

# 20th Annual Report 2008-2009



**GANESH POLYTEX LTD.**

**BOARD OF DIRECTORS**

Shri SHYAM S.SHARMA, *Chairman and Managing Director*

Shri V.D. KHANDELWAL, *Executive Vice Chairman*

Shri SHARAD SHARMA, *Joint Managing Director*

Shri RAJESH SHARMA, *Executive Director*

Shri S.K.KABRA

Shri ANOOP GUPTA

Shri PRADEEP KUMAR GOENKA

Shri VISHWA NATH CHANDAK

**CHIEF FINANCE OFFICER**

Shri GOPAL AGARWAL

**COMPANY SECRETARY**

Shri BHARAT KUMAR SAJNANI

**AUDITORS**

M/s. MEHROTRA RAKESH KUMAR & CO.

*Chartered Accountants*

KANPUR

**BANKERS**

STATE BANK OF INDIA

ALLAHABAD BANK

STATE BANK OF BIKANER & JAIPUR

**REGISTERED OFFICE**

RAIPUR, (RANIA),

KALPI ROAD,

DISTT. KANPUR DEHAT.

**ADMINISTRATIVE OFFICE**

113/216-B, SWAROOP NAGAR,

KANPUR-208 002

**WORKS**

1. RAIPUR, (RANIA),  
KALPI ROAD,  
DISTT. KANPUR DEHAT.
2. PLOT No. 6, SECTOR – 2,  
INTEGRATED INDUSTRIAL ESTATE  
PANTNAGAR, UTTARAKHAND
3. KHATA NO. 96 AND 97, ARAZI VILLAGE KOTHA,  
ALI NAGAR, PARGANA AND TEHSIL BILASPUR,  
DISTT. RAMPUR, UTTAR PRADESH.

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**NOTICE**

NOTICE is hereby given that the **TWENTIETH ANNUAL GENERAL MEETING** of the Members of GANESH POLYTEX LIMITED will be held on Thursday, the 24th day of September, 2009 at 12:15 P.M. at the Registered Office of the Company at Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the financial year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To confirm the payment of the Interim Dividend on Cumulative Redeemable Preference Shares (Series I and II).
3. To appoint a Director in place of Shri Pradeep Kumar Goenka, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri V.D. Khandelwal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

**SPECIAL BUSINESS:**

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

"RESOLVED THAT Shri Vishwa Nath Chandak, who was appointed as an Additional Director by the Board under Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose his candidature for the office of Director of the Company be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 269, 198, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Shri Sharad Sharma as Joint Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> February, 2009 on the following terms and conditions as approved by the Remuneration Committee:-

A) SALARY:

Rs. 1,00,000/- (Rupees One Lakh only) per month.

B) PERQUISITES:

- I. The Joint Managing Director shall be entitled to the perquisites like furnished accommodation or House Rent Allowance in lieu thereof, together with reimbursement of expenses for utilization of gas, electricity, water, reimbursement of medical expenses, leave travel concession for self and family including dependents, club fees, premium towards personal accident insurance and medi-claim and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors from time to time, subject however that the aggregate monetary value of the perquisites in any year shall not exceed Rs.6,00,000/- per annum without restriction to any sub limit on individual perquisite.

Explanation:-

"Family" here means the spouse, dependent children and dependent parents of the Joint Managing Director.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income-Tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Use of Company's Car for official purpose, Mobile and Basic Telephone at residence (including payment for local calls and long distance official calls), shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

- II. Gratuity payable as per the Rules of the Company and encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites to the extent the same are not taxable under the Income-Tax Act, 1961.
- III. The Joint Managing Director shall be entitled to reimbursement of entertainment and other expenses actually and properly incurred by him in connection with the business of the Company.

The aggregate of the Salary and Perquisites as above shall always be subject to the overall ceiling laid down in Section 198 and 309 of the Companies Act, 1956.

C) ADDITIONAL REMUNERATION:

In addition to the Salary & Perquisites, as specified supra, the Joint Managing Director shall be entitled to receive additional remuneration based upon the financial performance of the Company, subject to the condition that the total remuneration payable to him shall not exceed 5% of the Net Profits of the Company for the year and 10% of the Net Profits of the Company payable to all the Managerial Personnel taken together. The composition, mode and manner of payment of such additional remuneration shall be finalized in consultation with the Joint Managing Director."

"RESOLVED FURTHER THAT where in any financial year during the currency of term of Joint Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay to Joint Managing Director, remuneration by way of Salary and Perquisites as specified above as minimum remuneration, subject however to the provisions of the Companies Act, 1956 and such approvals as may be required."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter, vary, modify the terms and conditions of appointment of Shri Sharad Sharma from time to time during the tenure of his appointment as Joint Managing Director of the Company including salary, perquisites and additional remuneration, provided however that the total remuneration payable to him shall not at any time exceed the limit prescribed under Schedule XIII and all other applicable provisions of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to settle any questions, doubts or difficulties and to do all such acts, deeds, matters and things as may be necessary, desirable or expedient to give effect to this resolution without being required to seek further approval of the Members and the approval of the Members shall be deemed to have been given thereto expressly by the authority of this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors of the Company for mortgaging and/or charging on such terms and conditions, at such time or times and in such form and manner as it may think fit, the whole or substantially the whole of the Company's any one or more undertakings or all the undertakings including all the present and future movable and/or immovable properties and assets of the Company, wheresoever situate, together with the power to take over the management of the business and concern as also to enter upon and take possession of the assets of the Company, in certain events, to and/or in favour of State Bank of India, Industrial Finance Branch, Kanpur, State Bank of Bikaner & Jaipur, Kaushalpur, Kanpur and Allahabad Bank, Main Branch, Kanpur, (hereinafter collectively referred as 'SBI Consortium') for securing



## GANESH POLYTEX LTD.

the repayment and discharge by the Company to 'SBI Consortium' of various credit facilities, in the form of fund-based and/ or non-fund based limits, lent and advanced / agreed to be lent and advanced by the 'SBI Consortium', together with interest, additional interest, funded interest, liquidated damages and all other costs, charges and expenses payable under the agreement(s) entered into/to be entered into by the Company jointly or severally with the 'SBI Consortium'."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and to execute such documents or writings as may be necessary for giving effect to the above resolution and that all acts and deeds done by and with the authority of the Board in anticipation of the passing of this resolution, be and are hereby ratified and confirmed."

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

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the 'Act') including any statutory modification(s) or re-enactment thereof for the time being in force and enabling provisions of the Memorandum and Articles of Association of the Company and the Regulations / Guidelines/ Clarifications, if any, prescribed/ issued by Securities and Exchange Board of India (SEBI) and any other appropriate Authorities and the Listing Agreement entered into by the Company with the Stock Exchange(s) where the Shares of the Company are listed and subject to all necessary approvals, permissions and sanctions as may be required from any Governmental or regulatory authority and / or all other Institutions and bodies and subject to such condition(s) and modification(s) as may be prescribed or imposed by any of them whilst granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution), the consent and approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot 5,15,000 (Five Lacs and Fifteen Thousand only) Warrants from time to time or in one or more tranche or tranches, each Warrant entitling the holder thereof to apply for and to be allotted One Equity Share per Warrant at any time, during such period as may be decided by the Board in accordance with the applicable guidelines and regulations issued by the concerned Authorities, to the 'Promoter Group' (which expression shall mean and include the Promoters and present Management in control of the Company and their Friends, Relatives, Associates, Companies controlled by them or in which they are Directors or Shareholders, hereinafter referred to as 'Promoter Group') and such Warrants so issued or allotted shall give rise on allotment upon conversion/ upon exercise of right to Equity Shares of an aggregate face value not exceeding Rs. 51,50,000/- (Rupees Fifty One Lacs and Fifty Thousand only) and the issue in exchange of Warrants shall be at a Price to be determined in accordance with the guidelines issued by SEBI or Rs 10/- per Equity Share, whichever is higher or such other higher price as may be fixed by the Board and upon such other terms and conditions as may be deemed appropriate by the Board and acceptable to the 'Promoter Group' and permitted under the relevant guidelines in force at the time of issue of such warrants."

