



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.

Registered Office & Unit A

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

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

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Listed Stock Exchange: Mumbai 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 62nd Annual General Meeting of The Sri Ganapathy Mills Company Limited will be held on 30th September 2010 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 2010 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 Shri. D.Anand Samuel 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 reappointment.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass the following resolution with or without modification as an Ordinary Resolution.

RE-APPOINTMENT OF SRI. K.VEE.RAJENTHIRAN AS MANAGING DIRECTOR

RESOLVED THAT - Pursuant to the resolution passed by the board of directors in their meeting held on 27.02.2010 and subject to the provisions of section 198, 269, 309, 310 & 314 read with schedule XIII and other applicable provisions if any of the companies act, 1956 and subject to such approvals as may be necessary, the company hereby accord its consent and approval to the reappointment and the payment remuneration and perquisites to Sri. K.Vee.Rajenthiran as Managing Director of the Company for a period of FIVE years with effect from 01st April 2010 as per the terms and conditions stipulated hereunder.

Salary Rs. 1,00,000 Per Month.

PERQUISITES FOR THIS PURPOSE ARE CLASSIFIED IN TO THREE CATAGORIES:

CATEGORY A

GAS, ELECTRICITY, WATER AND FURNISHING

The expenditure incurred by the company on gas, electricity, water and furnishing shall be valued as per the Income Tax rules 1962. This shall be subject to a ceiling of 10% of his salary.

MEDICAL REIMBURSEMENT

Expenses incurred for himself and the family subject to a ceiling of one months' salary in a year or three months salary over a period of three years.

LEAVE AND LEAVE TRAVEL CONCESSION

Leave as per the rules of the company. Leave travel concession for self and family once in a year incurred in accordance with the rules of the Company.

CLUB FEES:

Fees of clubs subject to a maximum of two clubs. This will not include life member ship fees and admission fees.



PERSONAL ACCIDENT INSURANCE

Premium on personal accident not to exceed Rs. 1,20,000.

CATEGORY B

Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of ceiling on perquisites to the extent this either singly or put together are not taxable under the Income Tax Act. Gratuity payable should not exceed half a month salary for each completed year of service.

CATEGORY C:

Provision of car for use for the company's business and telephone at his residence will not be considered as perquisites. Personal long distance calls on telephone and use of cars for private purposes shall be billed by the company to his account Re-imbursement of entertainment expenses actually and properly incurred for the business of the company subject to a reasonable ceiling as may be fixed from time to time by the Company.

6. To consider and if thought fit to pass the following resolution with or without modification as an Ordinary Resolution.

RE-APPOINTMENT OF SRI. R.KARTHIKEYAN AS WHOLE TIME DIRECTOR

RESOLVED THAT - Pursuant to the resolution passed by the board of directors in their meeting held on 27/02/2010 and subject to the provisions of section 198, 269, 309, 310 and 314 read with schedule XIII and other applicable provisions if any of the companies act, 1956 and subject to such approvals as may be necessary, the company hereby accord its consent and approval to the reappointment and the payment remuneration and perquisites to Sri. R. Karthikeyan, as Whole Time Director of the Company for a period of FIVE years with effect from 01st April 2010 as per the terms and conditions stipulated hereunder

Salary Rs. 75,000 Per Month

PERQUISITES FOR THIS PURPOSE ARE CLASSIFIED IN TO THREE CATAGORIES

CATEGORY A

GAS, ELECTRICITY, WATER AND FURNISHING

The expenditure incurred by the company on gas, electricity, water and furnishing shall be valued as per the Income Tax rules 1962. This shall be subject to a ceiling of 10% of his salary.

MEDICAL REIMBURSEMENT

Expenses incurred for himself and the family subject to a ceiling of one months salary in a year or three months salary over a period of three years.

LEAVE AND LEAVE TRAVEL CONCESSION

Leave as per the rules of the company. Leave travel concession for self and family once in a year incurred in accordance with the rules of the Company.

CLUB FEES:

Fees of clubs subject to a maximum of two clubs. This will not include life member ship fees and admission fees.

PERSONAL ACCIDENT INSURANCE

Premium on personal accident not to exceed Rs. 1,20,000.p.a

CATEGORY B

Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of ceiling on perquisites to the extent this either singly or put together are not taxable under the Income Tax Act. Gratuity payable should not exceed half a month salary for each completed year of service.

CATEGORY C:

Provision of car for use for the company's business and telephone at his residence will not be considered as perquisites. Personal long distance calls on telephone and use of cars for private purposes shall be billed by the company to his account Re-imbursement of entertainment expenses actually and properly incurred for the business of the company subject to a reasonable ceiling as may be fixed from time to time by the Company.



7. To consider and, if deemed fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

Increase in Authorised Share Capital of the Company

RESOLVED THAT pursuant to the provisions of Section 16 and clause (a) of Sub Section (1) of section 94 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Clause V of the Memorandum of Association of the Company relating to the Share Capital be and is hereby altered by deleting the same and substituting in place thereof the following as new Clause V:

V. The Authorised Share Capital of the Company is Rs. 10,00,00,000 (Rupees Ten Crores only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10 (Rupees Ten only) each with power to increase or reduce the Share Capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and vary, modify or abrogate any such right, privileges or conditions in such manner as may be for the time being provided by the regulations of the Company.

8. To consider and, if deemed fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Clause 3 of the Articles of Association of the Company be and is hereby altered by deleting the same and substituting in the place thereof the following as new Clause 3:

"3. The Authorised Share Capital of the Company is Rs. 10,00,00,000 (Rupees Ten Crores only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10 (Rupees Ten only) each with power to increase or reduce the Share Capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and vary, modify or abrogate any such right, privileges or conditions in such manner as may be for the time being provided by the regulations of the Company".

