

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. R.P.Karthik
Sri. D.Anand Samuel
Sri. S. Kanthimathinathan
Sri. B.Arumugam

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_tv1@yahoo.co.in

Branch

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

Contents

Page

Directors Report	3
Management Analysis	5
Report of Corporate Governance	5
Auditors' Report	12
Balance Sheet	15
Profit and Loss Account	16
Schedules	17
Notes on Accounts	22
Cash Flow Statement	25
Balance Sheet Abstract	26

Listed Stock Exchange: Bombay Stock Exchange

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

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

NOTICE FOR ANNUAL GENERAL MEETING

Notice is hereby given that the 63rd Annual General Meeting of The Sri Ganapathy Mills Company Limited will be held on 30th September 2011 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 2011 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 Sri S. Kanthimathi Nathan who retires by rotation and being eligible offers him self for re-appointment.
3. To appoint a Director in the place of Sri. B. Arumugam who retires by rotation and being eligible offers him 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.

Place : Sankar Nagar

Date : 25-08-2011

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 16th September to 30th September 2011 (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.

Place : Sankar Nagar

Date : 25-08-2011

For and on behalf of the Board

(sd) K.Vee.Rajenthiran

Managing Director



**REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS OF
THE SRI GANAPATHY MILLS COMPANY LIMITED
FOR THE YEAR ENDED 31st March 2011**

LADIES AND GENTLEMEN,

Your Directors present herewith their 63rd Annual Report together with the Audited statement of accounts for the financial year ended 31st March 2011

GENERAL PERFORMANCE:

During the financial year under review, the company has performed well and the turnover has been increased to ₹ 2999 lacs when compared with the previous year turnover of ₹ 2705.74 lacs. Consequently the company has earned an operating profit of ₹ 445.98 lacs an increase of ₹ 78.23 lacs before interest and depreciation. The net profit amounted to ₹ 50.78 lacs as against the loss of ₹ 146.50 lacs.

The major financial parameters are given hereunder

Description	Rs. lacs	
	31-03-2011	31-03-2010
Sales & Other Income	2998.80	2705.74
Operating Expenses	2552.82	2337.99
Operating Profit	445.98	367.75
Financial Expenses	169.07	170.66
Depreciation	170.84	173.01
Net Profit before VRS & exceptional items	106.07	24.08
VRS Expenditure	10.64	2.63
Net (+) Profit / (-) loss before exceptional items	95.43	21.45
Exceptional items	44.65	167.95
Net (+) Profit/ (-) Loss	50.78	-146.50

DIVIDEND

In View the accumulated losses the Directors are unable to recommend any dividend for the year ended 31.03.2011.

FUTURE PROSPECTS

The Indian textile industry is now facing unprecedented period of difficulties due to slowing down in the demand especially from the beginning of current financial year 2011-2012. The uncertainties in the export policy of govt of India related to cotton yarn have added to the woes of the textile industries. The restrictions imposed on cotton yarn export in the last quarter of 2010-2011 led to huge accumulation of inventories with the mills leading to crashing of yarn prices. The financial stress caused by the above said developments is likely to reflect in the reduced profitability of the textile industries in the country in financial year 2011-2012.

WIND MILL

Due to low wind in the wind farm for the year under review, the generation of power units was lowered when compared with previous year figure and generated 11.52 units, valued at ₹ 37.72 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.

1. S. Kanthimathi Nathan
2. B. Arumugam

Being eligible they offer themselves for reappointment.

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 283 (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.

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 : 25-08-2011
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 financial statements have been prepared in compliance with the requirements of the Companies Act 1956 and generally accepted accounting principles (GAP) in India. The management accepts the responsibility for the integrity and objectivity of these financial statements and the basis for the various estimates and judgments used in preparing the financial statements. During the year the company has achieved a turn over ₹ 30.00 Crores and ended with at net profit of ₹ 50.78 lacs. This is due to the continued focus on a result driven strategy. The company envisages modernization during the year 2011-2012 in spite of bottom line turning negative the first quarter of the financial year 2011-12, we are confident that our concern will go from strength to strength in the coming years

OPPORTUNITIES AND THREATS

With the volatility in the cotton prices, raw material planning has become a challenge for the textile industry. The continuous increase in the yarn prices in the major part of the financial year 2010-11 has started abating from the first quarter 2011-12. Coupled with the volatility in the cotton prices has resultant in the squeezing of the margins and has resulted in general declining in the profitability. However, the company has taking 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 international demand and also appreciating rupee could give a better realization.

