



## 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. Niranjani Kousigan** - Director  
: **Sri. D.Anand Samuel** - Independent Director  
: **Sri. S. Kanthimathinathan** - Independent Director  
: **Sri. E. Gabriel Jesudasan** - Independent Director

### Bankers

: The Karur Vysya Bank Ltd, Palayamkottai

### Auditors

: M/s Krishnan & Raman  
Chartered Accountants,  
42, Sevalpatti South St, Rajapalayam 626 117.

### Secretarial Advisor

: CS. S.Muthuraju., B.Sc., F.C.A., A.C.S

### Registered Office & Unit A

: Sankar Nagar, Tirunelveli - 627 357  
Ph. 0462- 2300334  
E-mail: sgm\_tv1@yahoo.co.in  
www.ganapathymills.com

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Listed Stock Exchange : BSE  
Scrip Id : SROGNM  
Scrip Code : 521236  
CIN : L17111TN1946PLC002748

### Registrar & Share Transfer Agent

S.K.D.C. CONSULTANTS LIMITED,  
Kanapathy Towers, 3<sup>rd</sup> 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 68<sup>th</sup> Annual General Meeting of The Sri Ganapathy Mills Company Limited will be held on 21<sup>st</sup> September 2016 at the Registered Office of the Company Viz., Sankar Nagar, Tirunelveli - 627 357 at 4 p.m to transact the following business.

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31<sup>st</sup> March 2016 and the Balance Sheet and cash flow statement 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 herself for re-appointment.
3. To reappoint M/s Krishnan and Raman, Chartered Accountants, Rajapalayam as Statutory Auditors of the Company and fix their remuneration and in this regards pass with or without modification(s) the following resolution as an ordinary resolution.

M/s. Krishnan & Raman, Chartered Accountants, Rajapalayam, were appointed as Statutory Auditors for a period of 5 years in the Annual General Meeting held on 30.09.2014. Their continuance of appointment and payment of remuneration are to be confirmed / ratified and approved in the ensuing Annual General Meeting. The Company has received a certificate from the above Auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

#### SPECIAL BUSINESS :

4. **TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS AN ORDINARY RESOLUTION**

“RESOLVED THAT subject to the provisions of Sections 196,197, 203 and 152 and other applicable provisions if any of the Companies Act 2013 and companies (Appointment and remuneration of managerial personnel) rules 2014 read with schedule V thereof as amended up to date, and consent of the company be and is hereby accorded to the re-appointment of Sri. R.Karthikeyan (DIN No. 00867590), Whole Time Director for a period of five years from 01/04/2016 to 31/03/2021 (both days inclusive) on the following terms and conditions:

1) **Salary** : Rs. 1,00,000/- per month

2) **Perquisites**

##### Category A

a. **Gas, Electricity, water & Furnishing**

The expenditure incurred 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

b. **Medical Reimbursement**

Expenses incurred for himself and the family subject to a ceiling of one month salary in a year.

c. **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

d. **Club Fees**

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

e. **Personal Accident Insurance**

Premium on personal accident not to exceed to Rs. 1.80 lacs

##### Category B

a. Contributions by the Company to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the company

b. Gratuity payable should not exceed half a month salary for each completed year of service

##### Category C

a. The Company shall provide a Car with driver and telephones at the residence

b. Car for use on Company's business and telephone and other communications facilities at residence will not be considered as perquisites

**RESOLVED FURTHER that** the absence of or inadequacy of profits in any year Sri. R.Karthikeyan be paid the above remuneration as minimum remuneration subject provisions of Schedule V of the Companies Act, 2013

**RESOLVED FURTHER that** the Board be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution without being required to seek any further consent or approval of the members or otherwise to the end and intent that it shall be deemed to have their approval thereto expressly by the authority of this resolution.”



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

Resolved that, pursuant to Section 149, 152, and other applicable provisions of the Companies Act, 2013, and the Rules made there under read with Schedule IV to the Companies Act, 2013, A. Jerard, who was appointed as an Additional Director of the Company by the Board of Directors with effect from August 03, 2016 and who holds office until the date of the AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose A.Jerard as a candidate for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years, not liable to retire by rotation

Place: Sankar Nagar  
Date: 03/08/2016

**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 15<sup>th</sup> September 2016 to 21<sup>st</sup> September 2016 (Both days inclusive)
4. The company's Registrar and Share Transfer Agent for its Share Registry Work (Physical and Demat) are SKDC Consultants Limited, having their office premises at Kanapathy Towers, 3<sup>rd</sup> Floor, 1391/a1 Sathy Road, Ganapathy, Coimbatore - 641 006.
5. 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 Share Transfer Agent as mentioned above or Company's Registered Office address.
6. Members are requested to participate in the "Green Initiative" launched by the Ministry of Corporate Affairs and register their e-mail address with the registrar (in case of Physical holdings) and with their respective depository participants (in case of demat holdings).
7. Members desiring any information as regards accounts are requested to write to the company at least 7 days before the meeting to enable the management to keep the information ready.
8. Members are requested to note that the company's Equity Shares are under Compulsory Demat trading with effect from August 28, 2000 for all investors. Members are therefore requested to demat their Equity shareholdings to avoid inconvenience in future.
9. E-Voting:  
In terms of provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 the items of Business given in the Notice of Annual General Meeting may be transacted through electronic voting system and the Company is providing e-voting facility to the members who are members as on 14<sup>th</sup> September 2016 being the "Record Date" fixed for the purpose, to exercise their right to vote at the Annual General Meeting by electronic means through the e-voting platform provided by Central Depository Services Limited (CDSL).  
E-Voting period starts from Sunday 18<sup>th</sup> September, 2016 at 9.00 A.M and ends on Tuesday 20<sup>th</sup> September 2016 at 5.00 P.M. The e-voting module will be disabled after 5.00 P.M on Tuesday 20<sup>th</sup> September 2016 for voting by Shareholders.
10. Mr. S.Muthuraju, Practicing Company Secretary, Madurai has been appointed as Scrutinizer for conducting the e-voting process in a fair and transparent manner.
11. **The instructions for members for voting electronically are as under:-**
  - (i) The voting period begins on 18<sup>th</sup> September 2016, 9.00 a.m and ends on Tuesday 20<sup>th</sup> September 2016, 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
  - (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iv) Click on Shareholders.
  - (v) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (vi) Next enter the Image Verification as displayed and Click on Login.



**The Sri Ganapathy Mills Company Limited**

(vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"><li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li><li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li></ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"><li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li></ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant "The Sri Ganapathy Mills Co., Ltd on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non - Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

Place : Sankar Nagar  
Date : 03/08/2016

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

## EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item 4

Mr. R.Karthikeyan was appointed as Whole Time Director of the company in the AGM held on 30-09-2010 and Considering his vast experience in the textile field and have confident on significant growth and also the ambitious growth plan for immediate future, the responsibilities borne by the Whole Time Director and the industry standards, the Board of Directors of the Company at its Meeting held on 03<sup>rd</sup> August, 2016 has pursuant to the recommendation of the Nomination and Remuneration Committee and subject to the approval of members, approved re-appointment and remuneration of Mr. R.Karthikeyan as the Whole Time Director under the Companies Act, 2013 for a term of 5 years w.e.f. 01<sup>st</sup> April 2016 to 31<sup>st</sup> March, 2021 (both days inclusive). The Whole Time Director shall also be a Key Managerial Personnel under Section 203 of the Companies Act, 2013. Pursuant to the provisions of Sections 196, 197 and 203 and all other applicable provisions of the Companies Act, 2013 ("the Act"), including Schedule V to the Act, the remuneration payable to the Whole Time Director is now being placed before the members in the 68<sup>th</sup> Annual General Meeting for their approval by way of a Ordinary Resolution.

Your Directors recommend Resolution at Item No. 4 as an Ordinary Resolution for approval of the members

### Memorandum of Interest

Apart from Mr. R.Karthikeyan, WTD who would be interested in his appointment and remuneration, none of the Directors and Key Managerial Personnel of the Company or their respective relatives is, in any way, deemed to be concerned or interested in this item of business. Although the remuneration proposed to the WTD by way of salary, perquisites and benefits is within the limit prescribed under Section I of Part II of Schedule V to the Companies Act, 2013.

### Item No. 5

Mr. A.Jerard is being appointed as Additional Director of the company in the board meeting held on 03<sup>rd</sup> August 2016. In terms of section 149,152 and any other applicable provisions of the Companies Act, 2013 Mr. A.Jerard being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years. A notice has been received from a member proposing Mr. A.Jerard as a candidate for the office of Director of the Company. In the opinion of the Board, Mr. A.Jerard fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Corporate Office of the Company during normal business hours on any working day, excluding Sunday. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. A.Jerard as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. A.Jerard as an Independent Director, for the approval of the Share holders of the Company.

Your Directors recommend Resolution at Item No. 4 as an Ordinary Resolution for approval of the members

### Memorandum of Interest

Except Mr. A.Jerard, being an appointee, none of the Directors and Key Managerial Personal of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at item.

## REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS OF THE SRI GANAPATHY MILLS COMPANY LTD FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2016

### To the Members,

Your directors have pleasure in presenting their 68<sup>th</sup> Annual Report on the business and operations of the company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2016

### Financial Highlights:

During the year under review, performance of your company as under:

(Rupees in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2016	Year ended 31 <sup>st</sup> March 2015
Turnover	865.96	1305.40
Operating Expenses	675.37	1533.16
Operating Profit / Loss	190.59	-227.76
Financial Cost	109.25	169.02
Depreciation	31.52	61.81
<b>Net Profit / Loss before exceptional items</b>	<b>49.82</b>	<b>-458.59</b>
Amortization / Exceptional item	27.87	30.38
<b>Net Profit / Loss</b>	<b>21.95</b>	<b>-488.97</b>



#### GENERAL PERFORMANCE

The company's main business activity is manufacture of Cotton / Blended Polyester yarn. During the current financial year under review, the company has resumed its manufacturing operations from January 2016 after a holiday period of four months and also sold its one of the undertaking(s) with prior consent from bankers and members. The entire sale proceeds have been adjusted against the loan liability with our Bankers M/s The Karur Vysya Bank Ltd resulted to restrict our finance cost to Rs. 109.25 lacs when compared with Rs. 169.02 lacs in the previous year. Due to the sale, the company had showed a net profit of Rs. 21.95 lacs as against a net loss of Rs. 488.97 lacs in the previous year. However, the severe recession in the textile industry, no change in the government policies favouring the industry, mismatch in cotton and yarn prices, are still remaining in force for the operating loss of the company.

#### RISK MANAGEMENT POLICY

During the year, your Directors have constituted a Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. A Group Risk Management Policy was reviewed and approved by the Committee. The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's management systems, organisational structures, processes, standards, code of conduct and behaviors together form the Ganapathy Management System (GMS) that governs how the Group conducts the business of the Company and manages associated risks. The Company has introduced several improvements to Integrated Enterprise Risk Management, Internal Controls Management and Assurance Frameworks and processes to drive a common integrated view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities. This integration is enabled by all three being fully aligned across Group wide Risk Management, Internal Control and Internal Audit methodologies and processes.