9. To consider and, if deemed fit, to pass with or without modification(s), the following resolution as Special Resolution:

RESOLVED THAT in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company and recommendation of the Board of Directors, and subject to the guidelines issued by the Securities and Exchange Board of India and such approvals as may be required in this regard, consent of the Members be and is hereby accorded to the Board of Directors of the Company for capitalization of sum of Rs. 3,08,52,000 (Rupees Three Crores eight lacs fifty two thousand Only) out of share premium of the Company and be distributed amongst the Members registered in the books of the Company at the close of business on a date to be specified by the Board of Directors at 31st March 2010 by way of issuing 30,85,200 (Thirty lacs Eighty five thousand two hundred Only) Equity Shares of Rs. 10 each (Rupees Ten only) fully paid bonus shares to the holders of the existing Equity Shares of the Company, in proportion of 1 (One) Equity Share for every 1 (One) existing Equity Share held by the them, on the footing that they become entitled thereto as capital and not as income and that such new shares, as and when issued and fully paid, shall rank pari-passu with the existing issued Equity Shares of the Company.

RESOLVED FURTHER THAT no allotment letters shall be issued to the allottees for bonus shares and for the shareholders who hold their existing equity shares in electronic form as bonus shares shall be credited to their respective demat accounts and for the shareholders who hold their existing equity shares in physical form, the share certificate(s) for the bonus shares shall be prepared and dispatched within the period prescribed or that may be prescribed in this behalf, from time to time.

RESOLVED FURTHER THAT the issue and allotment of the said bonus shares to the extent they relate to Non-Resident Indians (NRIs), Persons of Indian Origin (PIO)/ Overseas Corporate Bodies (OCBs) and other



foreign investors of the Company will be subject to the approval of the Reserve Bank of India (RBI), as may be required.

RESOLVED FURTHER THAT for the purposes of giving effect to the bonus issue of Equity Shares resolved hereinbefore, the Board and other designated officers of the Company be and are hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation, filing of documents with the Securities and Exchange Board of India, listing the additional Equity Shares on the Bombay Stock Exchange Limited.

10. To consider and if thought fit to pass the following resolution with or without modification as an Special Resolution

PREFERENTIAL ALLOTMENT OF EQUITY SHARES

"RESOLVED THAT in accordance with the provisions of Section 81(IA) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) consent of the members of the company be and hereby is accorded to issue and allot on preferential Allotment basis up to 2,50,000(Two Lakh and Fifty Thousand) Equity Shares of Rs.10/- each at a premium of Rs.30 per share on preferential basis to M/s. Loyal Credit & Investments Limited.

FURTHER RESOLVED THAT the aforesaid shares rank pari passu with the existing equity shares of the company in all respects.

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorized to issue and allot the said Equity Shares.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and hereby authorized to do all such act, deeds, things as may be necessary or desirable and settle any question, difficulty or doubt that may arise in regard to the office, issue and allotment of the said equity shares as the Board of Directors think fit and proper."

Explanatory Statement in pursuant to section 173 (2) of the Act for the items 5-10, are enclosed herewith.

Place : Sankar Nagar

Date : 23/08/2010

For and Behalf of the Board

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 2010 (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 : 23-08-2010

For and on behalf of the Board

K.Vee.Rajenthiran

Managing Director



**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF
SECTION 173 (2) OF THE COMPANIES ACT, 1956**

ITEM: 5 APPOINTMENT OF SRI. K.VEE.RAJENTHIRAN AS MANAGING DIRECTOR

Sri. K.Vee.Rajenthiran was appointed as Managing Director of the company for a period of five years effective from 01-04-2005 and his tenure expires on 31-03-2010. Considering his proven and valuable professional experience and knowledge in the textile field, the board felt that it would be a fitting reward to reappoint him for another five years with effect from 01-04-2010 at an enhanced monthly remuneration of Rs. 1,00,000- and other permissible perquisites Payable with effect from 1.04.2010. The payment of above remuneration is well within limits of Schedule XIII read with the provisions of section 198, 269, 309 & 310 of the Companies Act, 1956.

(None of the Directors other than Sri. K.Vee.Rajenthiran, Smt. Amutha Rajendran, R.Karthikeyan and Smt. Niranjani Kousigan are interested in the above resolution)

ITEM: 6 APPOINTMENT OF SRI. R.KARTHIKEYAN AS WHOLE TIME DIRECTOR

Sri. R. Karthikeyan was appointed as Whole Time Director of the company for a period of five years effective from 01-04-2005 and his tenure expires on 31-03-2010. Considering his proven and valuable professional experience and knowledge in the textile field, the board felt that it would be a fitting reward to reappoint him for another five years with effect from 01-04-2010 at an enhanced monthly remuneration of Rs. 75,000- and other permissible perquisites payable with effect from 1.04.2010. The payment of above remuneration is well within the limits of Schedule XIII read with the provisions of section 198, 269, 309 & 310 of the Companies Act, 1956.