"RESOLVED FURTHER THAT the Shares so allotted upon exercise of conversion rights attached to warrants shall rank pari-passu with the existing Equity Shares of the Company."

"RESOLVED FURTHER THAT the "Relevant Date" for the purpose of computing the Price for issue and allotment of Equity Shares shall be 25<sup>th</sup> August, 2009."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to offer, issue and allot requisite number of Equity Shares to the holders of Warrants upon exercise of right to subscribe the Shares."

"RESOLVED FURTHER THAT subject to the SEBI guidelines and other applicable laws, the Board be and is hereby authorized to decide and approve terms and conditions of the issue of above mentioned Warrants

and to vary, modify or alter any of the terms and conditions, including size of the issue, as it may deem expedient."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director(s) or to any Committee of Directors or any other Officer(s) of the Company to give effect to the aforesaid resolution including execution of any documents on behalf of the Company and to represent the Company before any Governmental Authorities and to appoint any Professional Advisors/ Consultants/ Lawyers."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation to enter into arrangement/ agreements and to settle all questions, difficulties or doubts that may arise in regard to such issue and take all steps which are incidental, consequential, relevant or ancillary in this connection."

Registered Office:  
Raipur, (Rania), Kalpi Road,  
Distt. Kanpur Dehat.

By Order of the Board

Date: 18th August, 2009.

BHARAT KUMAR SAJNANI  
Company Secretary

**NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxy in order to be effective must be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
- The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under Item Nos. 6 to 9 as set out above is annexed hereto.
- The Register of Members and Share Transfer books of the Company shall remain closed from **Tuesday, 22<sup>nd</sup> September, 2009 to Thursday, 24<sup>th</sup> September, 2009** (both days inclusive).
- Members holding Shares in identical order of names in more than one folio are requested to write to the Company's Registrar & Transfer Agents, M/s Skyline Financial Services Private Limited, enclosing the Share Certificates for consolidation of their holdings into one folio.
- Members holding Shares in physical form may write to the Company's Registrar & Transfer Agents, M/s Skyline Financial Services Private Limited for any change in their address, if any, under their signatures clearly quoting their folio numbers, old address along with the changed address with Pin Code, and Members holding Shares in electronic form may inform any change in address to their Depository Participants.
- Members holding Shares in electronic form are requested to provide their Client-Id and DP-Id numbers at the Meeting for easy identification.
- Members desirous of obtaining any information/ clarification concerning the Accounts and operations of the Company are requested to write to the Company at least seven days before the Annual General Meeting, so that the desired information may be made available at the Annual General Meeting, if the Chairman permits to do so.
- The Shares of the Company are compulsorily tradable in demat form. The Equity Shares of the Company have been assigned ISIN INE845D01014. Members are requested to get their Shares dematerialized at the earliest to make them tradable.
- The relevant details in respect of Item Nos. 3, 4, 6, and 7 pursuant to Clause 49 of the Listing Agreement are as below:

# TWENTIETH ANNUAL REPORT

## BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT/ RE- APPOINTMENT:

Particulars	Shri Pradeep Kumar Goenka	Shri V.D. Khandelwal	Shri Vishwa Nath Chandak	Shri Sharad Sharma
Date of Birth	15 <sup>th</sup> September, 1954	6 <sup>th</sup> March, 1949	7 <sup>th</sup> September, 1937	30 <sup>th</sup> May, 1966
Date of Appointment	29 <sup>th</sup> July, 2006	30 <sup>th</sup> October, 1987	28 <sup>th</sup> February, 2009	8 <sup>th</sup> April, 1992
Qualification	Chartered Accountant	M. Com	M. Com, LL.B	B.Com.
Expertise in specific functional area	Having a rich professional experience of over 33 years in Finance and related services.	Having experience of over 36 years in trading of different types of Textile Yarns.	Experience of over 35 years as a Senior Executive in Eastern Spinning Mills & Industries Ltd.	Having more than 17 years experience in marketing of Yarn & Fibre. Engaged with the Company since 1992.
Chairman/ Director of other Companies (excluding foreign Companies)	<ul style="list-style-type: none"> <li>➤ Frontier Springs Ltd.</li> <li>➤ Kanpur Plastipack Ltd.</li> <li>➤ M.P.Chini Industries Ltd.</li> <li>➤ Abhyuday Infrastructure Ltd.</li> <li>➤ Goenka Polypack Pvt. Ltd.</li> <li>➤ Abhyuday Industrial Consultants (P) Ltd.</li> <li>➤ Hiitech Education (P) Ltd.</li> <li>➤ Northern Sackplas (P) Ltd.</li> <li>➤ M.P.Udyog Ltd.</li> </ul>	Sandeep Yarns (P) Ltd.	<ul style="list-style-type: none"> <li>➤ Dialnet Communications Ltd.</li> <li>➤ Eastern Textiles (P) Ltd.</li> <li>➤ Wellman Polyfibre Products (P) Ltd.</li> </ul>	Nil
Chairman/ Member of Committee of the Board of other Companies of which he is a Director	FRONTIER SPRINGS LTD. Audit Committee - Chairman Shareholders and Investors Grievance Committee- Member  KANPUR PLASTIPACK LTD. Audit Committee - Member Shareholders and Investors Grievance Committee- Chairman	Nil	Nil	Nil
Shareholding in Ganesh Polytex Ltd.	Nil	2,67,650 Equity Shares of Rs. 10/- each.	Nil	6,08,033 Equity Shares of Rs. 10/- each.

Mr. Sharad Sharma is the nephew of Mr. V.D. Khandelwal but they are not related within the meaning of the provisions of the Companies Act, 1956.

## ANNEXURE TO NOTICE

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

#### Item No. 6:

With a view to broad base the Board and ensuring better Governance, Shri Vishwa Nath Chandak was inducted as an Additional Director on 28<sup>th</sup> February, 2009 and he holds office up to the date of this Annual General Meeting of the Company. As required under Section 257 of the Companies Act, 1956, the Company has received notice from a member along with requisite deposit proposing for the candidature of Shri Vishwa Nath Chandak as a Director of the Company.

Shri Vishwa Nath Chandak is M.Com., LL.B. and has experience of over 35 years as a Senior Executive in Eastern Spinning Mills & Industries Ltd. The Board considers it desirable that his continuance on the Board will be of immense benefit to the Company and accordingly recommends the resolution for approval of the members.

None of the Directors of the Company except Shri Vishwa Nath Chandak himself may be considered as concerned or interested in the resolution.

#### Item No. 7:

The Members at the 15<sup>th</sup> Annual General Meeting of the Company held on 24<sup>th</sup> September, 2004, approved the appointment of Shri Sharad Sharma as Joint Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> February, 2004 and his term of appointment expired on 31<sup>st</sup> January, 2009. Considering the experience and valuable contribution made by Shri Sharad Sharma, the Board of Directors of the Company at its meeting held on 31<sup>st</sup> January, 2009, re-appointed Shri Sharad Sharma as Joint Managing Director of the Company for a further period of five years w.e.f. 1<sup>st</sup> February, 2009. The terms and conditions of his re- appointment are in accordance with the provisions of Schedule XIII of the Companies Act, 1956 and have been approved by the Remuneration Committee. The Board accordingly recommends the resolution for approval of the members.

None of the Directors of the Company except Shri Sharad Sharma himself, Shri Shyam S. Sharma, Chairman-cum-Managing Director and Shri Rajesh Sharma, Executive Director being related to him may be considered as concerned or interested in the resolution.

The resolution along with accompanying Explanatory Statement may be treated as an abstract of the terms of re-appointment and Memorandum of Interest within the meaning of Section 302 of the Companies Act, 1956.