INTERNAL CONTROL SYSTEM:

The internal audit system in the company is bestowing a good protection to the assets of the company. The system spearheaded by two in house audit teams 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 faces 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. Fourteen Board meetings were held on 14-05-2010, 04-06-2010, 29-07-2010, 23-08-2010, 29-10-2010, 06-11-2010, 18-11-2010, 29-11-2010, 08-12-2010, 16-12-2010, 10-01-2011, 28-01-2011, 03-03-2011 & 21-03-2011



Name of the Director and Category	No. of directorship Held		No. of Board Meetings attended During 2010-11	Whether attended Last AGM
	Public	Private		
Sri. K.Vee.Rajenthiran Managing Director - Executive	2	1	13	Yes
Sri. R.Karthikeyan - Executive Whole Time Director	1	-	14	Yes
Smt. Amutha Rajendran Non-Executive	2	1	10	Yes
Smt. Niranjani Kousigan Non-Executive	1		9	Yes
Sri. D. Anand Samuel Non-Executive - Independent	1		11	Yes
Sri. R.P.Karthik Non-Executive - Independent	1		7	No
Sri. S.Kanthimathi Nathan Non-Executive - Independent	1		11	Yes
B.Arumugam Non-Executive - Independent	1		9	No

II. Brief Resume of the Directors Seeking Reappointment

Name	Age	Qualification	Brief Resume area of Expertise	Chairman / Member Committee of Directors
Sri. B. Arumugam	58	B.Sc.	Well Experience in Real Estate & Hotel Business	-
Sri. S.Kanthimathi Nathan	35	B.Sc.	Experience in the Area of Marketing	Member - Audit Committee & Share holder investors 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	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	Independent Director / Chairman	5	5
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 2010-2011 are given below:

Name	Designation	Salary & Perquisites (₹. lacs)
K. Vee. Rajenthiran	Managing Director	13.23
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, S.Kanthimathinathan, and K.Narendra from S.K.D.C Consultants.

During the year under review, One investor complaints were received & disposed off to their 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 unaudited 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
29/09/2008	10.00 a.m.	Registered Office, Sankar Nagar, Tirunelveli - 627 357
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

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

- Year - 2008: Conversion of Loan in to Equity Shares - 2,50,000 Equity shares of Rs. 10 each at a premium of Rs. 30 per share to M/s Indo wind Energy Ltd, Chennai
- 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.

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



- 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	: 63 rd (Sixty Three)
Date and Time	: 30 th September 2011, 10.00 a.m
Venue	: Registered Office, Sankar Nagar, Tirunelveli - 627 357
Financial Calendar	: 01/04/2010 to 31/03/2011
Date of book closure	: 16 th September 2011 to 30 th September 2011
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 30 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 2011

Category	No of Shares Held	% of holding
Promoters	3347578	50.186
Indian Public	2077155	31.140
Fin. Institutions / banks	400	0.006
Pvt. Corporate Bodies	1127396	16.900
NRI / OCBs	117871	1.767
Total	6670400	100.00

X. Distribution of Shareholding as on March 31st 2011

Range	2010-2011 No. of ShareHolders	%	2010-2011 Share Amount	%
Up to - 5,000	2269	81.62	4597230	6.89
5,001 - 10,000	229	8.24	1784630	2.68
10,001 - 20,000	113	4.06	1743280	2.61
20,001 - 30,000	33	1.19	823030	1.23
30,001 - 40,000	27	0.97	972900	1.46
40,001 - 50,000	22	0.79	1026650	1.54
50,001 - 1,00,000	35	1.26	2531050	3.79
1,00,001 - above	52	1.87	53225230	79.79
	2780	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 2011.