(None of the Directors other than Sri. K.Vee.Rajenthiran, Sri. R.Karthikeyan, Smt. Amutha Rajendran, and Smt. Niranjani Kousigan are interested in the above resolution)

ITEM: 7 & 8. ALTERATION OF MEMORANDUM AND ARTICLES OF ASSOCIATION

Consequent to the issue of Bonus shares Company (as per Item no. 9 of this Notice), it is necessary to alter the Capital Clause of the Memorandum and Articles of Association of the Company. Section 16, Section 31 read with Section 94 (1)(a) of the Companies Act, 1956, provides inter alia, that subject to the provisions of the Companies Act, 1956 and the conditions contained in its Memorandum, the Company may, alter its Memorandum and articles by passing an ordinary and special resolution, respectively, at a general meeting. Accordingly the Ordinary Resolution at Item No.7 and the Special Resolution at Item No. 8 are placed before the meeting to approve the corresponding amendments in Clause V of the Memorandum of Association and Article 3 of the Articles of Association of the Company, respectively. The Members are requested to accord their approval authorising the Board to amend the Memorandum and Articles of Association of the Company, by passing the ordinary and special resolution as set out at Item no. 7 and Item no. 8 in the Notice.

None of the Directors of the Company is concerned or interested in the said resolutions.

ITEM NO. 9 BONUS ISSUE

With a view to share the surplus generated out of share premium of the Company and to satisfy the expectations of its esteemed Members, the Board at their meeting held on had recommended a bonus issue in the ratio of 1:1, i.e., one new Equity Share for each existing Equity Share.

Your Directors have proposed that sum of Rs. 3,08,52,000 (Rupees Three Crores eight lacs fifty two thousand only) be drawn from the 'Share Premium' of the Company and capitalized and transferred to Share Capital Account towards issue and allotment of bonus Equity Shares. The bonus Equity Shares will be issued to the shareholders who hold shares as on the Record Date to be fixed by the Board of Directors subsequent to this meeting. The said bonus Equity Shares shall rank pari-passu with the existing Equity Shares.



The Sri Ganapathy Mills Company Limited

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of Bonus Equity Shares that may be allotted in respect of the existing Equity Shares held by them or by Companies, Bodies Corporate or Trusts of which the directors of the Company are directors, members or beneficiaries

Item: 10

The company intends to issue 2,50,000 Equity shares of Rs. 10 each at a premium of Rs. 30 per share, on preferential allotment basis to M/s Loyal Credit Investment Limited

The details required under the listing agreement" are given below:

a) The price or price band at which the allotment is proposed.

The company has decided to issue and allot up to 2, 50,000 (Two Lakh and Fifty Thousand) Equity Shares of Rs.10/- each at a premium of Rs.30 per share on preferential basis.

b) The relevant date on the basis of which price has been arrived at.

Balance Sheet as on 31.03.2010

c) The Objects of the issue through preferential offer/ private placement

The company intends to increase the funding of working capital hence, the company proposes to offer issue and allot 2,50,000 (Two Lakh and Fifty Thousand) Equity Shares.

d) The class or classes of persons to whom the allotment is proposed to be made.

The equity shares will be issued to Loyal Credit & Investments Limited

e) Intention of Promoter(s)/Director(s)/Key Management Persons/Non Promoters to subscribe to the offer.

The proposed allottees will subscribe and is not the promoter or not associated to the promoter.

f) Shareholding pattern of Promoters and others. Classes of shares before and after the offer

Shareholding pattern for the quarter ended 31.03.2010 (pre issue)

S.No.	Particulars	No.of Shareholders	TotalNo.of shares	%
A.	Shareholding of Promoter and Promoter Group			
	1. Indian Individuals / HUF	13	1673789	54.252
	2. Foreign	-	-	-
B.	Public Shareholding			
	1. Financial Institutions / Banks	1	200	0.006
	2. Non - institutions			
	a. Bodies Corporate	53	325024	10.535
	b. Individuals			
	i. Individual S/H holding nominal share Cap upto Rs.1 lakh	2487	617355	20.011
	ii. Individual S/H holding nominal share Cap in excess of Rs.1 lakh	16	410817	13.316
	c. Any other			
	- Non Resident Indians	9	27823	0.902
	- Clearing Members	2	378	0.012
	- Hindu Undivided Families	42	29814	0.966
C.	Shares held by customers against which depository receipts have been issued	-	-	-
	Total	2623	3085200	100.00



The Sri Ganapathy Mills Company Limited

Shareholding pattern (Post issue)

S.No.	Particulars	No. of Shareholders	Total No. of shares	%
A.	Shareholding of Promoter and Promoter Group			
	1. Indian Individuals / HUF	13	1673789	50.1856
	2. Foreign	-	-	-
B.	Public Shareholding			
	1. Financial Institutions / Banks	1	200	0.0060
	2. Non - institutions			
	a. Bodies Corporate	54	575024	17.2411
	b. Individuals			
	i. Individual S/H holding nominal share Cap upto Rs.1 lakh	2487	617355	18.5103
	ii. Individual S/H holding nominal share Cap in excess of Rs.1 lakh	16	410817	12.3176
	c. Any other			
	- Non Resident Indians	9	27823	0.8342
	- Clearing Members	2	378	0.0113
	- Hindu Undivided Families	42	29814	0.8939
C.	Shares held by customers against which depository receipts have been issued	-	-	-
	Total	2624	3335200	100.00

Category	Pre-issue	Post - issue
Promoters and Promoter group	1673789	1673789
Non Promoters	1411411	1661411
Total	3085200	3335200



**REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS OF
THE SRI GANAPATHY MILLS COMPANY LIMITED
FOR THE YEAR ENDED 31st March 2010**

LADIES AND GENTLEMEN,

Your Directors present herewith their 62nd Annual Report together with the Audited statement of accounts for the financial year ended 31st March 2010

GENERAL PERFORMANCE:

The performance during the year had been very encouraging. The market conditions which were very unfavourable up to Oct-Nov2009 turned for the better and early 2010 witnessed a very positive trend. The international as well as domestic markets showed strong signs of revival. However the power situation remained grim. Your company, due to optimum utilization of resources and cost effective management, could improve the productivity and profitability during the year. Due to loss on sale of investments and writing off the entire outstanding balance with M/s Auroknit Export India Ltd, as Bad debts, during the current year, the financial performance of the company resulted in a net loss of Rs.146.50 lakhs.

