 13.39 lacs	Rs. 13.23 lacs
R.Karthikeyan	: Rs. 9.00 lacs	Rs. 9.00 lacs

18. AS. 20: Earnings Per Shares : (5.64) per Equity Share.

19. The Liability in respect of assets acquired on Hire Purchase was shown at values equivalent to the principal outstanding.

20. Taxation : In view of the loss for the current financial year, no provision for Income Tax has been provided.

21. Deferred Tax Liability - AS 22

The company has provided a sum of ₹ 19.43 lacs. towards Deferred Tax Asset during the current financial year in view of timing differences in depreciation charged as per Income Tax and Company's Act provisions.

22. The Revised Schedule VI has become effective from 1.4.2011 for preparation of financial statements. This has significantly imparted the disclosure and presentations in the financial statements. Previous Year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year classification/disclosure.

In accordance with our report of even date attached

(sd) For M/s Krishnan and Raman
CHARTEREDACCOUNTANTS
FRN 015155

(sd) CA. K.V.Raman
M.No. 009790

DATE : 29-08-2012
PLACE : Tirunelveli

(sd) K.Vee.Rajenthiran
MANAGING DIRECTOR

(sd) R.Karthikeyan
(sd) Amutha Rajendran
(sd) Niranjani Kousigan
(sd) S.Kanthimathinathan
DIRECTORS

Cash Flow Statement Annexed to the Balance Sheet for the year ended 31st March 2012

	2011-12	2010-11
	₹ in lacs	₹ in lacs
A Cash Flow from Operating Activities		
Net Profit / (Loss) before extraordinary items and tax	(376.44)	50.78
Adjustments for:		
Depreciation and amortisation	172.22	170.84
Amortisation of share issue expenses and discount on shares	(24.90)	32.12
(Profit) / loss on sale / write off of assets	(10.24)	41.44
Operating profit / (loss) before working capital changes	(239.35)	295.18
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	132.21	16.71
Trade receivables	(71.92)	115.74
Short-term loans and advances	31.24	
Long-term loans and advances	(18.58)	
Other non-current assets	(98.94)	
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	18.27	(117.31)
Other current liabilities	(25.38)	-
Other long-term liabilities	60.08	-
Others	-	(45.48)
	26.99	(30.34)
Net cash flow from / (used in) operating activities (A)	(212.36)	264.84
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(16.23)	(236.53)
Proceeds from sale of fixed assets	56.00	73.49
Purchase of Investments	(18.86)	-
Proceeds from sale of Investments	18.93	-
Net cash flow from / (used in) investing activities (B)	39.83	(163.04)
C. Cash flow from financing activities		
Proceeds from issue of equity shares	-	100.00
Proceeds from long-term borrowings	-	(198.48)
Repayment of long-term borrowings	52.49	-
Proceeds from other short-term borrowings	120.19	397.26
Net cash flow from / (used in) financing activities (C)	172.67	298.78
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	0.15	400.58
Cash and cash equivalents at the beginning of the year	51.65	(348.93)
Cash and cash equivalents at the end of the year	51.80	51.65
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents at the end of the year		
(a) Cash on hand	4.62	4.49
(b) Balances with banks	11.26	12.80
(c) In earmarked accounts (give details) (Refer Note (ii) below)	2.99	2.99
(d) Others - Magin Account	32.93	31.37
TOTAL	51.80	51.65
	0.00	(0.00)

See accompanying notes forming part of the financial statements

In accordance with our report even date attached

For M/s Krishnan & Raman
Chartered Accountants
FRN 015155
(sd) CA. K.V.RAMAN,
M.No. 009790
Date : 29/08/2012
Place : Tirunelveli

(sd) R.Karthikeyan

(sd) Amutha Rajenthiran

(sd) S.Kanthimathinathan

(sd) Niranjani Kousigan

Directors

(sd) K.Vee.Rajenthiran
Managing Director



The Sri Ganapathy Mills Company Limited

Auditors' Certificate

We have verified the above cash flow statement of The Sri Ganapathy Mills Co., limited, derived from the audited annual financial statements for the year ended 31st March, 2012 and 31st March, 2011 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreements with the stock exchanges

Date : 29-08-2012

Place: Tirunelveli

for Krishnan & Raman

Chartered Accountants

FRN 015155

(sd) CA. K.V.RAMAN

M.No. 009790



THE SRI GANAPATHY MILLS COMPANY LIMITED

Sankar Nagar, P.O., Thalaiyuthu, Tirunelveli District, Pin Code - 627 357

PROXY FORM

Regd. Folio No. _____ No. of shares held _____
I/we _____ of _____ in
the district being a member/members of The Sri Ganapathy Mills Company Limited hereby appoint
_____ in the district of _____ of falling him/her
_____ of _____ in the district of _____
as my/our proxy to attend and vote for me / us and at the 64th Annual
General Meeting of the company to be held on 28th September 2012 at 10.00 a.m. and at any adjournment. thereof.
As witness my hand/ our hand this _____ day of _____ 2012. Signed by said

- Notes
- a) The form should be signed across the stamp as per Specimen signature registered with the company
 - b) The proxy form duly completed must be deposited at the Registered office of the company not less than 48 hours before the time fixed for holding the aforesaid meeting.

THE SRI GANAPATHY MILLS COMPANY LIMITED

Sankar Nagar, P.O., Thalaiyuthu, Tirunelveli District, Pin Code - 627 357

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

I/we hereby record my/our presence at 64th Annual General Meeting of the Company held at the Registered Office of the Company, Viz, Sankar Nagar, Tirunelveli at 10.00 a.m. on Friday the 28th September 2012.

Full Name of Member (in Block Letter) _____ Regd. Folio

No. _____ No. of shares held _____ Full name of the proxy (in

Block Letter) _____ Signature of the member(s) of Proxy/Proxies

Present _____ Please complete and sign this attendance slip and handover at the entrance

of the meeting hall. Only member(s) or their proxies with this attendance slip will be allowed entry to the meeting.