Category	No of Shares	% of holding	No of Share holders	% of holding
Physical	2197362	32.942	1369	49.24
NSDL	4021141	60.283	1029	37.02
CDSL	451897	6.775	382	13.74
TOTAL	6670400	100.00	2780	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 2011, 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, 2011.

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 2011 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 2011.

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: 25-08-2011

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 2011

Place: Tirunelveli
Date: 25-08-2011

K.Vee.Rajenthiran
(Managing Director)



FORM B See Rule (2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO 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 2011

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 pedastal 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 :

	Year ended 31/03/2011	Year ended 31/03/2010
1) ELECTRICITY		
(a) Purchased form EB.		
Units KWH	5271704	5000866
Total amount	₹ 127756171	23793037
Rate per unit	₹ 5.27	4.76
(b) Own Generation :		
(i) Through Diesel generator		
Unit KWH	631684	148792
Unit Per litre of Diesel oil	3.19	2.54
Cost per unit	₹ 12.53	14.21
(ii) Through wind turbine/generator units		
Units generated	1161791	1439356
Rate per unit	₹ 3.52	3.06
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.	1654369	1823168
Electricity	3.17	2.74
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 2011

We have audited the attached Balance sheet of The Sri Ganapathy Mills Company Limited as at 31st March 2011 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 2011 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, 2011
 - (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 : 25-08-2011

(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 my 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 me 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. According to the records of the company provident fund, Employees State insurance dues have been regularly deposited during the year with the appropriate authorities subject to the following.**
- a. The disputed statutory dues pertaining to earlier years aggregating to ₹ 127.90 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:



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
6.	Income Tax Act 1956	Income Tax	Appeal before CIT,(appeal) Madurai.	45.26

10. The Company has accumulated Losses to tune of ₹.321.21 lakhs as at 31.3.2011 and has not incurred any cash losses during the financial year covered by our audit or 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 me and based on the records examined by me, 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 ₹. 175.76 lakhs during the year. The term/hp 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 and acquisition of fixed assets.
18. The company has made preferential allotment of shares 5,00,000 Equity Shares to the party covered under section 301 of the Company's Act, 1956 during the year, approval for which has been obtained from the share holders in the Extra Ordinary General Meeting held on 07th February 2011.
19. The company has not issued any debentures and hence creation of securities in respect of the same does not arise.
20. The company has not raised any money by way of Public Issue during the year.
21. 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 : 25-08-2011



BALANCE SHEET AS AT 31-MARCH-2011

PARTICULARS	SCHEDULE	31-Mar-11		31-Mar-10	
		₹		₹	
I. SOURCES OF FUNDS					
A SHAREHOLDERS' FUNDS					
Share Capital	1	6,67,04,000		30,852,000	
Reserves & Surplus	2	17,46,43,511		20,04,95,511	
			24,13,47,511		23,13,47,511
B LOAN FUNDS					
Secured Loans	3	11,30,03,514		13,12,56,225	
Unsecured Loans	4	57,72,370		79,02,360	
			11,87,75,884		13,91,58,585
C DEFERRED TAX LIABILITY			67,00,000		77,00,000
TOTAL			36,68,23,395		37,82,06,096
II. APPLICATION OF FUNDS					
A FIXED ASSETS					
Gross Block	5	40,82,97,247		40,79,82,076	
Less: Depreciation		26,62,76,436	14,20,20,811	26,10,36,923	14,69,45,153
B INVESTMENTS	6		12,95,322		12,95,322
C CURRENT ASSETS, LOANS & ADVANCES					
Inventories	7	7,51,99,284		76,870,412	
Sundry Debtors	8	3,48,50,523		42,705,145	
Cash & Bank Balances	9	51,65,229		53,67,097	
Loans and Advances	10	8,19,70,378		8,56,89,640	
		19,71,85,413		21,06,32,293	
Less: Current Liabilities & Provisions	11	95,11,175	18,76,74,238	21,241,818	18,93,90,475
D MISC. EXPENDITURE	12		3,58,33,024		4,05,75,145
(To the extent not written off or adjusted)					
TOTAL			36,68,23,395		37,82,06,095