The major financial parameters are given hereunder

Description	31-03-2010	Rs. lacs 31-03-2009
Sales & Other Income	2464.98	3056.04
Operating Expenses	2097.23	2824.92
Operating Profit	367.75	231.12
Financial Expenses	170.66	179.73
Depreciation	173.01	175.28
Net (+) Profit / (-) loss before VRS & exceptional items	24.08	-123.89
VRS Expenditure	2.63	2.63
Net (+) Profit / (-) loss before exceptional items	21.45	-126.52
Exceptional items	167.95	0.00
Net (+) profit/ (-) Loss	-146.50	-126.52

DIVIDEND

In View the losses the Directors are not recommending any dividend during the year.

BONUS SHARES:

In order to reward the shareholders on completion of 62 glorious years of your Company, your Directors decided to issue Bonus Shares in the ratio of one equity share for every one equity share held in the Company.

FUTURE PROSPECTS

The outlook for the current year continuous to be upbeat with both international and domestic markets showing good and robust demand growth. The international rupee parity is also favourable and with a bright cotton crop anticipated during the current year the textile industry is expected to do well in the coming years. Your directors are taking steps to maximize the capacity utilization and timely and economic raw material procurement to enhance the profitability.

WIND MILL

The company has installed 4 Nos. of 1.00 MW Wind Mills at a project cost of Rs.450 lacs during the year 2006. The overall production on the wind mills during the year was 14.39 units. The income generated from wind mill operations was excellent when compared with previous year. During the current year it was amounted to Rs. 43.62 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 loss 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. Smt. Niranjani Kousigan
2. Sri. D.Anand Samuel.

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.

REPORT ON SECRETARIAL COMPLIANCE

A report on Secretarial Compliance under section 383 (A) of the Companies Act, 1956 is obtained.

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 : 23-08-2010
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 pioneer 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 overall performance during the year is quite encouraging inspite of reduction in the export market due to steep appreciation of the rupee against the dollar. The demand for certain counts had improved from the last quarter both in domestic market and nepal markets. Hence the company was able to make a operating profit for the current financial year. To make an easy and boost the working capital requirements the company has sold major portion of the investments in the market and increase the stock level at the end of the quarter to make a better profit in the coming years.

OPPORTUNITIES AND THREATS

The fundamental growth drivers of Indian economy remain strong despite the economic turmoil in the world. There would be growing opportunities in the international market as well as domestic market. The consumption is growing in response to growing per capita income, population and strong retail push. With regards to textiles, there are significant opportunities in the domestic market as more consumers are buying readymade garments and also consumption of the cloth per capita continues to increase due to growth in the economy which is adding to the purchasing power of the consumers. Macroeconomic factors including rupee appreciation increase in interest rates are the major risk factors presently for the textile industry. If there is appreciation of rupee, then the competitiveness of industry vs. other countries will decrease. Since the products would be diverted to the domestic market, the price realization will decrease even though there is growth in the domestic consumption. Increase in interest rates will affect the profitability, since the industry is capital intensive. Further due to shortage labour & power is the major crisis now faced by the industries concerned and there by creates competition between the mills to procure the labour for the betterment of business.

INTERNAL CONTROL SYSTEM:

The company has adequate internal control procedure commensurate with its size and nature of the business. The internal control system is supplemented by extensive internal audits conducted at regular intervals, reviews by management, well-documented policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data. Moreover, the prevalent system of continuous upgrading the internal control procedure by means of brain storming sessions conducted at the administrative office where in all the directors and staff of the administrative department exchange views to mould better systems in line with best accounting practice has really strengthen the overall internal control system.

HUMAN RESOURCES

The company's policies include continuous training of their personnel in order to improve efficiencies at all levels. It has always been the endeavour of the Company's management to ensure that safety and health of the personnel both inside and outside are maintained in the best conditions. Your Company's industrial relations continued to be cordial throughout the year under review at all the units. The welfare measures taken by the company in the past and present is providing a conducive atmosphere wherein the employer and employee relationship is being nursed well.

CAUTION STATEMENT

This report contains forward-looking statements based on certain assumptions and expectations of future events. Actual performance, results or achievements may differ from those expressed or implied in any such forward - looking statements. The company assumes no responsibility in case of change in the forward looking statements, on the basis of any subsequent developments, information or events.



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 30-04-2009, 26-06-2009, 31-07-2009, 26-08-2009, 05-10-2009, 31-10-2009, 29-01-2010, 27-02-2010 & 30-03-2010.

Name of the Director and Category	No. of directorship Held		No. of Board Meetings attended During 2009-10	Whether attended Last AGM
	Public	Private		
Sri. K.Vee.Rajenthiran Managing Director - Executive	2	1	9	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		8	Yes
Sri. R.P.Karthik Non-Executive - Independent	1	1	7	No
Sri. S.Kanthimathi Nathan Non-Executive - Independent	1		9	Yes
B.Arumugam Non-Executive - Independent	1		8	No

II. Brief Resume of the Directors Seeking Reappointment

Name	Age	Qualification	Brief Resume area of Expertise	Chairman / Member Committee of Directors
Sri. K.Vee.Rajenthiran	58	B.Com	Well Experience in Textile industry over 3 decades	-
Sri. R.Karthikeyan	34	M.B.A	Well Experience in Textile industry over 10 years	-
Smt. Niranjani Kousigan	29	B.E	Well Experience in Computer Technology	Chairman - Share holder / Investors Grievance Committee
Sri. D. Anand Samuel	34	B.E. (Arch.)	Good Exposure in Civil and Architech	Member - Audit 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 2009-2010 are given below:

Name	Designation	Salary & Perquisites (Rs. lacs)
K. Vee. Rajenthiran	Managing Director	6.60
R. Karthikeyan	Whole Time Director	3.60

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 chairmanship 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 Sri Ganapathy Mills Company Limited

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 quarterly un-audited financial results of the Company is being published in leading national paper such as Business Line and in the vernacular (Tamil) newspaper in the prescribed format.