#### Details of Directors and Key Managerial Personnel

Smt. Amutharajendran has resigned from the Board as Non-Executive Director with effect from 18/04/2016 after a long term association with the company. The Board of Directors records their deep appreciation for the enormous contribution made by Smt. Amutharajendran as Director of the company. The company and board benefitted immensely from Smt. Amutharajendran's vast experience, knowledge and insights of the Industry and operations of the company.

Sri. K.Balaji has resigned from the Board as Non-Executive Director - Independent with effect from 20/04/2016 due to his pre occupation in the other business. The Board of Directors records their appreciation for his contribution to the company.

Smt. Niranjani Kousigan, retire by rotation in the ensuing Annual General Meeting and being eligible she offer her selves for reappointment.

Sri. A.Jerard, has been appointed as "Additional Director" of the company in the Board Meeting held on 03<sup>rd</sup> August 2016 and being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years.

#### Key Managerial Personnel

K.Vee.Rajenthiran

R.Karthikeyan

R.Santhosh Kumar

- Managing Director

- Whole Time Director

- Chief Financial Officer

#### Statement in Respect of Adequacy of Internal Financial Control with Reference to the Financial Statements

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

#### Receipt of any commission by MD / WTD from the Company or for receipt of Commission / remuneration from it Holding or subsidiary

The Managing Director / Whole Time Director are not receiving any commission from the company.

#### Declaration by Independent Director

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Clause 49 of the Listing Agreement with the Stock Exchanges. The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors.

#### FUTURE PROSPECTS

The company has proposed to dispose of some of the vacant lands admeasuring 5.04 acres at Tirunelveli for the purpose of reducing further liability with banks, to renovate or modernise need based machineries at unit A to improve the quality of the product to the global standard and also improve the working capital. The company has got prior consent from the bankers and members for the sale proposal. The said proposal will definitely reduce the overall cost of the product substantially and thereby gets better margin for our product in the global market to earn improved turnover and better profit in the coming years.

#### Dividend

In view of the losses during the financial year, your directors are unable to recommend any dividend for the year ended 31<sup>st</sup> March 2016

Changes in Share Capital, if any

Nil

Disclosure regarding Issue of Equity Shares with Differential Rights

Nil

Disclosure regarding issue of Employee Stock Options

Nil

Disclosure regarding issue of Sweat Equity Shares

Nil



**Extract of Annual Return**

The extract of Annual Return, in format MGT -9, for the Financial Year 2015-16 has been enclosed with this report, *vide Annexure I*

**Number of Board Meetings**

During the Financial Year 2015-16, 11 meetings of the Board of Directors of the company were held. 15-05-2015, 17-07-2015, 14-08-2015, 07-09-2015, 28-09-2015, 14-11-2015, 30-11-2015, 15-12-2015, 12-02-2016, 26-02-2016 & 30-03-2016.

**Particulars of Loan, Guarantees and Investments under Section 186**

During the year under review, the company has not given any loan, guarantee and made any investment as prescribed under section 186 of the companies Act, 2013

**Particulars of Contracts or Arrangements with Related Parties**

The particulars of contracts and arrangements with related parties are given in Form AOC 2 which is annexed with this report *vide Annexure II*

**Explanation to Auditor's Remarks**

With regard to the auditor's report para no 9a in Annexure I, we wish to report that the company could not pay the provident fund and employees state insurance dues on the respective due dates regularly mainly because of the paucity of funds. However, the Company has not permission from the department for making payment by instalments.

With respect to the opinion in the auditor's report regarding AS 15 in respect of provisioning of gratuity, all the employees are not attaining the eligibility of gratuity because of the 5 years service limitation and for eligible few staffs, the company is making payment of gratuity as and when they leave on cash basis. However, your directors are taking necessary steps to get the actuarial valuation and provisioning will be done accordingly.

**Material Changes Affecting the Financial Position of the Company**

In order to withstand in the existing scenario of the industry, it is proposed deploy funds from own sources, for which the Company has to sell, lease, mortgage or otherwise dispose of the whole or substantially the whole of the undertakings including movable / immovable of the company at such time and on such terms and conditions as the Board may deem fit, in the best interest of the company. The Unit B at Virudhunagar had been disposed off and thereby reduced substantial portion of the liabilities with our bankers. In respect of 5.04 acres of land at Tirunelveli is proposed to dispose off to improve the working capital, moderate changes in the machinery and further reduction of liabilities with Bankers to reduce finance cost to that extent.

**Conservation of Energy, Technology, Absorption, foreign exchange earnings and outgo.**

The details are given in Form A *vide Annexure III*

**Secretarial Audit Report**

The Board has appointed Sri. S.Muthuraju B.Sc., F.C.A, A.C.S, Practising Company Secretary, as Secretarial Auditor of our company, to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith marked as Annexure IV to this Report. With respect to the observation made in the Secretarial Audit Report, regarding non filing of MGT 14 for disclosure of interest by the Directors, it is mainly due to ambiguity and uncertainty of the applicability of the same for the relevant period. In respect of the appointment of company secretary, despite sincere efforts made by the company for appointment 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. Regarding the suspension of listing by BSE Limited, the company has submitted required details to BSE and requested BSE to revoke the suspension. The company is making full efforts to restore the listing at the earliest. However the company is being supported with prompt and proper advises at the times of need of the same from Mr. S.Muthuraju, Secretarial Auditor. Further the company would ensure in future that all the provisions will be complied as per the rules.

**Audit Committee**

The Audit Committee comprises Independent Directors namely, Mr. E.Gabriel Jesudasan(Chairman), Mr. D.Anand Samuel and Mr. S.Kanthimathi Nathan as other members. All the recommendations made by the Audit Committee were accepted by the Board.

**Statement Indicating the Manner in which Formal Annual Evaluation has been made by the Board of its own Performance, its Directors, and that of its Committees**

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors. The Company had engaged two consultants for looking at the best practices prevalent in the industry and advising with respect to evaluation of Board members. On the basis of recommendations of the consultants and the Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, a process of evaluation was followed by the Board for its own performance and that of its Committees and individual Directors.

**Nomination & Remuneration Committee Policy**

The 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 shareholders.



The Sri Ganapathy Mills Company Limited

Name	Designation	Salary & Perquisites (Rs in lacs)
K.Vee.Rajenthiran	Managing Director	19.10
R.Karthikeyan	Whole Time Director	9.00

**Disclosure on Establishment of a Vigil Mechanism**

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement, includes an Ethics & Compliance Task Force comprising senior executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Task Force or to the Chairman of the Audit Committee.

**Corporate Governance**

Report on Corporate Governance is enclosed herewith vide Annexure V and it forms part of this Directors Report.

**Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 -**

The Company has been employing about 75 women employees in various cadres within the factory premises. The Company has in place an Anti harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee are set up at shop floor level to redress complaints received regularly and are monitored by women line supervisors who directly report to the Chairman & Managing Director. All employees (permanent, contractual, temporary, trainees) are covered under the policy. There was no complaint received from any employee during the financial year 2015-16 and hence no complaint is outstanding as on 31.03.2016 for redressal.

**Statutory Auditors**

The Company's Statutory Auditors M/s Krishnan & Raman, Chartered Accountants retire at the ensuing Annual General Meeting. They have confirmed their eligibility for reappointment in terms of the provisions of Companies Act, 2013 and rules made there under.

The Audit Committee and the Board of Directors recommend appointment of M/s Krishnan and Raman as the Company's Statutory Auditors for the residual period of one year from the conclusion of the ensuing Annual General Meeting. However, such re-appointment is to be confirmed in every Annual General Meeting to be held thereafter on a yearly basis.

**Cost Records**

In terms of the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the company is maintaining cost records and the same is reviewed periodically.

**Management Discussion and Analysis Report**

The management discussion and analysis, which forms part of this report is given as Annexure VI to this report

**Directors Responsibility Statement**

In accordance with the provisions of Section 134(5) of the Companies Act 2013, your directors confirm that:

- in the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently 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 as at 31st March, 2016 and of the profit /loss of the Company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

**GENERAL**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Details relating to deposits covered under Chapter V of the Act.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and also pursuant to any fraud by and against the company.

**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**





**ANNEXURE I**

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN  
Year ended on 31.03.2016**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014**

**I. REGISTRATION & OTHER DETAILS:**

1. CIN	L17111TN1946PLC002748
2. Registration Date	11-09-1946
3. Name of the Company	THE SRI GANAPATHY MILLS CO., LTD
4. Category/Sub-category of the Company	Public Limited Limited by Shares
5. Address of the Registered office & contact details	Madurai Road, Sankar Nagar, Tirunelveli - 627 357 Tamil Nadu. Ph. +91 462-2300334 email:sgm_tv1@yahoo.co.in
6. Whether listed company	Yes , Bombay Stock Exchange   Scrip Code : 521236 ID : SROGNGM
7. Name, Address & contact details of the Registrar & Transfer Agent, if any.	S.K.D.C Consultants Limited, Kanapathy Towers, 3 <sup>rd</sup> Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore - 641 006 ph: +91 422 6549995, 2539835-836   Fax: +91 422 2539837

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Cotton and Polyester Blended Yarn	5205	100%

**III. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	2660718	686860	3347578	50.19	2660718	686860	3347578	50.19	0.00
b) Central Govt			0	0.00			0	0.00	0.00
c) State Govt(s)			0	0.00			0	0.00	0.00
d) Bodies Corp.			0	0.00			0	0.00	0.00
e) Banks / FI			0	0.00			0	0.00	0.00
f) Any other			0	0.00			0	0.00	0.00
<b>Total shareholding of Promoter (A)</b>	<b>2660718</b>	<b>686860</b>	<b>3347578</b>	<b>50.19</b>	<b>2660718</b>	<b>686860</b>	<b>3347578</b>	<b>50.19</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
1. Institutions			0	0.00			0	0.00	0.00
a) Mutual Funds			0	0.00			0	0.00	0.00
b) Banks / FI	400	0	400	0.01	400	0	400	0.01	0.00
c) Central Govt			0	0.00			0	0.00	0.00



The Sri Ganapathy Mills Company Limited

d) State Govt(s)			0	0.00			0	0.00	0.00
e) Venture Capital Funds			0	0.00			0	0.00	0.00
f) Insurance Companies			0	0.00			0	0.00	0.00
g) FIIs			0	0.00			0	0.00	0.00
h) Foreign Venture Capital Funds			0	0.00			0	0.00	0.00
i) Others (specify)			0	0.00			0	0.00	0.00
<b>Sub-total (B)(1):-</b>	400	0	400	0.01	400	0	400	0.01	0.00
<b>2. Non-Institutions</b>									
a) Bodies Corp.	505464	605700	1111164	16.66	504451	605700	1110151	16.643	-0.015
i) Indian			0	0.00			0	0.00	0.00
ii) Overseas			0	0.00			0	0.00	0.00
b) Individuals			0	0.00			0	0.00	0.00
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	766726	419660	1186386	17.786	765865	418760	1184625	17.759	-0.027
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	536988	419542	956530	14.34	539762	419542	959304	14.382	0.042
c) Others (specify)			0	0.00			0	0.00	0.00
Non Resident Indians	7346		7346	0.110	7346		7346	0.11	0.00
Overseas Corporate Bodies			0	0.00			0	0.00	0.00
Foreign Nationals			0	0.00			0	0.00	0.00
Clearing Members	900		900	0.013	900		900	0.013	0.00
HUFS	60096		60096	0.90	60096		60096	0.90	0.00
Foreign Bodies - DR			0	0.00			0	0.00	0.00
<b>Sub-total (B)(2):-</b>	1877520	1444902	3322422	49.81	1878420	1444002	3322422	49.81	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1877920	1444902	3322822	49.81	1878820	1444002	3322822	49.81	0.00
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	4538638	2131762	6670400	100.00	4539538	2130862	6670400	100.00	0.00