In accordance with our report even date attached

(sd) For M/s Krishnan & Raman
Chartered Accountants
FRN 015155

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

Date : 25/08/2011

Place : Tirunelveli

(sd) R.Karthikeyan
(sd) Amutha Rajenthiran
(sd) S.Kanthimathinathan

(sd) Niranjani Kousigan
Directors

(sd) K.Vee.Rajenthiran
Managing Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31-MARCH-2011**

PARTICULARS	SCHEDULE	31-Mar-11	31-Mar-10
		₹	₹
INCOME:			
SALES	13	28,27,75,704	24,64,98,496
OTHER INCOME	14	1,71,04,080	2,40,75,876
TOTAL		29,98,79,784	27,05,74,373
EXPENDITURE:			
Cotton Consumed		13,84,86,755	9,80,81,054
Export Yarn Purchases		3,66,09,620	6,37,12,492
Stores & Packing Materials Consumed		66,02,387	50,18,845
Power & Fuel		38,831,135	2,87,61,322
Establishment	15	1,96,69,656	1,95,98,414
Commercial Taxes		1,83,748	1,75,472
Financial Charges	16	1,69,06,782	1,70,66,055
Managerial Remuneration	17	22,23,881	10,20,000
Audit Fees	18	40,000	30,000
VRS - Expenses		10,63,700	2,63,000
Selling & Distribution Expenses		57,85,212	43,16,931
Other Expenses	19	72,06,601	56,93,221
Loss on Sale of Assets		44,65,474	1,06,23,976
Bad debts written off		-	67,78,935
Depreciation Written off		1,70,84,184	1,73,01,173
		29,51,59,134	27,84,40,891
Increase/Decrease in Finished Goods Stock	20	(3,57,139)	67,83,667
		29,48,01,995	28,52,24,558
Net (+) Profit / (-) Loss		50,77,789	(1,46,50,185)
TOTAL		29,98,79,784	27,05,74,373
Net (+) Profit / (-) Loss before Tax		50,77,789	(1,46,50,185)
Less: Provisions for Income Tax		10,00,000	
Provisions for Deffered Tax Asset		(10,00,000)	
Add: Balance brought forward from previous year		(3,62,59,843)	(2,16,09,658)
Balance Carried forward		(3,11,82,054)	(3,62,59,843)

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 : 25/08/2011

Place : Tirunelveli

(sd) R.Karthikeyan

(sd) Amutha Rajenthiran

(sd) S.Kanthimathinathan

(sd) Niranjani Kousigan

Directors

(sd) K.Vee.Rajenthiran

Managing Director



PARTICULARS	SCHEDULE	31-Mar-11	31-Mar-10
		₹	₹
I. SHARE CAPITAL:			
AUTHORISED:			
1,00,00,000 Equity Shares of Rs.10 Each		10,00,00,000	6,00,00,000
ISSUED SUBSCRIBED AND PAID UP			
30,85,200 Equity shares of RS.10/- each		3,08,52,000	3,08,52,000
Add: Issue of Bonus Shares 1:1			
30,85,200 Equity Shares of Rs.10/ each		3,08,52,000	
5,00,000 Equity shared of Rs. 10 each at a premium of Rs. 10/- on preferential Basis.		50,00,000	
		6,67,04,000	3,08,52,000
2. RESERVES AND SURPLUS:			
Share Premium		4,71,30,000	7,29,82,000
General Reserve		12,75,13,511	12,75,13,511
		17,46,43,511	20,04,95,511
3. SECURED LOAN:			
The Karur Vysya Bank Ltd - ILC secured by charge over current assets of the company under Transport documents		2,50,32,050	2,98,97,733
KOTAK - TERM LOAN		1,07,73,659	1,35,98,659
Mahindra & Mahindra Finance Madurai, - H.P Loan on Vehicles		7,49,063	58,751
The Karur Vysya Bank Ltd - TERM LOAN Secured by Charge over the Fixed Assets and on the personal Guarantee of Three Directors of the Company - Limit upto Rs. 970.34 lacs		2,59,37,886	4,66,88,964
The Karur Vysya Bank Ltd - OCC - Secured by Charge over the Current Assets & Fixed Assets and on the personal Guarantee of Three Directors of the Company - Limit upto Rs.150 lacs		1,46,94,408	1,03,63,534
Loyal Credit & Investment Ltd - Term Loan - Secured by charge over the Specific items of machinery and personal Guarantee of MD		23,72,000	24,11,900
Indowind Term Loan - Secured by 4 Nos of Wind Mills and personal Guarantee of MD		1,74,23,116	2,59,80,153
The Karur Vysya Bank Ltd, - HP loan on the security of Vehicles		4,34,599	-
Cholamandalm Finance - HP Loan on the security of Vehicles		2,32,954	4,18,663
Indonet Global Ltd, Chennai - Term Loan Secured by one no of Wind mills.		60,00,000	-
Sundaram Finance - H. P Loan on the Security of the Vehicles And two numbers of Generator		93,53,779	18,37,867
		11,30,03,514	13,12,56,225
4. UNSECURED LOAN:			
Deposits and Loans from Directors		57,72,370	79,02,360
		57,72,370	79,02,360