#### Item No. 8:

The Company had been sanctioned by the State Bank of India, Industrial Finance Branch, Kanpur, State Bank of Bikaner & Jaipur, Kaushalpur, Kanpur and Allahabad Bank, Main Branch, Kanpur, (hereinafter collectively referred as 'SBI Consortium'), various credit facilities, in the form of fund-based and/ or non-fund based limits. The credit facilities are required to be secured by way of charge of immovable and / or movable properties of the Company. As the mortgaging or the charging of the assets may amount to disposal of whole or substantially the whole of the undertaking of the Company, approval of the members is being sought in terms of the provisions of Section 293(1)(a) of the Companies Act, 1956. The Board recommends the resolution for approval of the members.

None of the Directors of the Company may be considered as concerned or interested in the resolution.

#### Item No. 9:

In order to meet the requirement of funds for future growth and general corporate purposes and from the point of stability, it has been considered desirable that the Shareholding of the Promoter's Group is maintained at a reasonable level. Accordingly, it is proposed that the Promoter's Group be offered the opportunity to subscribe to further new Capital on a preferential basis by allotment up to 5,15,000 Warrants carrying a right to subscribe to equal number of Equity Shares at a price to be determined in accordance with the guidelines issued by



# GANESH POLYTEX LTD.

SEBI or Rs.10/- per Equity share, whichever is higher or such other higher price as may be fixed by the Board and which may be considered fair and reasonable by the Board and acceptable to the 'Promoter Group'.

The proceeds of the issue shall be utilized for general corporate purposes. Consent of the Members is being sought pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956 and also in accordance with the requirements of other applicable guidelines, rules, regulations in force.

The Board proposes to allot up to 5,15,000 Warrants to the Promoter Group. The identity of the proposed Allottees and the number of Warrants to be allotted to them out of 5,15,000 Warrants representing 4.97% of the post issue Equity Share Capital is as under:

Name of the proposed allottee	No. of Warrants to be allotted
Mrs. Vimal Sharma	3,15,000
Mrs. Ratna Sharma	2,00,000

The salient features of the preferential issue are:

- 5,15,000 Warrants having a right to subscribe equal number of Equity Shares shall be issued and allotted pursuant to the aforesaid resolution. The Equity Shares shall be issued at a price to be determined in accordance with Chapter XIII (Guidelines for Preferential Issues) of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 or Rs. 10/- per Equity share, whichever is higher or such other higher price as may be fixed by the Board.
- The warrants and the resultant Equity Shares shall be locked in for a period of three years from the date of their allotment.
- The right attached to Warrants to subscribe to equal number of Equity Shares of Rs. 10/- each at a price to be determined as per the relevant date representing 4.97% of the diluted Share Capital of the Company shall be exercisable within a period of 18 months from the date of allotment of Warrants.
- An amount equivalent to the 25% of the fixed price is proposed to be called along with the application and the allotment of Warrants shall be made within 15 days of this resolution, excluding the time, if any, required for obtaining necessary approvals.
- The Warrants shall have no voting or dividend rights attached to them.
- The present resolution is proposed to be passed, in order to enable the Board to make the above mentioned preferential issue of Warrants subject to receipt of requisite approvals.

## Disclosure in terms of clause 13.1A of SEBI Guidelines on Preferential Issues:

### (i) The object of the Preferential Issue:

To meet the requirement of funds for future growth and general corporate purposes and to maintain the Shareholding of the Promoter's Group at a reasonable level from the point of stability.

### (ii) Intention of the Promoters/Directors/Key Management Persons to subscribe the offer:

Warrants will be subscribed by the Promoter Group.

### (iii) Shareholding Pattern of the Company before and after the Offer:

Category of Shareholder	Pre-Allotment Shareholding as on 14.08.2009		Post-Allotment Shareholding*	
	No. of Equity Shares	% age to Total Equity Share Capital	No. of Equity Shares	% age to Total Equity Share Capital
Promoters and Promoter Group	4448685	45.14	4963685	47.87
Mutual Funds	6000	0.06	6000	0.06
Financial Institutions/ Banks	100	0.00	100	0.00
Bodies Corporate	985515	10.00	985515	9.50
Individuals	4393478	44.58	4393478	42.37
Non-Resident Indians	21222	0.22	21222	0.20
<b>TOTAL</b>	<b>98,55,000</b>	<b>100.00</b>	<b>1,03,70,000</b>	<b>100.00</b>

\*The above share holding pattern may change from time to time depending upon the transfer of Shares by the existing Shareholders and fresh issue of capital as may be made by the Company.

### (iv) Proposed Time within which the allotment shall be completed:

The allotment of Warrants on preferential basis shall be completed within a period of 15 days from the date of passing of the Special Resolution by the Shareholders, excluding the time, if any, required for obtaining necessary approvals.

### (v) The Identity of the proposed allottees and the percentage of post preferential issued capital that may be held by them:

Proposed Allottees	Pre-Allotment Shareholding as on 14.08.2009		Post-Allotment Shareholding*	
	No. of Equity Shares	% age to Total Equity Share Capital	No. of Equity Shares	% age to Total Equity Share Capital
Mrs. Vimal Sharma	NIL	NIL	3,15,000	3.04
Mrs. Ratna Sharma	NIL	NIL	2,00,000	1.93

\*Assuming full exercise of right attached to Warrants.

Due to above preferential allotment of warrants and the resultant issue of Equity Shares, no change in management control is contemplated. The Auditors' Certificate to the effect that the present preferential allotment of Equity Shares/ Warrants is being made in accordance with the Guidelines for Preferential Issues under the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 shall be placed at the Meeting.

The proposed Special Resolution is intended to obtain the Members' approval for the issue. The Directors recommend the above Special Resolution for approval.

Except Shri Shyam S. Sharma, Shri Sharad Sharma, Shri Rajesh Sharma and Shri V.D. Khandelwal, no other Director of the Company may be deemed to be concerned or interested in the resolution.

All the documents referred to in the accompanying Notice are open for inspection of the members during business hours on all working days up to the date of the Annual General Meeting.

Registered Office:  
Raipur, (Rania), Kalpi Road,  
Distt. Kanpur Dehat.

Date: 18th August, 2009.

By Order of the Board

BHARAT KUMAR SAJNANI  
Company Secretary

## DIRECTORS' REPORT

**TO THE MEMBERS OF  
GANESH POLYTEX LTD.**

Your Directors have pleasure in presenting the Twentieth Annual Report together with the Audited Statements of Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2009.

**FINANCIAL RESULTS**

The summarized financial results of the Company for the year ended 31<sup>st</sup> March, 2009 as compared to the preceding year are as under:

	<i>(Rs. In lacs)</i>	
	<b>Current Year (2008-09)</b>	Previous Year (2007-08)
Total Income	<b>13566.50</b>	10579.97
Profit before Interest and Depreciation	<b>1730.61</b>	1235.09
Less: Interest and Finance expenses	<b>639.51</b>	378.83
Less: Depreciation	<b>565.54</b>	359.84
<b>Profit before Exceptional Item</b>	<b>525.56</b>	496.42
Less: Exceptional Item	<b>20.99</b>	-
<b>Profit before Tax</b>	<b>504.57</b>	496.42
Provision for Tax - Current Tax	<b>(56.13)</b>	(99.85)
- Fringe Benefit Tax	<b>(9.18)</b>	(8.41)
- Deferred Tax (Net)	<b>(60.45)</b>	(12.81)
- MAT credit available for set off	<b>55.67</b>	-
<b>Profit after Tax</b>	<b>434.48</b>	375.35
Surplus brought forward from Previous year	<b>747.98</b>	401.16
Taxation for earlier years (Net)	<b>(4.34)</b>	(0.26)
<b>Balance available for appropriation</b>	<b>1178.12</b>	776.25
Appropriations:		
- Interim Dividend on Preference Shares	<b>(45.00)</b>	(24.17)
- Tax on Dividend	<b>(7.64)</b>	(4.10)
<b>Surplus carried to Balance Sheet</b>	<b>1125.48</b>	747.98

**OPERATIONS**

During the year under review, the Company recorded a substantial increase of 28.40% in its Total Turnover which rose to Rs. 13537.11 lacs from Rs. 10542.58 lacs in 2007-08. Despite global recession, Export turnover registered an impressive growth of 56.19% recording turnover of Rs. 3677.44 lacs during 2008-09 as against turnover of Rs. 2354.50 lacs during 2007-08. The Profit before Interest and Depreciation recorded for the year was Rs. 1730.61 Lacs as against Rs. 1235.09 Lacs in the preceding year, recording an increase of 40.12%. However, due to higher impact of Interest and Depreciation charges during the year, the Profit after Tax was placed at Rs. 434.48 lacs as against Rs. 375.35 lacs in the preceding year, recording an increase of 15.75%.