**B) Shareholding of Promoter-**

SNO	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered total shares	
1	Amutha Rajendran	176440	2.645	-	176440	2.645	-	-
2	Balakrishnan	4860	0.073	-	4860	0.073	-	-
3	R. Karthikeyan	667980	10.01	-	667980	10.01	-	-
4	K.V.R.Kousigan	194480	2.915	-	194480	2.915	-	-
5	R. Narayanasamy	11600	0.174	-	11600	0.174	-	-
6	K.Vee.Rajenthiran	1980618	29.693	59.12	1980618	29.693	59.12	-
7	K.Srinivasan	11600	0.174	-	11600	0.174	-	-
8	R.Ramya Devi	200000	2.998	-	200000	2.998	-	-
9	Niranjani Kousigan	100000	1.499	-	100000	1.499	-	-
		<b>3347578</b>	<b>50.185</b>	<b>34.98</b>	<b>3347578</b>	<b>50.185</b>	<b>34.98</b>	<b>-</b>

**C) Change in Promoters' Shareholding (please specify, if there is no change)**

SNo	Shareholding of each Directors and each key Managerial Personnel	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.): At the end of the year	THERE IS NO CHANGE			

**D) Shareholding Pattern of top ten Shareholders:**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S.NO	Folio / Demat ID	For Each of the Top 10 Share Holders	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	005453	LOYAL CREDIT AND INVESTMENTS LTD	500000	7.50	500000	7.50
2	IN30040910133875	LOYAL CREDIT AND INVESTMENTS LTD	300000	4.50	300000	4.50
3	001032	MANIMEGALAI N	114620	1.72	114620	1.72
4	IN30113526347210	H PADMAKSHI S KAMATH	108000	1.62	108000	1.62
5	1203730000000141	BRUBECK RESOURCES PVT LTD	64650	0.97	64650	0.97
6	001036	NAGAPPAN S	56980	0.85	56980	0.85
7	IN30039414926588	R VEL RAJ	56802	0.85	56802	0.85
8	004820	BENNETT COLEMAN & CO LTD	51800	0.78	51800	0.78
9	IN30064410195223	SAHJUN IMPEX TRADING PRIVATE LTD	50000	0.75	50000	0.75
10	1203730000000118	HINA KIRTI DOSHI	46800	0.70	46800	0.70
11	001055	SIVAN PILLAI S S	45122	0.68	45122	0.68
		<b>TOTAL</b>	<b>1394774</b>	<b>20.91</b>	<b>1394774</b>	<b>20.91</b>



**The Sri Ganapathy Mills Company Limited**

**E) Shareholding of Directors and Key Managerial Personnel:**

SNo	Name of the Directors/KMP	Beginning of the year 01/4/2015	%	Cumulative share holding during the year	%
1	K. Vee. Rajenthiran	1980618	29.69	1980618	29.69
2	R. Karthikeyan	667980	10.01	667980	10.01
3	Amutha Rajendran	176440	2.65	176440	2.65
4	Niranjani Kousigan	100000	1.50	100000	1.50
5	R. Santhosh Kumar	220	0.00	220	0.00
6	S. Kanthimathinathan	10	0.00	10	0.00
	<b>TOTAL</b>	<b>2925268</b>	<b>43.85</b>	<b>2925268</b>	<b>43.85</b>

**F) INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.  
Rupees in lacs

	Secured Loan Excluding Deposit	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1040.62	219.78	0.00	1260.40
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>1040.62</b>	<b>219.78</b>	<b>0.00</b>	<b>1260.40</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	00.00	00.00	0.00	00.00
* Reduction	425.70	17.93	0.00	443.63
<b>Net Change</b>	<b>(425.70)</b>	<b>(17.93)</b>	<b>0.00</b>	<b>(443.63)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	614.92	201.85	0.00	816.77
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>614.92</b>	<b>201.85</b>	<b>0.00</b>	<b>816.77</b>

**IV. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Rs. In lacs

SNO.	Particulars of Remuneration	Name of MD/WTD		Total Amount
		K. Vee. Rajenthiran	R. Karthikeyan	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18.00	9.00	27.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.10	0.00	1.10
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>19.10</b>	<b>9.00</b>	<b>28.10</b>

B. Remuneration to other directors : Nil

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Rs. In lacs

SNO.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	CS	CFO	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	4.20	4.20



	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	-	-	4.20	4.20

**V. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding Fees imposed	Authority [RD / NCLT/ COURT]	Appeal made if any (give Details)
<b>A. COMPANY</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
TOTAL			NIL		

**ANNEXURE II**

**FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

Details of contracts or arrangements or transactions not at Arm's length basis.

S.No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Sivakumar Spinning Mills P Ltd
2.	Nature of contracts/arrangements/transaction	Conversion Agreement
3.	Duration of the contracts/arrangements/transaction	11 months
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	As per the Agreement
5.	Justification for entering into such contracts or arrangements or transactions'	Best interest of the company
6.	Date of approval by the Board	27 <sup>th</sup> Feb 2015
7.	Amount paid as advances, if any	Nil
8.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A



**ANNEXURE III**

**FORM B See Rule (2)**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY & 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. In case 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 31<sup>st</sup> MARCH 2016**

Information pursuant to section 134 of the Companies Act 2013 read with the Companies (Accounts) Rules, 2014

**A. Conservation of Energy:**

- (a) Energy Conservation measures taken
  1. Ring frame top arm load converted in to spring load.
  2. Steps being taken to reduce the 500 KVA Demand.
  3. Steps being taken to purchase power from outsiders.
- (b) Additional investments and proposals if any being implemented for reduction of consumption of energy : Shifting of Metering point to be implemented as per TNEB rules due to reduction of 500 KVA Demand.
- (c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of Production of goods. : Around 10 - 15% saving the Power Cost.
- (d) Total energy consumption per unit of production of goods. : Particulars given in Form A.

**B. Technology absorption**

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

**C. Foreign Exchange earnings and outgo**

- 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 :
  - 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**

	Year ended 31/03/2016	Year ended 31/03/2015
<b>A. Power and fuel consumption:</b>		
<b>1 ELECTRICITY</b>		
(a) Purchased from EB.		
Units KWH	561723	1234268
Total amount	7384816	15168542
Rate per unit	13.14	12.29
(b) Own Generation :		
(i) Through Diesel generator		
Unit KWH	0.00	27700
Unit Per litre of Diesel oil	0.00	3.46
Cost per unit	0.00	18.20
(ii) Through wind turbine/generator units		
Units generated	68275	1101596
Rate per unit	4.84	4.84
<b>2 COAL</b>	Nil	Nil
<b>3 FURNACE OIL</b>	Nil	Nil
<b>4 OTHER INTERNAL GENERATION</b>	Nil	Nil
<b>B. Consumption per unit of production</b>		
<b>Production Standards</b>		
100% Cotton Yarn Kgs.	101289	587621
Electricity	5.55	4.02
Furnace Oil	Nil	Nil
Coal (Specify quality) %	Nil	Nil
Others Specify	Nil	Nil

**ANNEXURE IV**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
**THE SRI GANAPATHY MILLS CO LTD**  
**TIRUNELVELI**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **THE SRI GANAPATHY MILLS CO LTD** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the Statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of;

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts ( Regulation) Act, 1956(SCRA) and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-law framed hereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;



5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 ('SEBI Act');
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registration to an Issue and Share Transfers Agents) Regulations, 1993;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
6. Other Laws applicable to the Company ;
  1. Additional Duties of Excise (Textiles and Textile Articles) Act, 1978
  2. Textiles Committee Act, 1963
  3. Textiles (Development and Regulation) Order, 2001
  4. Textiles (Consumer Protection) Regulations, 1988
  5. Handlooms (Reservation of Articles for Production) Act, 1985
  6. Employees' Provident Fund Act, 1952 and misc provisions Act, 1952
  7. Professional Tax Act, 1975 and Rules
  8. Payment of Gratuity Act, 1972
  9. Employees State Insurance Act, 1948
  10. Minimum Wages Act, 1948
  11. Payment of Bonus Act, 1965
  12. Shop and Establishment Act, 1948
  13. Labour Welfare Fund Act, 1953
  14. Maternity Benefit Act, 1961
  15. Factories Act, 1948
  16. Industrial Dispute Act, 1947
  17. The Workmen's Compensation Act, 1923
  18. The Payment of Wages Act, 1936
  19. Competition Act, 2002
  20. Central Excise Act, 1944
  21. Standard Weights & Measures Act
  22. Bureau of Indian Standard (BIS) (Hallmarking)
  23. Income Tax Act, 1961
  24. Finance Act, 1994
  25. Customs Act, 1962

We have also examined compliance with the applicable clause of the following;

- I. The Secretarial Standards issued by the Institute of Company Secretaries of India.
- II. The listing agreement entered in to the company with BSE Limited

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above except to the extent as mentioned below:-





- 1. Bombay Stock Exchange has suspended the listing of the company w.e.f 20.04-2012**
- 2. The company has not appointed Company Secretary as one of the Key managerial personnel as required by section 203 of the Companies act 2013.**

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at-least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried unanimously as recorded in the minutes of the Meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Tirunelveli - Camp

Date : 22-07-2016

**Name of Company Secretary in Practice : S.Muthuraju**

ACS No. 8828 / C P No. 4181

Note: This report is to be read with our letter of even date which is annexed as ANNEXURE "A" and forms an integral part of this report.

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#### **ANNEXURE "A"**

To,

**The Member,**

**THE SRI GANAPATHY MILLS CO LTD**

**TIRUNELVELI**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Tirunelveli - Camp

Date : 22-07-2016

**Name of Company Secretary in Practice : S.Muthuraju**

ACS No. 8828 / C P No. 4181



**ANNEXURE V**

**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 an 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.,

**II. Board of Directors:**

As on 31/03/2016, the Board comprises of 8 Directors, out of which 2 Directors are Executives, 2 Directors are Non Executive Non Independent Directors including women directors and 4 Directors are Non-Executive Independent Directors. There has been no change in the composition of Board during the current financial year.

The details of the Board Meetings held and attended by the directors during the last year are given below. Eleven Board meetings were held on 15-05-2015, 17-07-2015, 14-08-2015, 07-09-2015, 28-09-2015, 14-11-2015, 30-11-2015, 15-12-2015, 12-02-2016, 26-02-2016 & 30-03-2016.