THE SRI GANAPATHY MILLS COMPANY LIMITED - SANKAR NAGAR
Schedule of Fixed Assets as at 31 / 03 / 2011

S.No.	Net Block as on 31..Mar.2010	Particulars of Assets	Cost as on 1 Apr.2010	Additions for 2010-2011	Deletions for 2010-2011	Cost as on 31 Mar.2011	Depreciation upto 31-Mar-10	Depreciation for 2010-2011	Depreciation upto 31-Mar-11	Net Block as on 31-Mar-11
1	8461537	Land	8461537	0	0	8461537	0	0	0	8461537
2	22173940	Buildings	42315264	683475	0	42998739	20141323	1013408	21154731	21844008
3	222609	Well	397568	0	0	397568	174959	5423	180382	217186
4	77363356	Machineries	279181420	7365003	14121018	272425406	195231760	9040895	204272654	68152752
5	556501	Furniture	2201458	27855	0	2229313	1644958	99717	1744675	484638
6	67748	Computer	2693620	53100	0	2746720	2625872	72230	2698102	48618
7	610228	Office	1744439	22750	0	1767189	1134212	54325	1188537	578652
8	10334855	Vehicles	23480151	6739690	9217130	21002709	7886930	1532181	9419111	11583598
9	830119	Other Assets	2506620	5600	0	2512220	1676501	107001	1783501	728719
10	26324260	Wind Mills	45000000	8755846	0	53755846	18675740	5159006	23834747	29921099
	146945154	Total	407982077	23653319	23338148	408297248	249192255	17084185	266276439	142020809



DEFERRED TAX LIABILITY	67,00,000	77,00,000
5. FIXED ASSETS: (Separate schedule annexed)		
6. INVESTMENTS:		
Traded shares		
700 Equity Shares of Rs. 1400 each in M/s Aban Offshore India Ltd Chennai & 10,000 Equity Shares of Rs. 28.60 each in Andhra Cements	12,95,322	12,95,322
7. INVENTORIES:		
Inventories taken, Valued and Certified by Managing Director, Stores and Raw Materials At Cost, Process Stock at Average Cost and Finished Goods at Selling price		
Raw Materials	2,94,73,411	3,14,77,485
Stores and Spares	8,73,582	8,97,775
Finished Goods	1,87,73,717	1,57,38,212
Consignment Stock	2,60,78,574	2,87,56,940
	7,51,99,284	7,68,70,412
8. SUNDRY DEBTORS		
Considered Good and unsecured		
Outstanding for more than 6 months	1,09,00,494	12,46,907
Considered Doubtful	5,71,455	11,21,103
Other Debts	2,36,41,579	4,06,00,140
	3,51,13,529	4,29,68,150
Less: Provision for Doubtful Debts	2,63,006	2,63,006
	3,48,50,523	4,27,05,145
9. CASH AND BANK BALANCES:		
Cash and Bank Balances	449,269	7,47,419
Balances with Schedule Bank in C/A	12,80,183	10,64,599
Dividend Deposit A/c	2,98,714	2,98,714
In Deposit Account	31,37,063	32,56,364
	51,65,229	53,67,097
10. LOANS AND ADVANCES		
(Receivable in Cash or In Kind		
Considered Good and not Secured)		
Advances		
- Advances - considered doubtful	91,97,410	91,97,410
- Advances - considered Good - below six months	4,95,95,774	4,92,09,231
Others Receivables	1,07,52,663	90,50,609
Prepaid Expenses	8,69,241	7,73,882
Deposit with Govt Depts & Others	91,78,915	1,46,67,216
Income Tax Paid	23,76,375	27,91,290
	8,19,70,378	8,56,89,640