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
28/09/2007	10.00 a.m.	Registered Office, Sankar Nagar, Tirunelveli - 627 357
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

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

• Year - 2007: nil

• 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

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	: 62 nd (Sixty Second)
Date and Time	: 30 th September 2010, 10.00 a.m
Venue	: Registered Office, Sankar Nagar, Tirunelveli - 627 357
Financial Calendar	: 01/04/2009 to 31/03/2010
Date of book closure	: 16 th September 2010 to 30 th September 2010
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 2010

Category	No of Shares Held	% of holding
Promoters	1673789	54.252
Indian Public	1028172	33.327
Fin. Institutions / banks	200	0.006
Pvt. Corporate Bodies	325024	10.535
NRI / OCBs	58015	1.880
Total	3085200	100.00

X. Distribution of Shareholding as on March 31st 2010

Range	SharesHolders 2009-2010 No. of	%	Share Amount 2009-2010	%
Up to - 5,000	2377	90.62	3066190	9.94
5,001 - 10,000	100	3.81	765190	2.48
10,001 - 20,000	50	1.91	773760	2.51
20,001 - 30,000	30	1.14	791140	2.56
30,001 - 40,000	10	0.38	343420	1.11
40,001 - 50,000	10	0.38	475560	1.54
50,001 - 1,00,000	17	0.65	1273130	4.13
1,00,001 - above	29	1.11	23363610	75.73
	2623	100.00	30852000	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 2010.

Category	No of Shares	% of holding	No of Share holders	% of holding
Physical	882631	28.609	1408	53.679
NSDL	1949503	63.189	918	34.998
CDSL	253066	8.203	297	11.323
TOTAL	3085200	100.00	2623	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 2010, 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, 2010.



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 2010 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 2010.

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

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

Place : Tirunelveli
Date: 23-08-2010

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 2010

Place: Tirunelveli
Date: 23-08-2010

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
 - (a) Capital & Recurr
 - (b) Total R&D expenditure as a percentage of total turn over.

NIL

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.
 - (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

Not Applicable

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



ANNEXURE TO DIRECTOR'S REPORT FOR THE YEAR ENDED 31st MARCH 2010

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. Changed order to 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 tube 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 pully 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. | : Yarn exported to Bangladesh & Nepal & Srilanka |
| 2) Initiatives taken to increase in exports | : Carding wires changed to improve the quality of yarn |
| 3) Development of new exports markets for product & Service. | : ----- do ----- |
| 4) Export Plans | : ----- do ----- |
| (g) 1) Total foreign exchange used | : NIL |
| 2) Total foreign exchange earned | : USD 35920 |

(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

Year ended

1) ELECTRICITY

31/03/2010

31/03/2009

(a) Purchased form EB.

Units KWH

5000866

7474633

Total amount

Rs

23793037

34557979

Rate per unit

Rs

4.76

4.62

(b) Own Generation :

(i) Through Diesel generator

Unit KWH

148792

80732

Unit Per litre of Diesel oil

2.54

2.98

Cost per unit

Rs

14.21

14.38

(ii) Through wind turbine/generator units

Units generated

1439356

1227751

Rate per unit

Rs

3.06

3.05

2) COAL

(Specify quantity and where used)

Quantity / (tonnes)

Total Cost

Rs

Average Cost

Rs

Nil

Nil

3) FURNACE OIL

Quantity (k.ltrs)

Total Cost

Rs

Nil

Nil

Average rate

Rs

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.

1823168

2287257

Electricity

2.74

3.26

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 2010**

We have audited the attached Balance sheet of The Sri Ganapathy Mills Company Limited as at 31st March 2010 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 2010 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, 2010
 - (ii) in so far as it relates to the Profit and Loss Account of the Loss 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 : 23-08-2010

(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, Employee 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 Rs.100.30 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 Tamil Nadu General Sales Tax Act, 1956	Service Tax	High Court, Chennai	2.22
2		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 Employees State Insurance Act, 1974	Liquidity Damages and Interest	High Court, Chennai.	23.54
4		Interest	Labour Court	16.20
5	Central Excise Act, 1944	Service Tax	Customs, excise and service tax appellate tribunal	1.16
6.	Income Tax Act 1961	Income Tax	Appeal before CIT,(appeal) Madurai.	45.26

10. The Company has accumulated Losses to tune of Rs.362.60 lakhs as at 31.3.2010 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 raised new working capital term loan of Rs. 50 lacs and HP finance of Rs. 14.20 lacs 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 over all 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. During the year the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies act 1956.
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 misstated.