Name of the Director	DIN	Category	No. of Board Meeting attended	No. of Director -ship held including Ganapathy Mills	No. of Member ship / Chairmanship in Board Committees
Shri. K.Vee.Rajenthiran	00867466	Executive - Managing Director	10	3	-
Sri. R.Karthikeyan	00867590	Executive - Whole Time Director	11	1	-
Smt. Amutharajendran	00958766	Non Executive - Non Independent	9	3	-
Smt. Niranjani Kousigan	00601487	Non Executive - Non Independent	9	1	Chairman
Sri. D.Anand Samuel	01025377	Non Executive - Independent	8	1	Member
Sri. S.Kanthimathinathan	00601678	Non Executive - Independent	11	1	Member
Sri. E.Gabriel Jesudason	05320229	Non Executive - Independent	10	1	Chairman
Sri. K.Balaji	06742571	Non Executive - Independent	8	1	-

None of the Directors on the Board hold memberships or Chairmanships in the Board Committees above the limits specified under Regulation 26 (1) of SEBI (LODR) Regulations, 2015.

None of the Directors hold directorships in more than 20 Companies and more than 10 Public Companies pursuant to the provisions of the Companies Act, 2013.

Further, in compliance with Regulation 25 (1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI ("LODR") Regulations, 2015"), none of the Independent Directors hold directorships in more than seven listed companies.

**Brief Resume of the Directors Seeking Appointment**

Name	Age	Qualification	Brief Resume area of Expertise	Chairman / Member Committee of Directors
Smt Niranjani Kousigan	35	B.E - IT	Well experience in IT	Chairman - Shareholders / Investors Grievance Committee
Sri. A. Jerard	46	B.Com., PGDM, Dip in Export Management	Well experience in Finance and Export activities	

The company did not have any pecuniary relationship or transactions with Non Executive Directors during the year.

**III. Board Meeting**

During the financial year, Eleven Board meetings were held on 15-05-2015, 17-07-2015, 14-08-2015, 07-09-2015, 28-09-2015, 14-11-2015, 30-11-2015, 15-12-2015, 12-02-2016, 26-02-2016 & 30-03-2016. The maximum gap between any two meetings was less than four months. The Board was presented with all relevant information at its meetings including information as required under SEBI (LODR) Regulations, 2015.

Attendance of Directors at the Board meetings and the Annual General Meeting held during the year under review is as under:



Name of the Director	No of Board Meetings attended	Whether Last AGM attended?
Shri. K.Vee.Rajenthiran	10	Yes
Sri. R.Karthikeyan	11	Yes
Smt. Amutharajendran	9	No
Smt. Niranjani Kousigan	9	No
Sri. D.Anand Samuel	8	No
Sri. S.Kanthimathinathan	11	Yes
Sri. E.Gabriel Jesudason	10	Yes
Sri. K.Balaji	8	No

The Board periodically reviews items required to be placed before it and in particular reviews and approves quarterly / half yearly unaudited financial results and the audited annual financial statements, annual budgets and capital expenditure. The Agenda for the Board Meeting covers items set out in erstwhile Listing Agreement and guidelines in SEBI (LODR) Regulations, 2015 to the extent these are relevant and applicable. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions

#### **IV. AUDIT COMMITTEE**

##### **(a) Terms of reference**

The term of reference of the Audit Committee covers the areas mentioned under Section 179 of the Companies Act 2013, 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. E.Gabriel Jesudason who is a Non-Executive Independent Director. The Composition of the Committee is as follows:

Name of the Member	Category / Position
Mr. E.Gabriel Jesudason	Independent Director / Chairman
Mr. D.Anand Samuel	Independent Director / Member
Mr. S.Kanthimathi Nathan	Independent Director / Member

##### **(c) 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	Meetings attended
Mr. E.Gabriel Jesudason	Independent Director/Chairman	5	5
Mr. D.Anand Samuel	Independent Director / Member	5	4
Mr. S.Kanthimathi Nathan	Independent Director / Member	5	5

#### **V. 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 2015-2016 are given below:

Name	Designation	Salary & Perquisites (Rs. In lacs)
K. Vee. Rajenthiran	Managing Director	19.10
R. Karthikeyan	Whole Time Director	9.00

#### **VI. 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 Mr. S.Kanthimathinathan, and Mr. K.Narendra from S.K.D.C Consultants. During the year under review, no investor complaint was received.

#### **VII. Related Party Transaction**

All transactions entered with Related Parties as defined under the Companies Act, 2013, erstwhile Listing Agreement and SEBI (LODR) Regulations, 2015 during the financial year 2015-16 were in the ordinary course of business and arm's length basis. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The Board has approved a policy for Related Party Transactions



#### **VIII. Disclosures**

- a) Subsidiary Companies - During the year under review, the Company does not have any subsidiary.
- b) Disclosure of Accounting Treatment - There is no deviation in following the treatments prescribed in Accounting Standards in preparation of financial statements for the year 2015-16.
- c) Risk Management - The risk assessment and minimization procedures are in place and the Board is regularly informed about the business risks and the steps taken to mitigate the same.
- d) The Management Discussion and Analysis Report is included in Directors' Report.
- e) Others - BSE suspended trading in our equity shares w.e.f 12<sup>th</sup> April 2012 for non-submission of the various compliances. Non submission was due to only communication lapse between the company and the exchange. However the Company has submitted all required details to BSE and requested the exchange for revocation of suspension.
- f) 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.

#### **IX. Compliance of Accounting Standards**

In the preparation of the financial statements, the Company has followed the Accounting Standards notified by Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

#### **X. CEO & CFO Certification**

In terms of requirement of Regulation 17(8) of SEBI (LODR) Regulations, 2015, the Managing Director and Chief Financial Officer of the Company have certified the financial statements for the year ended 31<sup>st</sup> March 2016 and the same has been reviewed by the Audit committee and taken on record by the Board.

#### **XI. Reconciliation of Share Capital Audit**

In terms of the provisions of Clause 55A of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, Reconciliation of Share Capital Audit is carried out on a quarterly basis by a Practicing Company Secretary with a view to reconcile the total admitted capital with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") and those held in physical form with the total issued, paid up and listed capital of the Company. The audit report, *inter alia*, confirms that the Register of Members is duly updated and that demat / remat requests were confirmed within stipulated time. The said report is also submitted to BSE Limited

#### **XII. MEANS OF COMMUNICATION:**

- a) **Website:** The Company's website [www.ganapathymills.com](http://www.ganapathymills.com) contains the updated information pertaining to quarterly, half-yearly and annual financial results, shareholding pattern, important announcements, etc. The said information is available in a user friendly and downloadable form.
- b) **Financial Results:** The quarterly, half yearly and annual financial results of the Company are submitted to the BSE Limited after approval of the Board of Directors of the Company within prescribed time. The financial results of the Company are published in one English daily newspaper viz Business Standard and one Tamil newspaper, Dinakaran within 48 hours of approval thereof.
- c) **Annual Report:** Annual Report containing *inter alia* Standalone Financial Statements, Directors' Report, Auditors' Report, Corporate Governance Report is circulated to the members and others entitled thereto and is also available on the website of the Company [www.ganapathymills.com](http://www.ganapathymills.com)
- d) **Designated Exclusive Email ID:** The Company has designated Email Id [sgm\\_tv1@yahoo.co.in](mailto:sgm_tv1@yahoo.co.in) exclusive for shareholder/investor grievances Redressal
- e) **SCORES (SEBI Complaints Redressal System):-** SEBI has commenced processing of investor complaints in a centralized web based complaints redress system i.e. SCORES. The Company supported SCORES by using it as a platform for communication between SEBI and the Company.
- f) **Uploading on BSE Listing Centre:** The quarterly results, quarterly compliances and all other corporate communications are filed electronically on BSE Listing Centre.

#### **XIII. 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
28/09/2013	10.00 a.m.	Registered Office, Sankar Nagar, Tirunelveli -627 357.
28/09/2014	10.00 a.m.	Registered Office, Sankar Nagar, Tirunelveli -627 357.
20/08/2015	11.00 a.m.	Registered Office, Sankar Nagar, Tirunelveli -627 357.

- b. Whether any special resolution passed in the previous 3 AGMs: Yes
  - Year -2013 : Increase the borrowing powers in excess of paid up share capital and free reserves up to Rs. 125 Crores.
  - Year -2014 : Nil
  - Year -2015 : Approval for sale of undertaking(s) & vacant land belonging to the company.
- 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.

**XIV. Share Holders Information**

Annual General Meeting	: 68 <sup>th</sup> (Sixty Eight)
Date and Time	: 21 <sup>st</sup> September 2016, 04.00 p.m
Venue	: Registered Office, Sankar Nagar, Tirunelveli - 627 357
Financial Calendar	: 01/04/2015 to 31/03/2016
Date of book closure	: 15 <sup>th</sup> September 2016 to 21 <sup>st</sup> September 2016
Address for Correspondence	: SGML, Madurai Road, Sankar Nagar, Tirunelveli-627 357.
Listed on Stock Exchanges	: BSE, Scrip Code - 521236
Registrars and Transfer Agent	: The Share transfer work is being carried out by S. K. D. C. Consultants Ltd., Coimbatore
Share Transfer systems	: The transfer (Demat & Physical) is normally processed Within 15 days from the date of receipt.
Factory Location	: Madurai Road, Sankar Nagar, Tirunelveli - 627 357.
Demat ISIN for NSDL & CDSL	: INE 488F01018

**XV. Share Holding Pattern as on 31<sup>st</sup> March 2016**

Category	No of Shares Held	% of holding
Promoters	33,47,578	50.186
Indian Public	21,42,916	32.126
Fin. Institutions / banks	400	0.006
Pvt. Corporate Bodies	11,11,164	16.66
NRI / OCBs	68,342	1.02
<b>Total</b>	<b>66,70,400</b>	<b>100.00</b>

**XVI. Distribution of Shareholding as on March 31<sup>st</sup> 2016**

Range	2015-2016 No. of Shares Holders	%	2015-2016 Share Amount	%
Up to - 5,000	2274	82.09	4545420	6.81
5,001 - 10,000	222	8.01	1731150	2.60
10,001 - 20,000	107	3.86	1642150	2.46
20,001 - 30,000	34	1.23	839430	1.26
30,001 - 40,000	27	0.97	957780	1.44
40,001 - 50,000	22	0.79	1021030	1.53
50,001 - 1,00,000	36	1.30	2505900	3.76
1,00,001 - above	48	1.73	53461140	80.15
<b>Total</b>	<b>2770</b>	<b>100.00</b>	<b>66704000</b>	<b>100.00</b>

**XVII. Unclaimed Dividend Nil**

**XVIII. Dematerialization of Shares**

The Equity shares of your company are traded in compulsory dematerialized form by all the investors. The Company has entered in to 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 31<sup>st</sup> March 2016.