During the year under review, the Company's 2<sup>nd</sup> production line of 14400 MTPA at Rudrapur, Pant Nagar (Uttarakhand) unit started commercial production. The Company also successfully commissioned and started 2<sup>nd</sup> production line of Recycled Polyester Staple Fibre at Kanpur unit. This line is having the production capacity of 7200 MTPA.

To achieve forward integration, the Company, during the current year, has taken a Spinning Mill of U.P. Sahkari Katai Mills Ltd, Baheri, Distt Bareilly, having capacity of 24960 Spindles, on job work basis, which will further improve the profitability of the Company.

Your Directors expect to achieve even better results during the year as the Company will get full benefits round the year of above expansions.

**DIVIDEND**

With a view to conserve resources to support increased level of activities, your Directors considered it prudent not to recommend any dividend on Equity Shares for the year under review. Directors submit that this will increase Shareholders' Value in long term. However, the liability with respect to Dividend on 10% Cumulative Redeemable Preference Shares (both Series I and II) was partly discharged during the year.

**FINANCE**

For implementation of expansion plans and also for additional working capital requirements, the Company has been sanctioned additional Term loans of Rs. 5.00 crores and additional working capital facilities of Rs. 6.97 crores from Banks, during the year under review. In order to meet requirements of additional funds for general corporate purposes, it is proposed to raise funds by issue of Warrants to the Promoter's Group on Preferential Basis.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report is provided in a separate section forming part of the Annual Report.

**DIRECTORS**

To broad-base the Board and to meet the requirement of Independent Directors, the Board has appointed Shri Vishwa Nath Chandak as an Additional Director, who holds office up to the date of forthcoming Annual General Meeting and is eligible for appointment as Director of the Company.

The Board of Directors has re-appointed Shri Sharad Sharma as Joint Managing Director of the Company for further period of five years with effect from 1<sup>st</sup> February, 2009 upon expiry of his term of office and the matter is placed for your approval at the ensuing Annual General Meeting.

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Pradeep Kumar Goenka and Shri V.D. Khandelwal, Directors of the Company retire from the Board by rotation and being eligible they have offered themselves for re-appointment.

During the year, Shri B.M. Agarwal ceased to be Director of the Company. The Board places on record appreciation for the valuable services rendered by him during his tenure as Director of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors of the Company, in respect of the financial year ended 31<sup>st</sup> March, 2009, confirm that: -

- a) in preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- b) they have 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 at the end of the Financial year and of the Profit of the Company for that year;
- c) they have taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared Annual Accounts on a going concern basis.

**AUDITORS AND AUDITORS' REPORT**

The term of office of the present auditors of the Company, M/s. Mehrotra Rakesh Kumar & Co., Chartered Accountants, Kanpur expires at the conclusion of ensuing Annual General Meeting and being eligible, they have confirmed their willingness to accept office, if re-appointed.

The observation of the Auditors' in para 2(g) of their report with respect to change in method of provision for depreciation on vehicles at Kanpur Unit to Written Down Value Method as against Straight Line Method hitherto followed have been fully explained in Note No. 12 of Schedule 18 to the financial statements.

As regards Auditors' remarks in para 9(i) of the Annexure to their report stating slight delay in payment of statutory dues, it is clarified that Company is regular in depositing statutory dues although there were slight procedural delay in few cases which were subsequently made good and efforts are being made to avoid such occurrences in future.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As per the requirement of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the particulars relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are annexed hereto as Annexure 'A', forming part of this report.



# GANESH POLYTEX LTD.

## PARTICULARS OF EMPLOYEES

As none of the employees of the Company was in receipt of remuneration in excess of limits prescribed, particulars of employees under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, are not required to be given.

## CORPORATE GOVERNANCE

A separate section on Corporate Governance along with Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges forms part of the Annual Report.

## ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record appreciation for the co-operation and support extended by various Departments of Central and State Government(s), Bankers and Business associates.

Your Directors also wish to place on record appreciation to all the employees for their sincere and dedicated services rendered to the Company and are also grateful to all the shareholders of the Company for reposing continued trust and confidence in the management of the Company.

For and on behalf of the Board

Place : Kanpur  
Date : 31<sup>st</sup> July, 2009

SHYAM S. SHARMA  
Chairman and Managing Director

## ANNEXURE 'A' TO THE DIRECTORS' REPORT

### INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009.

#### I. CONSERVATION OF ENERGY

##### (a) Energy conservation measures taken:

The Company continues to give the highest priority for conservation of energy by using a mix of technology changes, process optimisation methods and other conventional methods, on an ongoing basis. The Energy conservation measures taken by the Company are:

- Use of variable frequency drive for various applications.
- Use of energy saving devices like TFT monitors, CFL tubes etc.
- Optimum utilization of Steam and Compressed air.
- Optimization of process to enhance production.
- Optimization of load factor.

##### (b) Additional Investment and proposals, if any, being implemented for reduction of consumption of energy:

The Company is making constant efforts to locate all the possible areas where additional investment can be considered for conservation of energy.

##### (c) Impact of the measures taken above and consequent impact on the cost of production of goods:

The above measures have helped in environment preservation and sustenance and also resulted reduction in the cost of production.

##### (d) Total energy consumption and energy consumption per unit of production:

#### FORM A

A. Power and Fuel Consumption:	Current year (2008-09)	Previous year (2007-08)
<b>1. Electricity</b>		
(a) Purchased		
Unit (KWH in lakhs)	207.61	115.68
Total amount (Rs. In lakhs)	854.64	405.53
Rate/ KWH (in Rs.)	4.12	3.51
(b) Own Generation (Through Diesel Generators)		
Unit (KWH in lakhs)	20.83	18.36
Unit per Litre of Diesel Oil	3.54	3.40
Cost/ unit (in Rs.)	9.03	8.55
<b>2. Coal</b>		
Quantity (in tonnes)	2722.59	835.00
Total Cost (Rs. in lakhs)	84.35	23.47
Average rate (Cost per ton)(in Rs.)	3098.15	2810.78
<b>3. Others (Rice Husk)</b>		
Quantity (in tonnes)	13578.86	8999.00
Total Cost (Rs. in lakhs)	356.35	207.24
Average rate (Cost per ton)(in Rs.)	2624.30	2302.92
<b>B. Consumption per unit of production</b>		
Production of Polyester products (Kgs. in lakhs)	285.58	190.51
Electricity (in KWH)	0.80	0.70
Coal (in Kgs.)	0.09	0.04
Rice Husk (in Kgs.)	0.48	0.47

#### II. TECHNOLOGY ABSORPTION

#### FORM B

##### Research and Development (R&D)

##### 1. Specific areas in which R&D carried out by the Company:

The Company is having an ongoing process of Research and Development where regular studies and exploration is carried out for introduction of new products and minimization of by-production of waste during various processes. Besides this the Company has a Quality Control Department equipped with well experienced/ quality personnel and latest sophisticated machines, to monitor and ensure consistency in quality and adherence to quality standards norms.