for M/s Krishnan and Raman
Chartered Accountants
FRN 015155

Place : Tirunelveli
Date : 23-08-2010

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



BALANCE SHEET AS AT 31-MARCH-2010

PARTICULARS	SCHEDULE	31-Mar-10 Rs.	31-Mar-09 Rs.
I. SOURCES OF FUNDS			
A SHAREHOLDERS' FUNDS			
Share Capital	1	30852000	30852000
Reserves & Surplus	2	164235667	178885853
		195087667	209737853
B LOAN FUNDS			
Secured Loans	3	131256225	141800237
Unsecured Loans	4	7902360	10217970
		139158585	152018207
C DEFERRED TAX LIABILITY		7700000	7700000
TOTAL		341946252	369456060
II. APPLICATION OF FUNDS			
A FIXED ASSETS			
Gross Block	5	407982076	406662332
Less: Depreciation		261036923	146945153
		146945153	244198077
B INVESTMENTS	6	1295322	20000000
C CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	76870412	65341381
Sundry Debtors	8	42705145	47384667
Cash & Bank Balances	9	5367097	5656361
Loans and Advances	10	85689640	90699216
		210632293	209081625
Less: Current Liabilities & Provisions	11	21241817	189390475
		189390475	28816254
D MISC. EXPENDITURE	12	4315302	6726434
(To the extent not written off or adjusted)			
TOTAL		341946252	369456060

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 : 23/08/2010
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-2010

PARTICULARS	SCHEDULE	31-Mar-10	31-Mar-09
		Rs.	Rs.
INCOME:			
SALES	13	246498496	287763465
OTHER INCOME	14	24075876	22910425
TOTAL		270574373	310673890
EXPENDITURE:			
Cotton Consumed		98081054	134121412
Export Yarn Purchases		63712492	73058024
Stores & Packing Materials Consumed		5018845	5460751
Power & Fuel		28761322	38709534
Establishment	15	19598414	20418543
Commercial Taxes		175472	73845
Financial Charges	16	17066055	17972523
Managerial Remuneration	17	1020000	1020000
Audit Fees	18	30000	30000
VRS - Expenses		263000	263000
Selling & Distribution Expenses		4316931	4511610
Other Expenses	19	5693221	5937695
Loss on Sale of Assets		10623976	1215503
Bad debts written off		6778935	0
Depreciation Written off		17301173	17528380
		278440891	320320819
Increase/Decrease in Finished Goods Stock	20	6783667	3004676
		285224558	323325495
Net (+) Profit / (-) Loss		-14650186	-12651605
TOTAL		270574373	310673890
Net (+) Profit / (-) Loss before Tax		-14650186	-12651605
Add: Balance brought forward from previous year		-21609658	-8958053
Balance Carried forward		-36259844	-21609658

In accordance with our report even date attached

For M/s Krishnan & Raman
Chartered Accountants
FRN 015155

(sd) R.Karthikeyan

(sd) Amutha Rajenthiran

(sd) S.Kanthimathinathan

(sd) Niranjani Kousigan
Directors

(sd) K.Vee.Rajenthiran
Managing Director

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

Date : 23/08/2010
Place : Tirunelveli



The Sri Ganapathy Mills Company Limited

PARTICULARS	SCHEDULE	31-Mar-10	31-Mar-09
		Rs.	Rs.
I. SOURCES OF FUNDS			
AUTHORISED:			
60,00,000 Equity Shares of Rs.10 Each		60000000	60000000
ISSUED SUBSCRIBED AND PAID UP			
30,85,200 Equity shares of RS.10/- each		30852000	30852000
		30852000	30852000
2. RESERVES AND SURPLUS:			
Share Premium		72982000	72982000
General Reserve		127513511	127513511
Profit and Loss Account		-36259844	-21609658
		164235667	178885853
3. SECURED LOAN:			
The Karur Vysya Bank Ltd - ILC secured by charge over current assets of the company under Transport documents		29897733	27076212
KOTAK - TERM LOAN		13598659	15199100
ICICI Bank, - H.P Loan on the security of Vehicles		58751	690572
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		46688964	56583516
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.75 lacs		10363534	2609724
Loyal Credit & Investment Ltd - Term Loan - Secured by charge over the Specific items of machinery and personal Guarantee of MD		2411900	2593400
Indowind Term Loan - Secured by 4 Nos of Wind Mills and personal Guarantee of MD		25980153	30390719
Citi bank, Chennai - H.P Loan n the security of Vehicles		0	300122
Cholamandalm Finance - HP Loan on the security of Vehicles		418663	720578
The Karur Vysiya Bank Ltd- FBN Secured by Change over the Export Bills covered by FLC and the P. Gaurentee of three Directors of the Co		0	4219687
Sundaram Finance - H. P Loan on the Security of the Vehicles		1837867	1397636
HDFC Bank Ltd - H. P Loan on the Security of the Vehicles		0	18972
		131256225	141800237
4. UNSECURED LOAN:			
Deposits and Loans from Directors		7902360	10217970
		7902360	10217970

THE SRI GANAPATHY MILLS COMPANY LIMITED - SANKAR NAGAR
Schedule of Fixed Assets as at 31 / 03 / 2010

S.No.	Particulars of Assets	Gross Block as on 1-Apr-09	Additions for 2009-2010	Deletions for 2009-2010	Gross Block as on 31-Mar-09	Depreciation Upto 31-Mar-09	Depreciation for 2009-2010	Depreciation Upto 31-Mar-10	Net Block As on 31-Mar-10	Net Block as on 31-Mar-09
1	Land	8545003	0	83466	8461537	0	0	0	8461537	8545003
2	Buildings	42315264	0	0	42315264	19127502	1013821	20141323	22173941	23187761
3	Well	397568	0	0	397568	169424	5535	174959	222609	228144
4	Machinerie	279006203	977745	802528	279181421	192492262	9325804	201818066	77363355	86205518
5	Furniture	2177773	23685	0	2201458	1546137	98822	1644958	556500	631637
6	Computer	2618970	74650	0	2693620	2535799	90073	2625872	67748	83171
7	Office appliances	1641139	103300	0	1744439	1083376	50836	1134212	610227	557764
8	Vehicles	22497991	1573690	591530	23480149	11160515	1984778	13145293	10334856	11183573
9	Other Assets	2462420	44200	0	2506620	1597996	78505	1676500	830120	864424
10	Wind Mills	45000000	0	0	45000000	14022740	4653000	18675740	26324260	30977260
	Total	406662331	2797270	1477524	407982076	243735750	17301173	261036923	146945153	162464256