Category	No of Shares	% of holding	No of Share holders	% of holding
Physical	21,30,862	31.945	1327	47.91
NSDL	39,86,723	59.767	1002	36.17
CDSL	5,52,815	8.288	441	15.92
<b>TOTAL</b>	<b>66,70,400</b>	<b>100</b>	<b>2770</b>	<b>100</b>

**XIX.** 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.

**XX. 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, 2016.



The Sri Ganapathy Mills Company Limited

**CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)  
CERTIFICATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To  
The Board of Directors  
The Sri Ganapathy Mills Co., Ltd  
Sankar Nagar, Tirunelveli

Date: 03/08/2016  
Place: Sankar Nagar

We, K.Vee.Rajenthiran, Managing Director, in the capacity as Chief Executive Officer and R.Santhosh Kumar, Chief Financial Officer of the Company, to the best of our knowledge and belief certify that

- 1) We have reviewed financial statements and cash flow statements for the year ended 31<sup>st</sup> March 2016 and we state that:
  - a) These Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
  - b) These statements together present a true and fair view of the company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations
- 2) We further state that there are no transactions entered in to by the company during the year which are fraudulent, illegal or violative of the company's code of conduct
- 3) We accept our responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- 4) We have indicated to the company's Auditors and the Audit committee
  - a) Significant changes, if any, in internal control over financial reporting during the year
  - b) Significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements and
  - c) Instances of significant fraud of which we have become aware and the involvement therein, if any of the management or an employee having a significant role in the Company's internal Control system over financial reporting.

(sd) **K.Vee.Rajenthiran**  
Managing Director (CEO)

(sd) **R.Santhosh Kumar**  
Chief Financial Officer

**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 31<sup>st</sup> march 2016 as stipulated in clause 49 of the Listing Agreement of the Company with stock exchange for the period 1<sup>st</sup> April, 2015 to 30<sup>th</sup> November, 2015 and as per relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations, 2015") as referred to in Regulation 15(2) of SEBI (LODR) Regulations, 2015 for the period 1<sup>st</sup> December, 2015 to 31<sup>st</sup>March, 2016.

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 / SEBI (LODR) Regulations, 2015 as applicable, which was required to be complied with up to 31<sup>st</sup> March 2016, subject to disclosure statement referred to.

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  
FRN 01515S

Place : Tirunelveli  
Date : 03/08/2016

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

**DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT**

Pursuant to the requirements of SEBI (LODR) Regulations, 2015, I hereby confirm that all the Board members and Senior Management Personnel of the Company have affirmed compliance with the Code of Business Conduct and Ethics for the year ended 31<sup>st</sup> March, 2016

Place : Sankar Nagar  
Date : 03/08/2016

(sd) **K.Vee.Rajenthiran**  
Managing Director



## ANNEXURE VI

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Company Business:

The company is one of the pioneers in Textile industry in the Southern peninsula and having installed capacity of 13,856 spindles. The company's main business activity is manufacture of Cotton Yarn.

#### Overall Review:

During the year under view, the performance of the company was affected due to economic slowdown and unpredictable yarn prices on account of reduced demand in both exports as well as domestic markets. Due to shortage of working capital, the company has halted its operations for a period of four months from September to December 2015. During the period, the company had sold its Unit B at Virudhunagar with consent of the Bankers and Members of the company and reduced the bank loan liabilities to that extent and resumed business operations from Jan 2016 with help of additional financial assistance from the Bankers. Due to the sale of undertakings, the company had reduced the finance cost as well as showed a net profit in the current financial year.

#### Operations:

#### Industry Structure & Development:

India is one of the world's largest producers of textiles. Abundant availability of raw materials such as cotton and man-made fibers has made the country a sourcing hub. It is the world's second largest exporter of textiles and clothing in the world. India accounts 63 per cent of the market share of textiles and garments. Raw material costs have been increasing globally, coupled with a shortage of skilled workers. While a shift is taking place of textiles industries from China and Bangladesh to India, the industrial climate in India has also become adverse due to regular increases in input costs. Any further appreciation of the Rupee will adversely affect exports from India. Though the spinning industry has fared somewhat better those with a presence in weaving, processing or even composite businesses are facing the heat due to increases in input cost without being able to pass on such higher costs to customers as the market is simply unable to absorb the same.

#### Opportunities and Threats

India is one of the most efficient and competitive spinning industries of the world. India is the second largest textile manufacturing infrastructure in the world after China. Indian Textile Industry accounts for about 24% of the world's spindle capacity and 8% of global rotor capacity, Production of spun yarn registered impressive growth during the last 12 years and cotton yarn accounted for over 2/3<sup>rd</sup> of production throughout the period. Consumption of yarn and its exports also increased during the period. China reducing its spinning activities, India will have a growing opportunity in the global markets in this segment in the coming years. This is a good opportunity of which our textile industry should make use but smaller countries like Bangladesh, Sri Lanka, Pakistan, Turkey and Vietnam etc. are becoming formidable challengers. Yarn exports, therefore, need to be encouraged.

Further lack of modernisation, high power costs, high cost of labour and high transaction costs are hindering the progress. However, we are making all out efforts to cope with all these challenges by continuous efforts at cost reduction, process improvements, diversification of products and improving productivity by improving efficiencies.

Yarn prices and demand are decreasing regularly as other input costs including power, labour and logistics

#### Segment.

The Company is engaged only in one segment i.e. Textile Segment.

#### Risks and Concerns:

Raw Cotton, an agricultural product, is the key raw material used for the manufacture of cotton yarn. Almost 65% of area under cotton cultivation is rain-fed and hence is dependent on vagaries of monsoon. Adequate availability of raw cotton at right prices is crucial for the Company. Any disruption in the supply and/or changes in the cost structure would affect the profitability of the Company. Any adverse measures in terms of tariff and non-tariff barriers, even in a comparative sense with respect to competing countries, affected by the Company's target markets are likely to pose a serious threat to its business.

#### Outlook:

Indian Textile Industry has a good opportunity as share of exports of textiles from China is going down. Indian Textile Industry can expect good growth in domestic consumption. The likely stability in the cotton prices and adequate availability of cotton will be beneficial for the industry. Moreover, with expected stability in the cotton prices, limited possibility of change in China's policy on import of cotton and cotton yarn in the near term with import of cotton yarn remaining duty free and continued dependence of China on imports to meet its requirement, the yarn export volumes are likely to sustain which will support the capacity utilization and



thereby the profit margin of the spinning mills in coming years. However, the above assumption is contingent upon export demand sustaining, given the high export dependence of the domestic spinning industry. Any decline in the export demand will immediately result in shift of the export supply to the domestic market, which will impact the utilization levels and profit margins of the spinning mills.

Further the company has propose to sell some of the vacant land at Tirunelveli in which, prior consent from the bankers and members are already obtained in the last AGM / financial year and thereby able to induct more additional funds in to the company to improve the liquidity and also taken beneficial effects of strengthening the quality / design and innovations in the product. Further reduction of liabilities and moderate changes in the machineries will reduce the cost of the production and gives better results in the ensuing years of the company

#### **INTERNAL CONTROL SYSTEM**

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

#### **HUMAN RESOURCES**

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

#### **Caution Statement**

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

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## **INDEPENDENT AUDITORS' REPORT**

The Members of  
The Sri Ganapathy Mills Company Limited  
Tirunelveli

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **The Sri Ganapathy Mills Company Limited**, which comprise the Balance Sheet as at March 31, 2016 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.





An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

1. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016
2. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
3. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date

#### **Emphasis of Matter:**

- a. We draw attention to Note No.8, to the financial statements, which describes the uncertainty related to the outcome of the suits filed by the company.
- b. We draw attention to Note No.4.a. to the financial statements, which deals with non provisioning of Gratuity in compliance with AS15 issued by ICAI.
- c. Also, we draw attention to Note 20 to the financial statements, which indicate that the company has accumulated losses and substantial erosion of Net Worth, in addition to suffered with cash losses in the current and previous years. These conditions along with other matters set forth in Note 20, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. However, the financial statements of the company have been prepared on a going concern basis for the reasons stated in the said note. Our opinion is not modified in respect of these matters.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of The Companies Act 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer to Note 8 to the financial statements
    - ii) The company does not have any long-term contracts, requiring a provision for material foreseeable losses.
    - iii) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund.

**For M/s.Krishnan and Raman**  
Chartered Accountants -FRN 01515S  
**(sd) K.V.RAMAN**  
M.No.009790

Place : Tirunelveli  
Date : 03/08/2016



## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE INTERNAL FINANCIAL CONTROLS OF THE SRI GANAPATHY MILLS COMPANY LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the Internal Financial Controls over financial reporting of The Sri Ganapathy Mills Company Limited, as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company.
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial



reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s.Krishnan and Raman  
Chartered Accountants - FRN 01515S  
(sd) K.V.RAMAN  
M.No.009790

Place : Tirunelveli  
Date : 03/08/2016

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF THE SRI GANAPATHY MILLS COMPANY LIMITED ON THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED 31<sup>ST</sup>MARCH 2016**

In terms of Companies (Auditor's Report) Order 2016, issued by Central Government of India, in terms of Section 143(11) of The Companies Act, 2013, we further report, on the matters specified in paragraph 3 and 4 of the said Order, that: -

**(i) In respect of FIXED ASSETS**

- a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As explained to us, all fixed assets have been physically verified by the management at reasonable intervals during the year which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. No material discrepancy was noticed on such physical verification.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.

**(ii) In respect of INVENTORIES**

- a. As explained to us, the inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material. The discrepancies have been properly dealt with in the books of accounts.

**(iii) LOANS TO PARTIES LISTED U/S 189 OF THE ACT**

- a. As explained to us, the company had not granted any loans, secured or unsecured, to any companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

**(iv) COMPLIANCE WITH SECTIONS 185 & 186 OF THE ACT**

- a. In connection with matters specified u/s 185 of the act, the Company has not advanced any loans, directly or indirectly, to any of its directors or to any other person in whom the directors are interested, or has given any guarantee or provided security in connection with any loan taken by any other person.
  - b. The company has not made any investments in any other companies within the meaning of section 186(1) of the act.
  - c. In connection with matters specified under section 186(2) of the act, the company has not advanced any loans, directly or indirectly, to any person or body corporate, or has given any guarantee or provided security in connection with any loan taken by any other body corporate or any other person or acquired any securities of companies in excess of limits stipulated
- (v) The Company has not accepted any deposits from the public.
- (vi) It has been explained to us that the maintenance of cost records has not been prescribed under section 148(1) of the Act.

**(vii) In respect of STATUTORY DUES**

- a. According to the records maintained by the company and the information and explanations given to us, the company has been generally regular in depositing undisputed statutory dues including provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess.



**The Sri Ganapathy Mills Company Limited**

- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, Service Tax, sales tax, custom duty, excise duty and Cess were in arrears, as at 31-Mar-2016 for a period of more than six months from the date they became payable.
- c. According to the records of the company and the information and explanations given to us, the disputed statutory dues, pertaining to earlier years aggregating to Rs. 52.36 lakhs on account of matters pending before appropriate authorities is as under and for which no provision had been made in the accounts.