##### 2. Benefits derived as a result of the above R & D:

- Quality Improvement, customer satisfaction.
- Cost reduction, productivity & efficiency enhancement.
- Reduction in wastage.
- Provided the necessary inputs for product development.

##### 3. Future plan of action:

The Company will further improve the quality parameters of existing products and continue with its activities in the field of R&D of new products.

##### 4. Expenditure on R & D:

The expenses involved in in-house research & development carried out in a routine manner are insignificant; therefore, the same have not been accounted for separately.

##### Technology absorption, adaptation and innovation

##### 1. Efforts in brief, made towards technology absorption, adaptation and innovation:

The Company continues to lay emphasis on development and innovation of in-house technological and technical skills. Efforts are also being made to upgrade the existing standards and to keep pace with the advances in technological innovations.

##### 2. Benefit derived as a result of the above efforts:

Product improvement, product development, energy saving, cost reduction etc.

##### 3. Technology Imported-

Details of technology imported during the last 5 years:

Technology	Year of import	Absorption status
Technical know-how alongwith Plant & Machinery for manufacture of RPSF for its Rudrapur unit .	2006-07	Technology absorbed

#### III. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is presently exporting its products to various countries. It has a constant watch on the developments in the global Textile Industry and as and when any opportunity emerges, steps are taken to capitalize upon the same. The Company's representatives visit the overseas customers and markets and also participate in various trade fairs concerning Textile Industry/ products organized abroad. As a result Company's exports have increased substantially during the year despite global slowdown. Company is making further efforts to increase exports.

The details with regard to Foreign Exchange earnings and out go are as under:

	Current year (2008-2009)	Previous year (2007-2008)
A) Foreign Exchange earnings (F.O.B. Value)	3313.28	2208.81
B) Foreign Exchange outgo:		
1. Import of - Raw Materials (C.I.F. Value) - Capital Goods	684.62 536.87	333.40 669.83
- Stores & Spares	56.58	29.91
2. Expenditure on - Travelling	6.14	11.13
- Others	5.52	6.63

For and on behalf of the Board

Place : Kanpur  
Date : 31<sup>st</sup> July, 2009

SHYAM S. SHARMA  
Chairman and Managing Director



## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENT:

The Textile Industry performs the major role in the economy of the Country. At present, the Indian Textile and Clothing Industry contributes 4% to GDP, 14% to Industrial Production and 12% to Foreign Exchange Earnings. It is the second largest employment generator after agriculture with direct employment of 33 million people and indirect employment of 55 million people.

However, the Industry is facing a severe crisis due to global economic slowdown. The Indian economy too has not been isolated from what has been happening in the Global Economy. As a result of global recession, the Country's share in 373 Billion Dollar Global Clothing Industry has fallen from 3.3% to 2.6% in 2008-09. In order to increase the market share to the past level, India will require 2.7 million additional manpower and investment worth Rs. 1,43,000 Crores approximately, thus indicating an ample scope in the Industry.

The good thing though is that the Indian economy is not entirely export dependent, which has worked to its advantage and its large domestic consumption demand has helped prop up the GDP growth rates and has prevented it from slipping into negative territory.

The changing economy scenario has made the trade highly competitive, sustaining and nurturing the culture of continuous improvements and operations to meet consumer demands and improve quality has now become imperative.

### OPPORTUNITIES AND THREATS:

India is one of the emerging economy on the major front in the World economy. But due to Global downturn it is currently passing through a turbulent phase resulting in a decline of GDP to 6.7 percent in 2008-09 as compared to 9 percent in 2007-08. However, it is still one of the best performing economy in the world and it is expected that once the Global Economy stabilises and shows some signs of recovery, the Indian economy will be amongst the first few economies that would lead the World on the path of an economic turnaround.

Government has been taking initiatives to recognize the Textile Industry as a key thrust area. Increased allocation from Rs. 1090 crores last year to Rs. 3140 crores this year for technology upgradation fund scheme in the Union Budget 2009-10 is a welcome step.

Another noteworthy feature of the Government's initiative is the increased allocation for integrated textile parks and setting up of new textile clusters to bring the Textile Sector back on the rails. However, the benefits of these measures would take sometime to materialize.

As far as the Micro Environment of the Industry is concerned, present raw material prices may help boost the domestic demand and the increasing use of Synthetic Yarn in new areas of fashion fabrics and other technical textiles will provide further push to the growth of the Industry.

On the other hand, the Industry which was already in doldrums due to slowdown impact has been challenged by restoration of 8% Central Excise Duty on man-made fibre and yarn. The polyester and blended fabric is meant for the common man but duty hike would make it more costlier thus affecting the demand, and further aggravate the problems of the Industry.

The important issue of power cost and working capital cost also pose a high threat.

Despite the above threats accompanied by higher rates of interest, currency depreciation and higher depreciation charge, the Company has been successfully able to register an increase both in its domestic and export sales as well as its profitability over the previous year.

### SEGMENT-WISE PERFORMANCE:

The Company is primarily engaged in the business of Synthetic Yarn & Fibre, which forms a single segment.

### OUTLOOK:

Investment climate in textile industry is being improved. Entrepreneurs and existing players are adopting strategies addressed to growing consuming class. Industry is striving hard to improve quality, productivity and efficiency and introducing global benchmark with the support of modern technology and IT solutions. Focus on development of infrastructure augurs well for the growth of the industry. Bilateral and multinational trade agreements will facilitate better trade. Pragmatic approach by the government in supporting the textile industry will generate employment and growth.

All the expansion / modernisation projects of the Company which were under implementation during last year, have commenced their operation. The Company is confident of leveraging its consolidated and modern operations as well as the goodwill that it enjoys in the domestic and global markets for a better performance in 2009-10. Hence, our outlook for the next financial year is optimistic.

### RISK AND CONCERNS:

On one hand, due to high Central and State Level taxes beside equally high transaction cost, the exports have declined as the Indian Goods are costlier than those supplied by competing countries like China, Bangladesh, Vietnam, Cambodia and Indonesia. And, on the other hand, financial crisis in United States, Europe, Japan and elsewhere has led to further decline in Exports.

Continuing weakening of the Indian Rupee against the U.S. Dollar affecting the production cost, volatility on the exchange front and high labour cost are other causes of concern.

In addition unfavourable changes in government policies and the regulatory environment can adversely impact the performance of the Company. However, the Company aims to address all the above risks and concerns, through well timed strategy and business decisions.

### RISK MANAGEMENT:

Risk Management assumes a great significance as it enables the Company to identify major risk and take timely corrective measures, to maintain and improve the performance of the Company.

The Executive Directors and the Departmental heads of the Company manage the risk on regular basis through cross functional involvement and inter-departmental communication in the Organization. The risks can be broadly classified as follows:

1. Market Led Business Risk.
2. Financial Risk.
3. Technological Obsolescence Risk.
4. Safety, Health and Environmental Risk.
5. Information Technology System Breakdown Risk.

The Company regularly monitors and attempts to manage all the above risks through proper planning and well framed strategies.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an adequate system of Internal Controls in place to ensure that all assets are safeguarded and protected and that transactions are authorized, recorded and reported correctly. The Internal Controls are constantly monitored by an extensive program of Internal Audits. Regular Internal Audits are conducted by a professional firm of Chartered Accountants. The Company has an Audit Committee which continuously reviews the adequacy and efficacy of the Internal Controls to achieve the following business objectives of the Company:

- Efficiency of Operations.
- Protection of Resources.
- Accuracy and promptness of Financial Reporting.
- Compliance with the laid down policies and procedures.
- Compliance with laws and Regulations.

### FINANCIAL AND OPERATIONAL PERFORMANCE:

Please refer the Directors' Report.

### HUMAN RESOURCES:

Employees are the Key to the achievement of the Company's objective and goals. Being the most valuable asset of the Organization, the Company provides a fair and supportive work environment to its employees, with a view to develop their capabilities and secure high morale on their part.