11. CURRENT LIABILITIES AND PROVISIONS:

Sundry Creditors	35,86,716	38,60,328
Liability for Expenses	24,24,809	36,12,939
Other Liabilities	3,66,758	78,92,160
Dues to Consignees	16,57,302	54,00,800
Income & Wealth Tax Provisions	11,62,743	1,62,743
UN Claimed Dividend	3,12,848	3,12,848
	95,11,175	2,12,41,818

12 MISCELLANEOUS EXPENDITUE

(To the extent not written off or adjusted)

a) Voluntary Retirement Scheme Expenses	30,09,805	5,26,005
b) Deferred Interest	16,41,165	37,89,297
c) Profit and Loss account	3,11,82,054	3,62,59,843
	3,58,33,024	4,05,75,145

13 SALES:-

Yarn	25,32,21,528	17,67,48,993
Export Yarn	2,87,32,778	6,89,03,807
Waste & Scrap	8,21,398	8,45,697
	28,27,75,704	24,64,98,496

14 OTHER INCOME

Profit on Sale of Assets	3,21,805	8,04,044
Conversion Charges	1,22,12,493	1,83,30,800
Wind Mill Current Charges	37,72,662	43,62,700
Interest Received	7,53,183	5,78,332
Miscellaneous Income	43,937	-
	1,71,04,080	2,40,75,876

15 ESTABLISHMENT

Salary, Wages etc.,	1,23,34,018	1,23,25,488
Gratuity	7,40,889	3,18,763
Bonus	15,89,576	23,85,650
PF, FPF, ESI and Charges	23,26,492	19,78,874
Staff & Labour Welfare	26,78,682	25,89,639
	1,96,69,656	1,95,98,414

16 FINANCIAL CHARGES

Term Loan and HP Finance Charges	1,34,49,647	1,29,92,161
Bank Commission and Charges	12,45,964	12,32,212
Interest to Others	5,84,584	14,71,024
Bank Interest	16,26,587	13,70,657
	1,69,06,782	1,70,66,055

17 MANAGERIAL REMUNERATION & COMMISSION

Managing Director / Whole Time Director	21,00,000	9,60,000
Directors Residence Maintenance	1,23,881	60,000
	22,23,881	10,20,000

18 AUDIT FEES

Statutory Audit	30,000	20,000
Cost Audit	10,000	10,000
	40,000	30,000

**19 OTHER EXPENSES**

Travelling & Vehicle Maintenance	16,18,457	9,90,677
Rent, Rates, Taxes & Licences	3,15,816	4,11,241
Goods Vehicle Repair & Maintenance	15,41,808	15,62,730
Micellaneous	2,01,013	76,575
Filing Fees	91,611	8,340
Postage & Telephone	4,15,495	3,27,886
Printing & Stationary	2,53,236	2,11,776
Machinery Repairs & Maintenance	11,33,055	6,52,839
Building Repairs & Maintenance	5,20,948	1,86,982
Insurance	3,70,688	3,32,496
Share Transaction Expenses	-	33,688
Dharman & Charity	1,14,168	84,220
Security Transaction Tax	3,640	13,883
Professional & Legal Charges	5,12,180	5,63,122
Share Transfer Fees	47,652	47,652
Annual Listing Fees	20,303	27,188
Rest House Maintenance	-	1,02,861
Computer Maintenance	14,735	17,665
Central Excise Tax	31,798	41,401
	72,06,601	56,93,221