Nature of Due	Forum where pending	Rs. in lakhs
Tamil Nadu General Sales Tax Act, 1956	Appellate Tribunal, Madurai	4.68
Tamil Nadu General Sales Tax Act, 1956	High Court, Chennai	4.34
Tamil Nadu General Sales Tax Act, 1956	Taxation Special Tribunal, Chennai	2.90
Employees Provident Fund Miscellaneous Act, 1958	High Court, Chennai	28.54
Employees State Insurance Act, 1974	Labour Court	11.90

- (viii) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion, the company has defaulted in repayment of dues to a financial institution or bank. The detail of period and the amount of default as ascertained by the management is as follows

Name of Bank	Principal Amount	Interest Accrued and Due	Period to which it relates
The Karur Vysya Bank Ltd	5,00,000.00	1,54,989.01	March 2016
The Karur Vysya Bank Ltd	3,33,333.33	64,740.00	March 2016

- (ix) The company has not raised moneys by way of initial public offer or further public offer (including debt instrument) and term loans.
- (x) Based upon the audit procedures performed and according to the information and explanations given to us, no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the course of our audit that causes the financial statements to be materially misstated.
- (xi) The Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company and hence the provision of section 406(1) of the act does not apply to the company.
- (xiii) Based upon the audit procedures performed and according to the information and explanations given to us, All transactions with related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial statements etc. as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with directors, during the year.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place : Tirunelveli  
Date : 03/08/2016

**For M/s.Krishnan and Raman**  
Chartered Accountants - FRN 01515S  
**(sd) K.V.RAMAN**  
M.No.009790



**AUDITED BALANCE SHEET AS AT 31st MARCH 2016**

PARTICULARS	Note	31.03.2016	31.03.2015
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	66,704,000	66,704,000
(b) Reserves and surplus	2	23,145,459	12,915,242
		89,849,459	79,619,242
<b>2 Non- current liabilities</b>			
(a) Long-term borrowings	3	29,417,856	30,430,016
(b) Deferred tax liabilities	4	4,756,256	4,756,256
(c) Other long term liabilities	5	20,185,395	21,978,544
		54,359,507	57,164,816
<b>3 Current liabilities</b>			
(a) Short-term borrowings	6	26,337,675	52,704,248
(b) Trade payables	7	7,111,431	10,310,311
(c) Other current liabilities	8	17,418,098	41,757,542
		50,867,204	104,772,101
		195,076,170	241,556,159
<b>II ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	9	27,005,891	41,345,607
(b) Non-current investments	10	55,012	55,012
(c) Long-term loans and advance	11	71,351,886	79,898,070
(d) Other Non Current Assets'	12	1,721,165	4,548,720
		100,133,953	125,847,409
<b>2 Current assets</b>			
(a) Current investments			
(b) Inventories	13	64,690,668	66,808,893
(c) Trade receivables	14	19,984,670	39,972,688
(d) Cash and cash equivalents	15	677,139	1,968,308
(e) Short-term loans and advances	16	9,589,740	6,958,861
		94,942,217	115,708,751
<b>TOTAL</b>		<b>195,076,170</b>	<b>241,556,159</b>

See accompanying notes to the financial statements

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

**(sd) R.Karthikeyan**  
Whole Time Director  
(DIN - 00867590)

**(sd) K.Vee.Rajenthiran**  
Managing Director  
(DIN - 00867466)

(sd) CA. K.V.Raman  
M.No. 009790  
Date : 03-08-2016  
Place : Tirunelveli

**(sd) Niranjani Kousigan**  
(DIN - 00601487)  
**(sd) S.Kanthimathinathan**  
(DIN - 00601678)  
Directors

**(sd) R. Santhosh Kumar**  
Chief Financial Officer



**AUDITED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2016**

PARTICULARS	Note	31.03.2016	31.03.2015
I. Revenue from operations	17	20,941,815	117,739,467
II. Other income	18	65,654,353	12,801,497
III. Total Revenue (I+II)		86,596,168	130,540,964
IV. Expenses :			
Cost of materials consumed	19	18,504,258	87,160,173
Purchase of traded goods	20	5,125,597	893,520
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	(4,834,644)	8,979,326
Employee benefits expense	22	3,546,585	7,723,937
Finance costs	23	10,925,412	16,902,408
Depreciation and amortization expense		5,939,929	9,219,585
Other expenses	24	45,194,062	48,559,047
Total expenses		84,401,200	179,437,996
V. Profit before exceptional and extraordinary items and tax (III - IV)		2,194,968	(48,897,032)
VI. Profit before extraordinary items and tax		2,194,968	(48,897,032)
VII. Exceptional items		-	-
VIII. Profit after extraordinary items and tax (V-VI)		2,194,968	(48,897,032)
IX. Tax expenses :			
Provision for Income Tax		-	-
Provision for Deferred tax liability/asset		-	-
X. Profit / (Loss) for the period from continuing operation (after tax)		2,194,968	(48,897,032)
XI. Profit / (Loss) for the period		2,194,968	(48,897,032)
Earnings per equity share :			
(1) Basic		0.33	(7.33)
(2) Diluted		-	-

See accompanying notes to the financial statements

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

(sd) **R.Karthikeyan**  
Whole Time Director  
(DIN - 00867590)

(sd) **K.Vee.Rajenthiran**  
Managing Director  
(DIN - 00867466)

(sd) CA. K.V.Raman  
M.No. 009790  
Date : 03-08-2016  
Place : Tirunelveli

(sd) **Niranjani Kousigan**  
(DIN - 00601487)  
(sd) **S.Kanthimathinathan**  
(DIN - 00601678)  
Directors

(sd) **R. Santhosh Kumar**  
Chief Financial Officer

## NOTES TO THE FINANCIAL STATEMENTS

PARTICULARS	31.03.2016	31.03.2015
<b>Note : 1 SHARE CAPITAL</b>		
a) Authorised Share Capital 1,00,00,000 Equity Shares of Rs.10/- each	100,000,000	100,000,000
b) Issued, Subscribed and Fully Paid up Share Capital 66,70,400 Equity Shares of Rs.10/- each	<b>66,704,000</b>	<b>66,704,000</b>
c) <b>Par Value per Share</b>	10	10
d) <b>Reconciliation of Number of Shares</b>		
No of Equity Shares at the beginning of the year	6,670,400	6,670,400
No of Equity Shares at the end of the year	6,670,400	6,670,400

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

	As at 31st 31/03/2016		As at 31st 31/03/2015	
	%	Nos of Shares	%	No of Shares
K.Vee.Rajenthiran	29.69%	1,980,618	29.69%	1,980,618
Loyal Credit and Investments Limited	11.99%	800,000	11.99%	800,000
R.Karthikeyan	10.01%	667,680	10.01%	667,680

f) **Terms / Rights attached to Equity Shares**

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

**Note : 2 RESERVE & SURPLUS**

i) **Securities Premium Reserve**

Opening Balance	47,130,000	47,130,000
Closing Balance	<b>47,130,000</b>	<b>47,130,000</b>

ii) **General Reserve**

Opening Balance	127,513,511	127,513,511
Addition / Deductions during the year	-	-
Closing Balance	<b>127,513,511</b>	<b>127,513,511</b>

iii) **Surplus in statement of Profit & Loss**

Opening Balance	(161,728,269)	(101,310,315)
Add: Profit / (Loss) After tax	2,194,968	(48,897,032)
Add: Transferred to depreciation reserve	8,035,249	(11,520,922)
Closing Balance	<b>(151,498,052)</b>	<b>(161,728,269)</b>
	<b>23,145,459</b>	<b>12,915,242</b>

**Note: 3 LONG - TERM BORROWINGS SECURED LOANS**

**Term Loans -**

a) From Banks	28,856,984	26,834,447
b) From Other parties	560,872	3,595,569
TOTAL	<b>29,417,856</b>	<b>30,430,016</b>

**Security Details for the aforesaid Long Term Loans**

1. Term Loan outstanding balance of Rs. 288.56 lacs with KVB secured by exclusive 1st charge over the entire Fixed Assets of the company excluding the assets financed by the other NBFC's

**Terms of repayment:**

1. With regard, Corporate Loan I - Rs. 200 lacs, repayable in 60 monthly instalments
2. With regard, Corporate Loan II - Rs. 300 lacs, repayable in 60 monthly instalments



**THE SRI GANAPATHY MILLS CO., LTD - SANKAR NAGAR  
SCHEDULE OF FIXED ASSETS AS ON 31-03-2016**

FIXED ASSETS NET BLOCK	GROSS BLOCK					Depreciation					NET BLOCK	
	As on 01/04/2015	Additions	Deletions	As on 31/03/2016	01/04/2015	Retained Earnings Adj	Deletions	Current Dep	31/03/2016	As on 31/03/2016	As on 31/03/2015	
LAND	6384559	0	780352	5604207	0	0	0	0	0	5604207	6384559	
BUILDINGS	43532439	0	27895677	15636762	25021642	0	16069619	173607	9125630	6511132	18510797	
WELL	450116	0	0	450116	427611	0	0	0	427611	22505	22505	
PLANT AND MACHINERY	167932023	1276077	99530627	69677473	158779119	0	99735672	1170894	60214341	9463132	9152904	
FURNITURE	2246063	0	883193	1362870	2113576	0	883193	56064	1286447	76423	132487	
COMPUTER	2782720	0	841245	1941475	2770302	0	841245	4508	1933565	7910	12418	
OFFICE APPLIANCES	1767189	0	775823	991366	1541675	0	675643	42775	908807	82559	225514	
VEHICLES	19698581	0	3375780	16322801	12969548	0	3375780	1638236	11232004	5090797	6729033	
OTHER ASSETS	2601470	0	936405	1665065	2426079	0	974530	66290	1517839	147226	175391	
<b>Total</b>	<b>247395160</b>	<b>1276077</b>	<b>135019102</b>	<b>113652135</b>	<b>206049552</b>	<b>0</b>	<b>122555682</b>	<b>3152374</b>	<b>86646244</b>	<b>27005891</b>	<b>41345608</b>	
<b>Previous Year</b>	<b>352515127</b>	<b>2047680</b>	<b>107167647</b>	<b>247395160</b>	<b>261596841</b>	<b>11520922</b>	<b>73248899</b>	<b>6180689</b>	<b>206049553</b>	<b>41345607</b>	<b>90918289</b>	





<b>Note: 4 Deferred Tax Liabilities</b>		
Opening Balance	4,756,256	4,756,256
Add / (less) : Provided / (Reversed) during the year	-	-
	<b>4,756,256</b>	<b>4,756,256</b>
<b>Note : 5 Other Long term Liabilities</b>		
Due to Others - Loan from Directors	20,185,395	21,978,544
	<b>20,185,395</b>	<b>21,978,544</b>
<b>Note: 6 SHORT - TERM BORROWINGS</b>		
Secured Loans repayable on demand from Banks	19,616,134	43,878,987
Due to Customers	6,721,541	8,825,261
	<b>26,337,675</b>	<b>52,704,248</b>
<b>Security details for the short term loans</b>		
Working Capital limit of Rs. 200 lacs from KVB are secured by exclusive charge over the entire current assets of the company and also charge over the entire fixed assets of the company excluding machineries financed under HP		
<b>Note: 7 TRADE PAYABLES</b>		
Creditors	5,242,687	8,164,642
Expenses	1,868,744	2,145,669
	<b>7,111,431</b>	<b>10,310,311</b>
<b>Note: 8 OTHER CURRENT LIABILITIES</b>		
Current Maturities of long term debt	13,018,750	33,348,680
Unpaid dividend	-	-
Other payables		
Statutory dues payable	1,379,521	1,185,397
Others & Capital Expenditure payable	3,019,828	7,223,465
	<b>17,418,098</b>	<b>41,757,542</b>
<b>Note : 9 FIXED ASSETS</b>		
<b>Note: 10 NON - CURRENT INVESTMENTS</b>		
Investment in Equity Instruments Quoted - At Cost		
- 1,000 Equity Shares of Rs. 10 each in M/s Indowind Energy Ltd	7,250	7,250
- 1,670 Equity Shares of Rs. 10 each in Andhra Cements	47,762	47,762
	<b>55,012</b>	<b>55,012</b>
<b>Note :11 LONG TERM LOANS &amp; ADVANCES</b>		
(Unsecured, considered good)		
i) Security Deposit	9,059,095	10,207,297
ii) Advances Income Tax (Net of provisions)	3,238,642	2,557,983
iii) Other loans and advances	20,925,220	19,679,388
Other loans and advances - Unsecured, considered doubtful)	38,128,929	47,453,402
	<b>71,351,886</b>	<b>79,898,070</b>
<b>Note : 12 Other Non Current Assets</b>		
Unamortised Expenses	1,641,165	4,428,720
Deferred Expenditure - Roc fees	80,000	120,000
	<b>1,721,165</b>	<b>4,548,720</b>
<b>Note :13 INVENTORIES</b>		
Raw materials	16,949,328	23,975,160
Work - in - Progress at cost	1,363,645	1,629,077
Finished Goods at Cost	45,215,464	40,115,388
Stores & Spares at Cost	1,162,231	1,089,268
	<b>64,690,668</b>	<b>66,808,893</b>



**Note :14 TRADE RECEIVABLES**

Outstanding for a period exceeding six months.