Over the years, the company has built a pool of skilled, committed and hard working employees. Industrial Relations continued to be cordial and satisfactory during the year.

### CAUTIONARY STATEMENT:

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed and implied. Important developments that could affect the Company's operations include down trend in the Textile Industry – global, domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs.



## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is an integral element of the Company's value system, management ethos and business practices. Our Corporate Governance practices are driven by strong Board oversight, timely disclosures, transparent accounting policies and high levels of integrity in decision making. The Company believes that good Corporate Governance practices enable the Management to direct and control the affairs of a company in an efficient manner and to achieve its ultimate goal of maximizing value for all its stakeholders.

### 2. BOARD OF DIRECTORS

#### A. Composition of Board of Directors, attendance at Board Meetings, at last AGM and details of Membership of Other Boards / Committees:

The Board has an optimum combination of Executive and Non-Executive Directors as per the Corporate Governance requirements. The composition of the Board of Directors and other relevant details for the year 2008-09 are as under:

Name of Director	Category	No. of Board Meetings attended	Whether present at the last Annual General Meeting	No. of Boards/Committees of Public Limited Companies (including Ganesh Polytex Ltd.)		
				Director-ship	Committee (only Audit committee & Shareholder's Grievance committee)	
					Member	Chairman
Mr. Shyam S. Sharma	Promoter Executive Director	6	Yes	1	1	Nil
Mr. V.D. Khandelwal	Promoter Executive Director <sup>@</sup>	6	Yes	1	2	Nil
Mr. Sharad Sharma	Promoter Executive Director	6	Yes	1	1	Nil
Mr. Rajesh Sharma <sup>#</sup>	Promoter Executive Director	3	No	1	Nil	Nil
Mr. S. K. Kabra	Non-Executive/Independent Director	4	No	2	1	Nil
Mr. Anoop Gupta	Non-Executive/Independent Director	3	No	6	Nil	1
Mr. Pradeep Kumar Goenka	Non-Executive/Independent Director	6	Yes	6	3	3
Mr. B.M. Agarwal <sup>\$</sup>	Non-Executive/Independent Director	1	No	N.A.	N.A.	N.A.
Mr. V.N. Chandak <sup>*</sup>	Non-Executive/Independent Director	NIL	N.A.	2	1	Nil

<sup>@</sup> Executive Vice Chairman w.e.f. 19.06.2008.

<sup>#</sup> Inducted as an Additional Director w.e.f. 19.06.2008 and as Director on 04.09.2008.

<sup>\$</sup> Ceased to be Director w.e.f. 04.09.2008 due to retirement.

<sup>\*</sup> Inducted as an Additional Director w.e.f. 28.02.2009.

Mr. Sharad Sharma and Mr. Rajesh Sharma are Sons of Mr. Shyam S. Sharma and Mr. V.D. Khandelwal is the Brother of Mr. Shyam S. Sharma.

### B. Details of Board Meetings held during the year:

During the financial year 2008-2009, Six Board Meetings were held on 19.06.2008, 29.07.2008, 31.10.2008, 17.11.2008, 31.01.2009 and 28.02.2009.

### 3. AUDIT COMMITTEE

The Company has an Audit Committee, which was reconstituted in the Board Meeting held on 28.02.2009. As on 31.03.2009 the Committee consisted of five Directors viz., Mr. Anoop Gupta, Mr. S.K. Kabra, Mr. V.D. Khandelwal, Mr. Pradeep Kumar Goenka and Mr. Vishwa Nath Chandak. Mr. Anoop Gupta is the Chairman of the Audit Committee.

Mr. Anoop Gupta, Mr. S.K. Kabra and Mr. Pradeep Kumar Goenka are Senior Chartered Accountants. Mr. V.D. Khandelwal is Post Graduate in Commerce and has also rich experience in the field of Accounting and Financial Management. Mr. Vishwa Nath Chandak is M. Com., LL.B and has rich experience of over 35 years in Textile Industry.

The terms of reference of the Audit Committee are in conformity with the requirements specified in Clause 49 of the Listing Agreement with Stock Exchanges and also comply with the requirements of Section 292A of the Companies Act, 1956.

Brief description of terms of reference:

To oversee the Company's financial reporting process, to recommend the Board the appointment/ reappointment of the Statutory Auditors' and the fixation of Audit fee, to review Annual and Quarterly financial statements, to review Directors' Responsibility Statement, changes, if any, in accounting policies and reasons for the same, qualifications in the draft audit report, the statement of uses/application of funds raised through an issue, performance of statutory and internal auditors, adequacy of internal control system, reports of the Company's internal auditors, cost auditors and statutory auditors and also to review the information relating to Management Discussion and Analysis of financial conditions and results of operations, statement of significant related party transactions, management letter(s) of internal control weaknesses, if any, issued by statutory auditors, appointment, removal and terms of remuneration of internal auditor.

During the financial year ended 31<sup>st</sup> March, 2009, Four Audit Committee Meetings were held on 19.06.2008, 29.07.2008, 31.10.2008 and 31.01.2009. Chief Finance Officer, Internal Auditors, Cost Auditors and the Statutory Auditors were invited to be present at the Audit Committee Meetings.

Details of the attendance at the Meetings are as follows:

S.No.	Name of Director	Meetings Attended
1.	Mr. Anoop Gupta	3
2.	Mr. S.K. Kabra	4
3.	Mr. V.D. Khandelwal	4
4.	Mr. Pradeep Kumar Goenka	4
5.	Mr. B.M. Agarwal <sup>*</sup>	1
6.	Mr. V.N. Chandak <sup>**</sup>	N.A.

<sup>\*</sup>Ceased to be member of the Committee w.e.f. 04.09.2008 due to retirement.

<sup>\*\*</sup>Appointed as member of the Committee w.e.f. 28.02.2009.

Mr. Bharat Kumar Sajani, Company Secretary of the Company also acts as Secretary to the Committee.

## 4. REMUNERATION COMMITTEE

The Remuneration Committee has been constituted to consider and make recommendations to the Board regarding managerial level compensation, incentive and benefit programs and changes thereto.

The Committee was reconstituted in the Board Meeting held on 19.06.2008. As on 31.03.2009 the Committee consisted of three Directors viz. Mr. S.K. Kabra, Mr. Anoop Gupta and Mr. Pradeep Kumar Goenka.

During the financial year ended 31<sup>st</sup> March, 2009, two Remuneration Committee Meetings were held on 19.06.2008 and 31.01.2009.

Details of attendance at the Meetings are as follows:

S.No.	Name of Director	Status	Meetings Attended
1.	Mr. S.K. Kabra	Chairman	2
2.	Mr. Anoop Gupta	Member	2
3.	Mr. Pradeep Kumar Goenka	Member	2
4.	Mr. V. D. Khandelwal*	Member	1

\*Ceased to be member of the Committee w.e.f. 19.06.2008 due to appointment as Whole Time Director.

### Remuneration Policy:

In framing the remuneration policy the Committee takes into consideration the job profile, responsibilities and working experience of the appointee and the financial position of the Company.

### Details of Remuneration of the Directors for the financial year 2008-09:

#### i. Executive Directors:

The Company pays remuneration to the Executive Directors by way of salary, perquisites and allowances (fixed component) and commission & performance linked remuneration (variable component). The amount of performance linked remuneration payable to such directors is determined by the Board taking into account the profits earned by the Company during the year. The Details of remuneration are as follows:

Name of Director	Status	Salary & Allowances	Perquisites	Commission	Performance linked remuneration	Tenure
Mr. Shyam S. Sharma	Chairman & Managing Director	Rs.6,00,000/-	Rs.5,40,000/-	Rs.5,83,490/-	Rs.6,00,000/-	5 years (from 18 <sup>th</sup> September, 2005)
Mr. V.D. Khandelwal	Executive Vice Chairman	Rs.9,40,000/-	Nil	N.A.	Rs. 38,802/-	5 years (from 19 <sup>th</sup> June, 2008)
Mr. Sharad Sharma	Joint Managing Director	Rs.7,00,000/-	Nil	N.A.	Rs.5,38,802/-	5 years (from 1 <sup>st</sup> February, 2009)*
Mr. Rajesh Sharma	Executive Director	Rs.12,55,000/-	Nil	N.A.	Rs.38,803/-	5 years (from 19 <sup>th</sup> June, 2008)

\*Shri Sharad Sharma was appointed as Joint Managing Director for a period of 5 years w.e.f. 1st February, 2004 and was re-appointed as such for further period of 5 years w.e.f. 1st February, 2009 upon expiry of his term of office.