DEFERRED TAX LIABILITY	7700000	7700000
5. FIXED ASSETS: (Separate schedule annexed)		
6. INVESTMENTS:		
1,68,000 Equity Shares of Rs. 10 each in M/s Indo Wind Energy Ltd Chennai. (Including 80,000 Equity Shares issued as Bonus shares) Quoted	0	20000000
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	1295322	0
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	31477485	13432089
Stores and Spares	897775	630473
Finished Goods	15738212	16829021
Consignment Stock	28756940	34449798
	76870412	65341381
8. SUNDRY DEBTORS		
Considered Good and unsecured		
Outstanding for more than 6 months	1246907	0
Considered Doubtful	1121103	651162
Other Debts	40600140	46996511
	42968150	47647673
Less: Provision for Doubtful Debts	263006	263006
	42705145	47384667
9. CASH AND BANK BALANCES:		
Cash and Bank Balances	747419	1180376
Balances with Schedule Bank in C/A	1064599	956580
Dividend Deposit A/c	298714	298714
In Deposit Account	3256364	3220691
	5367097	5656361
10. LOANS AND ADVANCES		
(Receivable in Cash or In Kind		
Considered Good and not Secured)		
Advances		
- Companies in which Directors are interested - considered doubtful	0	6778935
- Advances - considered doubtful	9197410	9197410
- Advances - considered Good - below six months	49209231	48030083
Receivables	9050609	8669790
Prepaid Expenses	773882	593684
Deposit with Govt Depts & Others	14667216	14481338
Income Tax Paid	2791290	2947976
	85689640	90699216

**11. CURRENT LIABILITIES AND PROVISIONS:**

Sundry Creditors	3860328	3817878
Liability for Expenses	3612939	4177187
Other Liabilities	7892160	7816992
Dues to Consignees	5400800	11728606
Wealth Tax Provisions	162743	962743
UN Claimed Dividend	312848	312848
	21241817	28816254

12 MISCELLANEOUS EXPENDITUE

(To the extent not written off or adjusted)

a) Voluntary Retirement Scheme Expenses	526005	789005
b) Deferred Interest	3789297	5937429
	4315302	6726434

13 SALES:-

Yarn	176748993	197211219
Export Yarn	68903807	89695298
Waste & Scrap	845697	856948
	246498496	287763465

14 OTHER INCOME

Profit on Sale of Assets	804044	346349
Conversion Charges	18330800	17840933
Wind Mill Current Charges	4362700	3695572
Interest Received	578332	1027571
	24075876	22910425

15 ESTABLISHMENT

Salary, Wages etc.,	12325488	12368463
Gratuity	318763	676968
Bonus	2385650	2821091
PF, FPF, ESI and Charges	1978874	1771192
Staff & Labour Welfare	2589639	2780829
	19598414	20418543

16 FINANCIAL CHARGES

Term Loan and HP Finance Charges	12992161	12282697
Bank Commission and Charges	1232212	1726984
Interest to Others	1471024	3047434
Bank Interest	1370657	915408
	17066055	17972523

17 MANAGERIAL RENUMERATION

Managing Director / Whole Time Director	960000	960000
Directors Residence Maintenance	60000	60000
	1020000	1020000

18 AUDIT FEES

Statutory Audit	20000	20000
Cost Audit	10000	10000
	30000	30000



19 OTHER EXPENSES

Travelling & Vehicle Maintenance	990677	1529376
Rent, Rates, Taxes & Licences	411241	238689
Goods Vehicle Repair & Maintenance	1562730	1238438
Micellaneous	76575	222220
Filing Fees	8340	8659
Postage & Telephone	327886	422753
Printing & Stationary	211776	258040
Machinery Repairs & Maintenance	652839	626148
Building Repairs & Maintenance	186982	61391
Insurance	332496	435608
Share Transaction Expenses	33688	0
Dharman & Charity	84220	116224
Security Transaction Tax	13883	0
Professional & Legal Charges	563122	437603
Share Transfer Fees	47652	48540
Annual Listing Fees	27188	19859
Rest House Maintenance	102861	32052
Computer Maintenance	17665	7289
Central Excise Tax	41401	0
Textile committee cess	0	174849
Electrical Inspection fees	0	19250
Central Excise Tax	0	40707
	5693221	5937695

20 INCREASE/DECREASE IN FINISHED GOODS STOCK

Opening Stock	51278819	54283495
Closing Stock	44495152	51278819
Increase/Decrease	6783667	3004676

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 : 23/08/2010
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. 38.38 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	31/03/2010	31/03/2009
Installed Capacity	Spindles	44,152	44,152
Cotton Purchased	Kgs	16,93,821	17,72,795
Cotton Consumed	Kgs	15,03,720	29,52,375
Yarn Consumed	Kgs	0	856
Yarn Produced	Kgs Own	13,08,276	16,81,163
Yarn Produced	Kgs Conversion	5,14,892	6,06,094