Secured, considered good

Unsecured, considered good

Doubtful

19,377,748 38,628,233

351,275 351,275

**19,729,023 38,979,508**

Less: Provision for Doubtful

263,006 263,006

19,446,017 38,716,502

Other trade receivables

518,653 1,256,186

**19,984,670 39,972,688**

**Note : 15 CASH AND CASH EQUIVALENTS**

Balance with Banks

226,305 977,629

Cash on hand

450,834 990,679

**667,139 1,968,308**

**Note : 16 SHORT TERM LOANS AND ADVANCES**

i) Prepaid Expenses

123,793 384,127

ii) CENVAT credit receivable

2,915,461 2,915,461

iii) Other loans and advances

Secured, considered good

Unsecured, considered good

6,550,487 3,659,273

**9,589,740 6,958,860**

**Note :17 Revenue From Operations**

i) Sale of products

20,872,769 117,247,960

ii) Sale of waste

69,507 491,507

**20,941,815 117,739,467**

**Note : 18 OTHER INCOME**

i) Interest Income - Others

969,587 615,309

ii) Other non-operating Income

3,286,657 5,518,686

iii) Other Miscellaneous Income

7,700 166,247

iv) Profit on Sale of Assets

61,390,409 6,501,255

**65,654,353 12,801,497**

**Note: 19 COST OF MATERIALS CONSUMED**

Raw Material

18,504,258 87,160,173

**Note: 20 Purchase of traded goods**

Yarn Purchases

5,125,597 893,520

**Note : 21 CHANGES IN INVENTORIES OF FINISHED**

**GOODS, WORK-IN-PROGRESS & STOCK IN TRADE**

Opening Inventory

Finished goods

40,115,388 47,799,051

Work in progress

1,629,077 2,924,740

**41,744,465 50,723,791**

Less : Closing inventory

Finished goods

45,215,464 40,115,388

Work in progress

1,363,645 1,629,077

**46,579,109 41,744,465**

**(4,834,644) (8,979,326)**

**Note : 22 EMPLOYEE BENEFIT EXPENSES**

Salaries, Wages & Bonus

1,757,821 4,835,654

Gratuity

20,000 871,126

Contribution to Provident Fund & Other funds

1,610,049 530,907

Welfare Expenses

158,715 1,486,250

**3,546,585 7,723,937**



**Note : 23 FINANCE COST**

a) Interest expenses

10,925,412	16,902,408
<b>10,925,412</b>	<b>16,902,408</b>

**Note : 24 OTHER EXPENSES**

Manufacturing Expenses - Power and Fuel	8,226,177	20,422,782
Manufacturing Expenses - Repairs to Building	75,583	90,253
Manufacturing Expenses - Repairs to Machinery	148,162	169,730
Manufacturing Expenses - Repairs to General	12,150	8,850
Manufacturing Expenses - Stores	705,637	1,753,181
Audit Fees	30,000	30,000
Corporate Expenses	552,567	159,625
Managerial Remuneration	2,810,044	2,215,555
Insurance	150,929	347,150
Loss on Sale of Asset	3,687,217	18,674,514
Miscellaneous	257,457	203,352
Postage and Telephone	283,358	345,407
Printing and Stationary	68,041	114,996
Professional charges	282,768	502,807
Rates and Taxes	21,875	196,005
Selling Expenses - Commission	32,933	258,929
Selling Expenses - Others	124,894	535,197
Travelling	901,678	1,063,547
Vehicle Maintenance	429,290	1,467,167
Conversion Charges	58,187	-
Bad Debts Written off	26,335,115	-
<b>45,194,062</b>	<b>48,559,047</b>	

See accompanying notes forming part of the financial statements

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

**(sd) R.Karthikeyan**  
Whole Time Director  
(DIN - 00867590)

**(sd) K.Vee.Rajenthiran**  
Managing Director  
(DIN - 00867466)

(sd) CA. K.V.Raman  
M.No. 009790  
Date : 03-08-2016  
Place : Tirunelveli

**(sd) Niranjani Kousigan**  
(DIN - 00601487)  
**(sd) S.Kanthimathinathan**  
(DIN - 00601678)  
Directors

**(sd) R. Santhosh Kumar**  
Chief Financial Officer



## 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, 2013 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 / Amortization

Depreciation on fixed assets has been provided on WDV method on pro rata basis over the useful life prescribed in schedule II to the Companies Act, 2013 after considering salvage value of five percent of the original cost. The Company has considered useful life of assets same as prescribed under the Companies Act, 2013.

Depreciation upto 31.03.2014 was provided on WDV method on prorata basis at the rates prescribed in schedule XIV to the Companies Act, 1956.

Due to transition from schedule XIV to schedule II, depreciation on assets existing as on 31.03.2014, has been provided in such a way so that assets should be depreciated after considering salvage value of five percent of original cost of the assets over a useful life of assets as prescribed under schedule II of the companies Act, 2013.

Assets of which useful life has already been expired but depreciation charged till previous financial year was less than 95% of original cost of the assets, difference of 95% of Original Cost and depreciation charged till last year, has been charged to Retained Earnings Account as depreciation.

Assets on which depreciation has already been charged above of 95% of Original Cost of the assets till previous financial year and written down value of the assets is less than 5% of Original Cost, salvage value has been considered remaining WDV as on first day of current financial year.

#### 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

Nil

### 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 the new employees are not attaining their eligibility for the gratuity, no provision has been made.

In respect of staffs in the Unit A, 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	31/03/2016	31/03/2015
Installed Capacity	Spindles	13,856	21,160
Cotton Purchased	kgs	1,18,495	6,14,392
Cotton/Polyester Consumed	kgs	1,25,230	6,52,317
Yarn Produced- Own	kgs	1,01,289	5,87,621
Yarn Produced -Conversion	kgs	0	15,785

**7. DETAILS OF STOCK (in Kgs)**

Item	31/03/2016 - Stock		31/03/2015 - Stock	
	Opening	Closing	Opening	Closing
Cotton	1,42,951	88,041	1,80,876	1,42,951
Yarn	4,783	28,934	35,992	4,783
Cotton & yarn Waste	1,20,751	1,32,692	1,23,608	1,20,751

**8. CONTINGENT LIABILITIES**

**a. Statutory Dues:**

Item	31/03/2016	31/03/2015
Disputed PF & ESI	40.44	40.44
Disputed Liability towards Sales Tax	11.92	11.92
Disputed Liability towards Labour	17.81	17.81
Disputed Urban Land Tax	4.72	4.72

- b. An ex-parte order has been received from DRT I Chennai to recover a sum of Rs. 4.39 Cr with further interest relating to Term Loan availed by the company for the purchase of wind mills in the year 1995-96 from ICICI. Subsequently, the entire loan portfolio was transferred to M/s Kotak Mahindra Bank Ltd by ICICI without our consent. However, an appeal has been filed for set aside the ex-parte order before the DRAT, Chennai and accepted our appeal subject to a deposit of Rs. 60 lacs. The company has remitted Rs. 60 lacs as deposit on 14/10/2015 towards compliance of the order. For the same matter, the company has remitted payments Rs. 152 lacs so far, as per the directions of the Hon'ble High Court, Chennai. Now the matter is still pending before the Hon'ble High Court, Chennai and DRAT, Chennai.
- c. An order has been received from DRAT, Mumbai to recover a sum of Rs. 1.64 Cr relating to a HP loan availed by the company for the purchase of wind mills in the year 1995-96 from Alpico Finance Ltd, Chennai. The said case was filed by M/s Oriental Bank of Commerce, Mumbai against the company on failure to make the payment by M/s Alpico finance to their bankers M/s Oriental Bank of Commerce. In fact, the company had remitted a sum of Rs. 128.32 lacs towards monthly instalments in the tenure of the contract and thereafter, transferred hypothecated assets i.e., Two Wind Mills back to M/s Alpico Finance, Chennai towards full and final settlement of the Contract. However, the Company has appealed against the said order before Hon'ble High Court, Mumbai and the matter is pending.
- d. An order has been received from DRT, Bangalore to recover a sum of Rs. 27.36 lacs along with interest relating to LC payments payable to Haveri Urban Co-Operative Bank Ltd through Karur Vysya Bank Ltd, Palayamkottai. Appeal against order was stayed by DRAT, Chennai with waiver of deposit. The case is still pending before DRAT Chennai.

**9. EXPENDITURE IN FOREIGN CURRENCY**

Nil

**10. EARNINGS IN FOREIGN EXCHANGE**

Nil

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

**12. 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 and Interest - Nil

13. Income Tax Assessments have been completed up to the assessment year 2013-14.



14. **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.

<u>Market</u>	<u>2015-2016 (Rs. in lacs)</u>
India	209.42

15. 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.

16. As per A.S 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:

Related Parties	Nature of Relationship	Rs. In lacs	
		Balance outstanding	
		2016	2015
K.V.R.Kousigan	Son of M.D	34.79 Credit	34.89 Credit
M/s Sivakumar spinning Mills P Ltd (Trading account balance)	Interested Concern	14.04 Debit	1.23 Credit
Loyal Credit & Investment	Interested Concern	-	23.72 Credit

Details of remuneration paid to the Managing Director, Whole Time Director and KMP of the Company

	2016	2015
K.Vee.Rajenthiran	: Rs. 19.10 lacs	Rs. 12.28 lacs
R.Karthikeyan	: Rs. 9.00 lacs	Rs. 9.00 lacs
R.Santhosh Kumar	: Rs. 4.20 lacs	Rs. 4.12 lacs

17. AS 20 : Earnings Per Shares : 0.33 per Equity Share.

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

19. Taxation and Deferred Tax Liability - AS 22: In view of the carried forward losses, no provision for Income Tax and Deferred Tax Liability has been provided.