#### ii. Non-Executive Directors:

Non-executive Directors (NEDs) of the Company play a crucial role to the independent functioning of the Board.

They bring in external and wider perspective to the decision-making by the Board. They provide leadership and strategic guidance, while maintaining objective judgment.

The Non-executive Directors (NEDs) are paid remuneration by way of Sitting Fees and Commission. They are paid sitting fees at the rate of Rs. 5,000/- per meeting for attending every Board Meeting as well as Audit Committee Meeting. In the light of the services rendered by the NEDs to the Company, the Members, at the 18<sup>th</sup> Annual General Meeting of the Company approved payment of remuneration to NEDs of the Company, by way of commission @ 1% on the net profit of the Company (in accordance with Section 309(4) of the Companies Act, 1956). The distribution of commission amongst the NEDs is determined by the Board. The Board decided that such commission shall be distributed in following manner for the year 2008-09 amongst the Non-Executive Directors.

The details of sitting fee and commission to such Directors for the year 2008-09 are as follows:

Name of Director	Sitting Fees	Commission
Mr. V.D. Khandelwal	Rs. 5,000/-	N.A.
Mr. S. K. Kabra	Rs. 40,000/-	Rs.1,79,535/-
Mr. Anoop Gupta	Rs. 30,000/-	Rs.1,79,535/-
Mr. Pradeep Kumar Goenka	Rs. 50,000/-	Rs.1,79,535/-
Mr. B.M. Agarwal	Rs. 10,000/-	N.A.
Mr. Vishwa Nath Chandak	Nil	Rs. 44,885/-

The Shareholding of Non- Executive Directors in the Company as on 31.03.2009 is Nil.

## 5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

As on 31.03.2009 the Committee consisted of four members, headed by Mr. Pradeep Kumar Goenka, a Non- Executive Director. The Committee looks into all the matters relating to transfer of shares and redressal of investors' grievances like non-receipt of annual reports, non-receipt of dividend warrants, etc. The Committee also oversees the working of Registrar and Transfer Agents of the Company. The Committee has been holding regular meetings to ensure compliance with the provisions of the Companies Act, 1956 and the Listing Guidelines and to ensure proper service to investors.

During the financial year ended 31<sup>st</sup> March, 2009, the Company has received 11 complaints from Shareholders. All the complaints were duly replied/ redressed. Outstanding complaints as on 31<sup>st</sup> March, 2009 were Nil. As on 31<sup>st</sup> March, 2009, no request for transfer / transmission was pending for approval.

### Compliance Officer:

During the year Compliance Officer of the Company: Mr. Bharat Kumar Sajnani, Company Secretary

## 6. SECURITIES ALLOTMENT AND CERTIFICATE ISSUANCE COMMITTEE

The Company has constituted a Securities Allotment and Certificate Issuance Committee in the Board Meeting held on 31.10.2008.

As on 31.03.2009, the Committee consisted of three members, headed by Mr. Pradeep Kumar Goenka, a Non Executive Director. The Committee looks into all matters relating to allotment of securities, issuance of Certificates of shares/ debentures/ bonds and other securities upon allotment/ split/ consolidation/ renewal thereof and issuance of duplicate certificates of Securities.



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During the financial year ended 31<sup>st</sup> March, 2009 three Securities Allotment and Certificate Issuance Committee meetings were held on 31.10.2008, 10.11.2008 and 20.12.2008.

## 7. GENERAL BODY MEETINGS

The details regarding the General Meetings of the Company held during the last three years are as follows:

AGM/EGM	Year	Date of Meeting	Time	Place
AGM	2008	4 <sup>th</sup> September, 2008	12:30 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.
AGM	2007	24 <sup>th</sup> September, 2007	04:15 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.
EGM	2007	24 <sup>th</sup> March, 2007	12:30 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.
AGM	2006	26 <sup>th</sup> September, 2006	11:15 A.M	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.

Details of Special Resolutions passed at the General Meetings of the Company held during the last three years are as follows:

AGM/EGM	Year	Date of Meeting	Particulars of Special Resolutions passed at the Meeting
AGM	2008	4 <sup>th</sup> September, 2008	1) Approval for commencement of allied business activities.
AGM	2007	24 <sup>th</sup> September, 2007	1) Payment of Commission @ 1% of Net Profit of the Company, to Non-Executive Directors u/s 309 of the Companies Act, 1956. 2) Appointment of Shri Sandeep Khandelwal as Vice-President (Projects) of the Company u/s 314 of the Companies Act, 1956.
EGM	2007	24 <sup>th</sup> March, 2007	1) Substitution of the existing clause V of the Memorandum of Association of the Company u/s 16 of the Companies Act, 1956. 2) Consent for the issue of Cumulative Redeemable Preference Shares u/s 80, 81 of the Companies Act, 1956. 3) Consent for the issue of convertible warrants on Preferential basis u/s 81(1A) of the Companies Act, 1956.
AGM	2006	26 <sup>th</sup> September, 2006	Nil

### Postal Ballot

At the last Annual General Meeting no resolution was passed by way of Postal Ballot.

At the ensuing Annual General Meeting there is no resolution proposed to be passed by way of Postal Ballot.

## 8. DISCLOSURES

a) **Disclosures on materially significant related party transactions of the Company of material nature, with its promoters, directors or with its management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large:**

None of the transactions with any of the related parties were in conflict with the interests of the Company.

b) **Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authorities on matters relating to Capital Markets during the last three years:**

None.

## 9. MEANS OF COMMUNICATION

The quarterly results of the Company are submitted to the Stock Exchanges and published in 'Financial Express' (in English) and 'Dainik Aaj' (in Hindi) newspapers in terms of the requirements of Clause 41 of the Listing Agreement.

The quarterly results are also available on the official website of the Bombay Stock Exchange Ltd., Mumbai i.e. [www.bseindia.com](http://www.bseindia.com).

The 'Management Discussion & Analysis Report' is given separately forming part of the Annual Report.

## 10. GENERAL SHAREHOLDERS' INFORMATION

### A. Annual General Meeting:

Date : 24<sup>th</sup> September, 2009  
Time : 12:15 P.M.  
Venue : Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat

### B. Financial Year/Calendar:

- Results for First Quarter ending 30<sup>th</sup> June, 2009. On or before 31<sup>st</sup> July, 2009
- Results for Second Quarter ending 30<sup>th</sup> September, 2009. On or before 31<sup>st</sup> October, 2009
- Results for Third Quarter ending 31<sup>st</sup> December, 2009. On or before 31<sup>st</sup> January, 2010
- Results for Financial Year ending 31<sup>st</sup> March, 2010. On or before 30<sup>th</sup> June, 2010

### C. Date of Book Closure:

From Tuesday, 22<sup>nd</sup> September, 2009 to Thursday, 24<sup>th</sup> September, 2009 (both days inclusive).

### D. Listing on Stock Exchanges:

The Company's Equity Shares are listed on Bombay Stock Exchange Ltd., Mumbai and The U.P. Stock Exchange Association Ltd., Kanpur. The annual listing fee to these stock exchanges has been paid up-to-date.