20 INCREASE/DECREASE IN FINISHED GOODS STOCK

Opening Stock	4,44,95,152	5,12,78,819
Closing Stock	4,48,52,291	4,44,95,152
Increase/Decrease	(3,57,139)	67,83,667

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 : 25/08/2011

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 70% of the prescribed rate under the companies Act. Depreciation at normal rate will be higher by Rs. 37.02 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	31/03/2011	31/03/2010
Installed Capacity	Spindles	44,152	44,152
Cotton Purchased	Kgs	13,88,908	16,93,821
Cotton Consumed	Kgs	15,92,379	15,03,720
Yarn Consumed	Kgs	540	0
Yarn Produced	Kgs Own	13,99,445	13,08,276
Yarn Produced	Kgs Conversion	2,54,924	5,14,892

7. DETAILS OF STOCK (in Kgs)

Item	Description	31/03/2011	31/03/2010
Cotton	Opening Stock	2,99,679	1,09,578
	Closing Stock	96,208	2,99,679
Yarn	Opening Stock	39,032	67,256
	Closing Stock	46,449	39,032
Cotton & Yarn Waste	Opening Stock	60,224	67,631
	Closing Stock	1,13,954	60,224

8. CONTINGENT LIABILITIES

Item	₹in lacs	₹in lacs
	31/03/2011	31/03/2010
Disputed Service Tax	0.13	2.22
Disputed PF & ESI	70.59	39.74
Disputed Sales Tax Liability	11.92	11.92
Disputed Liability towards Labour	14.42	14.42
Disputed Income Tax	45.26	45.26

I. The Commissioner of Urban Land Tax has vide his Order dt. 08/07/91 imposed a sum of Rs. 2,80,956/- as Urban Land Tax in respect of the Company's property located at Chatrapudukulam village being the tax liability for a period of 15 years. The company has filed a Writ appeal against this order before Hon'ble High Court Chennai. However, the company has paid Rs. 54,280/- as urban land tax as per the earlier directions of the High Court. Now the amount was enhanced to Rs. 5,27,220/- as tax liability. The Balance of Rs. 4,72,940/- remains contingent.

II. In respect of the Term Loan originally availed from ICICI for purchase of wind mills by the company and 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 as for the schedule without interest. During the financial year the company has paid Rs. 28.25 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

	31/03/2011	31/03/2010 (Rs. lacs)
FOB value of Exports	Nil	18.48

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. 122.12 lacs is the conversion charges received in unit A working on job work basis on a production of yarn commercially valued at Rs. 541.26 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

14. Income Tax Assessments have been completed up to the assessment year 2008-2009 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	2010-2011 (Rs. in lacs)
Asia	287.32
India	2540.42

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	
		2011	2010
K.V.R.Kousigan	Son of M.D	36.83 Cr	40.71 Cr
M/s Sivakumar spinning Mills P Ltd (Trading account balance)	Interested Concern	21.01 Dr	10.92 Cr

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

	2011	2010
K.Vee.Rajenthiran	: Rs. 13.23 lacs	Rs. 6.60 lacs
R.Karthikeyan	: Rs. 9.00 lacs	Rs. 3.60 lacs

18. Earnings Per Shares : 0.76 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 : A provision of Rs.10 lacs towards Income Tax on current income after setting off MAT Credit from the earlier years.

21. Deferred Tax Asset / Liability - AS 22

The company has provided a sum of ₹ 10 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. Previous Year's figures have been regrouped wherever necessary.