20. Going Concern: The Company has suffered operating loss continuously over the last three years, defaulted in repaying its loan dues to their bankers, the company had disposed off its unit B at Virudhunagar and thereby reduced the substantial portion of the liabilities with bank. The company is also propose to dispose of some vacant land at Tirunelveli admeasuring 5.04 acres, to regularize or set right all the issues, hence the Company is considering better prospects in the coming years. As various avenues are explored and adequate steps are being taken to bring the back the normality, the concept of Going Concern is being followed in preparing the books of accounts for the year concerned.

21. Other Loans and advances to the tune of Rs. 381.29 lacs have been considered as unsecured and doubtful. However, no provision has been made in the books of accounts in the current financial year since the directors are consistently taking follow up measures to recover the amount.

22. Previous year figures have been regrouped / reclassified wherever necessary.

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

(sd) **R.Karthikeyan**  
Whole Time Director  
(DIN - 00867590)

(sd) **K.Vee.Rajenthiran**  
Managing Director  
(DIN - 00867466)

(sd) CA. K.V.Raman  
M.No. 009790  
Date : 03-08-2016  
Place : Tirunelveli

(sd) **Niranjani Kousigan**  
(DIN - 00601487)  
(sd) **S.Kanthimathinathan**  
(DIN - 00601678)  
Directors

(sd) **R. Santhosh Kumar**  
Chief Financial Officer


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2016**

Particulars	31/3/2016 in Lacs	31/3/2015 in Lacs
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) before extraordinary items and tax	21.95	(488.97)
<b><u>Adjustments for:</u></b>		
Depreciation and amortisation	59.40	92.20
Amortisation of share issue expenses and discount on shares	-	-
(Profit) / loss on sale / write off of assets	(577.03)	121.74
<b>Operating profit / (loss) before working capital changes</b>	<b>(495.68)</b>	<b>(275.04)</b>
<b><u>Changes in working capital:</u></b>		
<b><u>Adjustments for (increase) / decrease in operating assets:</u></b>		
Inventories	21.18	218.55
Trade receivables	199.88	6.54
Short-term loans and advances	(26.31)	(3.91)
Long-term loans and advances	85.46	(30.84)
Other non-current assets	0.40	0.40
<b><u>Adjustments for increase / (decrease) in operating liabilities:</u></b>		
Trade payables	(31.99)	(131.06)
Other current liabilities	(243.39)	204.00
Other long-term liabilities	(17.93)	130.99
	(12.70)	394.67
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(508.38)</b>	<b>119.63</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(12.76)	(20.47)
Proceeds from sale of fixed assets	782.01	217.45
Purchase of Investments	-	-
Proceeds from sale of Investments	-	-
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>769.25</b>	<b>196.98</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of equity shares	-	-
Proceeds from long-term borrowings	-	-
Repayment of long-term borrowings	(10.12)	(164.89)
Proceeds from other short-term borrowings	(263.67)	(181.93)



The Sri Ganapathy Mills Company Limited

Net cash flow from / (used in) financing activities (C)	(273.79)	(346.82)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(12.92)	(30.22)
Cash and cash equivalents at the beginning of the year	19.68	49.90
Cash and cash equivalents at the end of the year	6.77	19.68
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
<b>Cash and cash equivalents at the end of the year</b>		
(a) Cash on hand	4.51	9.91
(b) Balances with banks	2.26	9.77
(c) In earmarked accounts (give details) (Refer Note (ii) below)	-	-
(d) Others - Magin Account	-	-
<b>TOTAL</b>	<b>6.77</b>	<b>19.68</b>
See accompanying notes forming part of the financial statements		

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

(sd) R.Karthikeyan  
Whole Time Director  
(DIN - 00867590)

(sd) K.Vee.Rajenthiran  
Managing Director  
(DIN - 00867466)

(sd) CA. K.V.Raman  
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(sd) Niranjani Kousigan  
(DIN - 00601487)  
(sd) S.Kanthimathinathan  
(DIN - 00601678)  
Directors

(sd) R. Santhosh Kumar  
Chief Financial Officer

### AUDITOR'S CERTIFICATE

We have verified the above cash flow statement of The Sri Ganapathy Mills Company Limited, Sankar Nagar derived from the audited annual financial statements for the year ended 31st March 2016 and 31st March 2015 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

for Krishnan and Raman  
Chartered Accountants  
FRN01515S

Date : 03-08-2016  
Place : Tirunelveli.

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





**THE SRI GANAPATHY MILLS COMPANY LTD**

Regd. Office : Madurai Road, Sankar Nagar, Tirunelveli - 627 357  
CIN : L17111TN1946PLC002748

**ATTENDANCE SLIP**

DP ID Number  
Name and Address of the registered Shareholder  
Client ID/Regd. Folio No.  
No. of Shares held

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the Sixty-Eight Annual General Meeting held on Thursday 21<sup>st</sup> September 2016 at 4.00 p.m. at the Registered Office of the Company Viz., Madurai Road, Sankar Nagar, Tirunelveli - 627 357.

.....  
Member's / Proxy's Signature

Note: Please complete this and hand it over at the entrance of the hall.

Form No. MGT - 11

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	L17111TN1946PLC002748
Name of the Company	THE SRI GANAPATHY MILLS COMPANY LIMITED
Registered Office	Madurai Road, Sankar Nagar, Tirunelveli - 627 357
Name of the shareholder	
Registered address	
E-mail ID	
Folio No. / Client ID	
DP ID	

I/We, being the share holder (s) of ..... shares of the above named company, hereby appoint

1	Name	Signature	
	Address		
	E-mail ID		
	or failing him		
2	Name	Signature	
	Address		
	E-mail ID		
	or failing him		
3	Name	Signature	
	Address		
	E-mail ID		
	or failing him		

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 68<sup>th</sup> Annual General Meeting of the Company, to be held on Thursday 21<sup>st</sup> September 2016 at 4.00 p.m. at Registered Office of the Company Viz., Madurai Road, Sankar Nagar, Tirunelveli - 627 357 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1.	2.	3.	4.	5.
----	----	----	----	----

Signed this ..... day of ..... 2016.

Signature of Shareholder :  
Signature of Proxy holder(s) :

Affix  
Revenue  
Stamp

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.





**THE SRI GANAPATHY MILLS COMPANY LIMITED**

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

Phone: 0462 2300334

E-mail: sgm\_tv1@yahoo.co.in Website: www.ganapathymills.com

CIN: L17111TN1946PLC002748

**POSTAL BALLOT FORM (in lieu of e-voting)**

Sr. No. \_\_\_\_\_

Name and Registered Address of the Sole/First named Member :

Names of the Joint Member(s), if any :

Registered Folio No. / DP ID No. / Client ID No. :

No. of shares held :

E-Voting Sequence Number (EVSN) :

I/We hereby exercise my/our vote(s) in respect of the following Resolutions to be passed through Postal Ballot/e-voting as set out in the Notice dated Aug 03, 2016 of the Company by conveying sending my/our assent (for) or dissent (against) the said Resolutions by placing the tick mark (3) at the appropriate box below:

Item No.	Description	Type of Resolution (Ordinary/Special)	No. of Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1	Adoption of the audited Balance Sheet and Profit & Loss Account and cash flow statement for the year ended March 31, 2016 and the reports of the Board of Directors and Auditors there on	Ordinary			
2	Appointment of Director Smt. Niranjani Kousigan, who retire by rotation.	Ordinary			
3	Appointment of Auditors and fixing of their remuneration	Ordinary			
4	The Provisions of sections 196, 197, 203 and 152, any other applicable provisions of the Companies Act 2013 for Re-appointment of Sri. R. Karthikeyan as Whole Time Director	Ordinary			
5	The Provisions of section 149, 152 and any other applicable provisions of the Companies Act, 2013 for appointment of Sri. A. Jerard as Independent Director	Ordinary			

Place :

Date :

Signature of the Member

- Notes: 1. If you opt to cast your vote by e-voting, there is no need to fill up and sign this form.  
2. Last date for receipt of Postal Ballot Form: 18<sup>th</sup> September 2016.  
3. Please read the instructions printed overleaf carefully before exercising your vote.



## INSTRUCTIONS

### 1. General Instructions

- a) There will one Postal Ballot Form / e-voting for every Client ID No. / Folio No., irrespective of the number of joint holders
- b) Members have option to vote either through Postal Ballot form or through e-voting. If a member has opted for Physical Postal Ballot, then he /she should not vote by e-voting and vice versa. However, in case share holders cast their vote through both physical postal ballot and e-voting, then vote caste through e-voting shall and vote cast through physical postal ballot shall be considered as invalid
- c) Voting in the postal ballot /e-voting cannot be exercised by a proxy, However, corporate and institutional members shall be entitled to vote through their authorised representatives with proof or their authorization, as started below
- d) Any query in relation to the Resolution proposed to be passed by postal ballot may be addressed to the Registered office of the Company
- e) The Scrutinizer's decision on the validity of a postal Ballot / E-voting shall be final and binding

### 2. Instructions for voting physically by Postal Ballot Form

- a) A member desirous of exercising his /her vote by Postal Ballot may complete this postal ballot from and send it to the Scrutinizer, Mr. S.Muthuraju practicing company secretary (C.P.No. 4181), 11<sup>th</sup> Floor, 35, North Main street, Madurai-625 001.
- b) This form must be completed and signed by the Member, as per specimen signature registered with the company or Depository Participant, as the case may be, in case of joint holding, this form must be completed and signed (as per the specimen signature registered with the company) by the first named Member and in his/her absence, by the next named Member.
- c) In respect of shares held by corporate and institutional members (companies, trusts, societies, etc.), the completed postal Ballot Form should be accompanied by a certified copy of the relevant Board Resolution. Appropriate authorization, with the specimen signature(s) of the authorized signatory (ies) duly attested.
- d) Voting rights shall be reckoned in proportion of the paid - up equity shares registered in the name of the member as on 14<sup>th</sup> September 2016.
- e) The consent must be accorded by recording the assent in the column 'FOR' or dissent in the column 'AGAINST' BY PLACING A TICK MARK' in the appropriate column in the postal Ballot form. The assent or dissent received in any other form shall not be considered valid.
- f) Members are requested to fill the Postal Ballot form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
- g) Duly completed Postal Ballot Form should reach the Scrutinizer not later than the close of working hours (17.00 hrs) on 18th September 2016. All postal Ballot forms received after his date will be strictly treated as if no reply has been received from the Member.
- h) A member may be requested the company for a duplicate Postal Ballot Form, if so required, and the same duly completed should reach the Scrutinizer not late than the date specified under instruction No. 2(g) above.
- i) Members are requested not to send any other paper along with the Postal Ballot form, They are also requested not to write anything in the Postal Ballot Form except giving their assent or dissent and putting their signature. If any such other paper is sent, the same will be destroyed by the Scrutinizer.
- j) Incomplete, unsigned or incorrectly ticked Postal Ballot Forms will be rejected.
- k) The result would be displayed on the Company's website [www.ganapathymills.com](http://www.ganapathymills.com), besides communicating to the Stock Exchanges where the Company's shares are listed.