7. DETAILS OF STOCK (in Kgs)

Item	Description	31/03/2010	31/03/2009
Cotton	Opening Stock	1,09,578	2,68,905
	Closing Stock	2,99,679	1,09,578
Yarn	Opening Stock	67,256	57,074
	Closing Stock	39,032	67,224
Cotton & Yarn Waste	Opening Stock	67,631	45,237
	Closing Stock	60,224	67,631

8. CONTINGENT LIABILITIES

Item	31/03/2010	31/03/2009
Disputed Service Tax	2.22	2.22
Disputed PF & ESI	39.74	39.74
Disputed Sales Tax Liability 11.92	11.92	11.92
Disputed Liability towards Labour	14.42	14.42
Disputed Income Tax	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 Chatrampudukulam 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 without 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 the company has paid Rs. 23 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

	31/03/2010	31/03/2009 (Rs. lacs)
FOB value of Exports	18.48	178.02

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. 183.31 lacs is the conversion charges received in unit A working on job work basis on a production of yarn commercially valued at Rs. 663.58 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 2007-2008 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	2009-2010	2008-2009	(Rs. in lacs)
Asia	689.04	896.95	
India	1775.94	1980.68	

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			
		2010		2009	
K.V.R.Kousigan	Son of M.D	40.71	Cr	47.15	Cr
M/s Aurokni Export India Ltd	Interested Company	0.00	Dr	67.79	Dr
M/s Sivakumar spinning Mills P Ltd	Interested Concern	10.92	Dr	1.83	Cr
(Trading account balance)					

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

	2010	2009
K.Vee.Rajenthiran	: Rs. 6.60 lacs	Rs. 6.60 lacs
R.Karthikeyan	: Rs. 3.60 lacs	Rs. 3.60 lacs

18. Earnings Per Shares

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

20. Deferred Tax Asset / Liability - AS 22

In view of Losses during current year no deferred tax liability has been recognized

21. 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) K.Vee.Rajenthiran

MANAGING DIRECTOR

(sd) CA. K.V.Raman

M.No. 009790

(sd) R.Karthikeyan

(sd) Amutha Rajendran

(sd) Niranjani Kousigan

(sd) S.Kanthimathinathan

DIRECTORS

DATE : 23-08-2010

PLACE : Tirunelveli



Cash Flow Statement Annexed to the Balance Sheet for the year ended 31st March 2010

	2009-10		2008-09	
	Rs.	Rs.	Rs.	Rs.
A Cash Flow from Operating Activities				
Net Profit/Loss after tax as per P&L Account		(146.50)		(126.52)
Adjusted for :				
Net Prior Year Expenses		0.00		0.00
		(146.50)		(126.52)
Net Profit before tax and extraordinary items				
Adjusted for :				
Depreciation	173.01		175.28	
Loss on Sale of Assets	98.20		8.69	
Miscellaneous Expenditure written off	24.11		24.11	
Interest Received	(5.78)		(10.28)	
Interest Paid	158.34		162.46	
Finance Lease Paid	0.00	447.88	0.00	360.27
Operating Profit before Working Capital Changes		301.37		233.75
Adjusted for:				
Trade and Other Receivables	96.89		102.84	
Inventories	(115.29)		117.40	
Trade Payables	(75.74)		(115.30)	
		(94.14)		104.94
Cash generated from Operations.		207.23		338.69
Interest Paid		158.34		162.46
Direct taxes paid		0.00		0.00
Cash flow before extraordinary itmes		48.89		176.23
Net prior Year Expenses		0.00		0.00
Extra Ordinary items	0.00		0.00	
NET CASH FROM OPERATIONS		48.89		176.23
B: Cash Flow from Investing Activities				
Purchase of Fixed Assets	(27.97)		(29.72)	
Purchase / sale of investments	86.88		0.00	
Sale of Fixed assets	12.12		12.88	
Interest received	5.78		10.28	
NET CASH USED IN INVESTING ACTIVITIES		76.81		(6.56)

**C: Cash Flow from Financing Activities**

Proceeds from Long Term Borrowings	(192.15)	(83.07)
Repayment of finance lease liabilities	0.00	0.00
Dividend Paid	0.00	0.00
Net Cash used in Financing Activities	(192.15)	(83.07)
Net increase in Cash and Cash Equivalents	(66.45)	86.60
Opening Balance of Cash and Cash Equivalents	(282.49)	(369.09)
Closing Balance of Cash and Cash Equivalents	(348.94)	(282.49)

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 : 23/08/2010
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, 2010 and 31st March, 2009 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 : 23-08-2010
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.

Balance Sheet Date

State Code

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

Public Issue

Right Issue

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

Bonus Issue

Private Placement

Total Liabilities

Source of Funds

Paid up Capital

Secured Loans

Total Assets

Reserve & Surplus

Unsecured Loans

Deferred Liability

Application of Funds

Net Fixed Assests

Net current Assets

Investments

Misc. Expenditure

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

Turnover

Profit/Loss Before Tax

Earning per share in Rs.

Total Expenditure

Profit/Loss after

Divided rate %

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

Item Code No.

Product Description

Note : for ITC Code of products please refer to the publication indian Trade based on harmonized commodity description and coding system by Minstry 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 62nd Annual
General Meeting of the company to be held on 30th September 2010 at 10.00 a.m. and at any adjournment. thereof.
As witness my hand/ our hand this _____ day of _____ 2010. 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 62nd Annual General Meeting of the Company held at the Registered Office of the Company, Viz, Sankar Nagar, Tirunelveli at 10.00 a.m. on Thursday the 30th September 2010.

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 en-

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