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

(sd) K.Vee.Rajenthiran

MANAGING DIRECTOR

(sd) R.Karthikeyan

(sd) Amutha Rajendran

(sd) Niranjani Kousigan

(sd) S.Kanthimathinathan

DIRECTORS

DATE : 25-08-2011

PLACE : Tirunelveli



Cash Flow Statement Annexed to the Balance Sheet for the year ended 31st March 2011

	2010-11		2009-10	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
A: Cash Flow from Operating Activities				
Net Profit/Loss after tax as per P&L Account		50.78		(146.50)
Adjusted for :				
Net Prior Year Expenses		-		-
		50.78		(146.50)
Net Profit before tax and extraordinary items				
Adjusted for :				
Depreciation	170.84		173.01	
Loss on Sale of Assets	41.44		98.20	
Miscellaneous Expenditure written off	32.12		24.11	
Interest Received	(7.53)		(5.78)	
Interest Paid	156.61		158.34	
Finance Lease Paid	-	393.47	-	447.88
Operating Profit before Working Capital Changes		444.25		301.37
Adjusted for:				
Trade and Other Receivables	115.74		96.89	
Inventories	16.71		(115.29)	
Trade Payables	(117.31)		(75.74)	
		15.14		(94.14)
Cash generated from Operations.		459.39		207.23
Interest Paid		156.61		158.34
Deferred taxes paid		10.00		-
Cash flow before extraordinary items	-	292.79	48.90	
Net prior Year Expenses				-
Extra Ordinary items - compensation to workers		35.48		-
NET CASH FROM OPERATIONS		257.31		48.90
B: Cash Flow from Investing Activities				
Purchase of Fixed Assets	(236.53)		(27.97)	
Purchase / sale of investments	-		86.88	
Sale of Fixed assets	73.49		12.12	
Interest received	7.53		5.78	
NET CASH USED IN INVESTING ACTIVITIES		(155.51)		76.81
C: Cash Flow from Financing Activities				
Proceeds from Long Term Borrowings(198.48)		(192.15)		
Repayment of finance lease liabilities		-		
Proceeds from issue of share capital on preferential basis	100.00			
Dividend Paid		-		
Net Cash used in Financing Activities		(98.48)		(192.15)
Net increase in Cash and Cash Equivalents		3.32		(66.44)
Opening Balance of Cash and Cash Equivalents		(348.93)		(282.49)
Closing Balance of Cash and Cash Equivalents		(345.61)		(348.93)

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 : 25/08/2011
Place : Tirunelveli

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

(sd) K.Vee.Rajenthiran
Managing Director



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, 2011 and 31st March, 2010 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 : 25-08-2011
Place: Tirunelveli

for Krishnan & Raman
Chartered Accountants
FRN 015155
(sd) CA. K.V.RAMAN
M.No. 009790

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 2748

State Code 18

Balance Sheet Date 31032011

II. Capital raised during the year (Amount in Rs. Thousands)
Public Issue

Right Issue 10000

III. Position of Mobilisation and Development of Funds Amount Rs. Thousands

Bonus Issue

Private Placement

Total Liabilities

366823

Total Assets

366823

Source of Funds

Paid up Capital

66704

Reserve & Surplus

174643

Secured Loans

113003

Unsecured Loans

5772

Deferred Liability

6700

Application of Funds

Net Fixed Assets

142020

Net current Assets

187674

Investments

1295

Misc. Expenditure

35833

IV. Performance of Company (Amount in Rs.Thousands)

Turnover

282775

Profit/Loss Before Tax

50.77

Earning per share in Rs. 0.76

Total Expenditure

277697

Profit/Loss after

50.77

Divided rate NIL

V. Generic Names of There Pricpal products/ Services of company (As per monetary terms)

Item Code No. 5205

Product Description COTTON YARN

Note : for ITC Code of products please refer to the publication indian Trade based on harmonized commodity description and coding system by Ministry of commerce, Directorate General intelligence & Statistics, Calcutta - 700 001.



THE SRI GANAPATHY MILLS COMPANY LIMITED

Sankar Nagar, P.O., Thalaisyuthu, 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 63rd Annual
General Meeting of the company to be held on 30th September 2011 at 10.00 a.m. and at any adjournment. thereof.
As witness my hand/ our hand this _____ day of _____ 2011. 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., Thalaisyuthu, 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 63rd 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 30th September 2011.

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.