### E. Stock Codes – Equity Shares:

	(Physical Form)	(Demat Form)
Bombay Stock Exchange Ltd., Mumbai	14167	514167
The U.P. Stock Exchange Association Ltd., Kanpur	GANE	GANE

### F. Stock Market Price Data for the year 2008-09:

Month	BSE PRICES		BSE SENSEX	
	High (Rs.)	Low (Rs.)	High	Low
April, 2008	12.90	10.28	17378.46	15343.12
May, 2008	12.40	9.81	17600.12	16275.59
June, 2008	13.10	9.91	16063.18	13461.60
July, 2008	14.00	10.00	14942.28	12575.80
August, 2008	12.75	8.29	15503.92	14048.34
September, 2008	11.35	6.85	15049.86	12595.75
October, 2008	9.84	4.80	13055.67	8509.56
November, 2008	9.20	6.25	10631.12	8451.01
December, 2008	8.22	5.53	10099.91	8739.24
January, 2009	7.40	4.61	10335.93	8674.35
February, 2009	6.83	4.80	9647.47	8822.06
March, 2009	7.02	5.46	10048.49	8160.40

The information is downloaded from official website of the Bombay Stock Exchange Ltd.

**G. Registrar and Transfer Agents:**

Skyline Financial Services Pvt. Ltd.  
246, 1st Floor, Sant Nagar, East of Kailash,  
New Delhi-110065  
Tel: 011- 26292682, 26292683  
Fax: 011- 26292681  
E-mail: admin@skylinerta.com

**H. Share Transfer System:**

Applications for transfer of shares in physical form are processed by the Company's Registrar and Transfer Agent, M/s. Skyline Financial Services Pvt. Ltd. The Share Transfer & Investor Grievance Committee, constituted for transfer/transmission of shares and allied matters, considers and approves the share transfers within the time limit stipulated by the Listing Agreement, subject to transfer instrument being valid and complete in all respects.

**I. Distribution of Share Holding as on 31<sup>st</sup> March, 2009:**

Shareholding of nominal value of		Shareholders		Share Amount	
Rs.	Rs.	Number	% of total	Rs.	% of total
Upto	5000	12538	92.54	20010510	20.31
5001 -	10000	570	4.21	4916900	4.99
10001 -	20000	217	1.60	3532630	3.58
20001 -	30000	56	0.41	1475950	1.50
30001 -	40000	32	0.24	1155740	1.17
40001 -	50000	34	0.25	1619960	1.64
50001 -	100000	45	0.33	3316550	3.37
100001 -	Above	57	0.42	62521760	63.44
<b>Total</b>		<b>13549</b>	<b>100.00</b>	<b>98550000</b>	<b>100.00</b>

**J. Dematerialization of shares and liquidity:**

**ISIN Code- Equity Shares: INE 845 D01014**

As on 31<sup>st</sup> March, 2009, 78.19% of the total equity shares of the Company have been dematerialized. Trading in Equity shares of the Company is permitted only in dematerialized form w.e.f. 1<sup>st</sup> January, 2002 as per the notification issued by Securities and Exchange Board of India (SEBI).

**K. Outstanding GDRs/ ADRs/ Warrants or any convertible instruments:**

There are no GDRs/ ADRs/ Warrants or any convertible instruments outstanding for conversion as on 31<sup>st</sup> March, 2009.

**L. Code of Conduct:**

The Company's Board has laid down a Code of Conduct for all Board members and senior management of the Company. All Board members and designated senior management personnel have affirmed compliance with this Code of Conduct. A declaration to this effect, signed by Shri Shyam S. Sharma, Managing Director, is enclosed at the end of this report. Code of Conduct of the Company has been posted on the official website of the Company [www.ganeshpolytex.in](http://www.ganeshpolytex.in).

**M. Plant Location:**

- Kanpur Unit:**  
Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.
- Rudrapur Unit:**  
Plot No. 6, Sector -2, Integrated Industrial Estate, Pantnagar, Uttarakhand.
- Bilaspur Unit:**  
Khata No. 96 and 97, Arazi Village Kotha, Ali Nagar, Pargana and Tehsil Bilaspur, Distt. Rampur, U.P.

**N. Address for Correspondence:**

**With the Registrar and Transfer Agents:**

Skyline Financial Services Pvt Ltd.  
246, 1st Floor, Sant Nagar,  
East of Kailash, New Delhi-110065  
Tel: 011- 26292682, 26292683  
Fax: 011- 26292681  
E-mail: [admin@skylinerta.com](mailto:admin@skylinerta.com)

**With the Company:**

The Company Secretary,  
Ganesh Polytex Limited  
113/216-B, First Floor,  
Swaroop Nagar, Kanpur- 208002.  
Tel: 0512-2555504-06  
Fax: 0512-2555293

E-mail: [shdept@rediffmail.com](mailto:shdept@rediffmail.com), [shrdept@gmail.com](mailto:shrdept@gmail.com)

**O. Non-mandatory Requirements:**

The Company has adopted the non-mandatory requirements with respect to Remuneration Committee, details in respect of which have already been given in the paragraphs *ibid*.

**P. Nomination facility:**

Shareholders holding Shares in physical form and desirous of making a nomination in respect of their Shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, may submit their request to the Company in the Form 2B of the Companies (Central Government's) General Rules & Forms, 1959 prescribed for the purpose.

### DECLARATION

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, Shyam S. Sharma, Chairman and Managing Director of Ganesh Polytex Ltd., declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct for the financial year 2008-09.

Place : Kanpur  
Date : 31st July, 2009

SHYAM S. SHARMA  
Chairman and Managing Director

## AUDITORS' CERTIFICATE

**To the Members of  
Ganesh Polytex Limited**

We have examined the compliance of conditions of Corporate Governance by **Ganesh Polytex Limited** for the year ended on 31<sup>st</sup> March, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

Place : Kanpur  
Date : 31st July, 2009

FOR MEHROTRA RAKESH KUMAR & CO.  
Chartered Accountants  
DEEPAK SETH  
Partner  
Membership No. 073081



## **AUDITORS' REPORT**

**TO ,  
THE MEMBERS OF  
GANESH POLYTEX LTD.**

We have audited the attached Balance Sheet of **GANESH POLYTEX LIMITED** as at 31st March, 2009 and the Profit & Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1 As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2 Further to our comments in the Annexure referred to in paragraph 1 above, we report that:-
  - (a) We have obtained all the information & explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report, are in agreement with the books of account;

- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;
- (e) On the basis of written representations received from the Directors of the Company, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of subsection (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required;
- (g) **We draw reference to Note No.12 of Schedule 18 relating to change in method of provision for depreciation on Vehicles at Kanpur unit to Written Down Value Method as against hitherto followed Straight Line Method and its effect on the Profit for the year understated by Rs. 3628784/- and net block of fixed assets lower by Rs 3628784/-.**
- (h) Subject to what is stated in paragraph (g) above and notes appearing in Schedule of Notes 18, the said accounts give a true and fair view, in conformity with the accounting principles generally accepted in India :-
  - (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2009;
  - (ii) in the case of the Profit & Loss Account, of the Profit for the Year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

FOR MEHROTRA RAKESH KUMAR & CO.

*Chartered Accountants*

DEEPAK SETH

Partner

Membership No. 073081

Place : Kanpur  
Date : 25<sup>th</sup> June, 2009

### **ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF GANESH POLYTEX LIMITED ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009.**

- (1) (i) The Company has maintained proper records showing full particulars including quantitative details & situation of fixed assets.
- (ii) As explained to us, the fixed assets have been physically verified by the management during the year under regular program of verification, which in our opinion, is reasonable having regard to the size of the Company & nature of its assets. As informed to us, no material discrepancies were noticed on such verification.
- (iii) There was no substantial disposal of fixed assets during the year.
- (2) (i) As explained to us, inventory has been physically verified by the management at reasonable intervals during the year.
- (ii) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (iii) On the basis of our examination of inventory records, we are of the opinion that the Company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- (3) (i) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (a), (b), (c) and (d) of the Order, are not applicable to the Company.
- (ii) According to the information and explanations given to us, the Company has taken Unsecured loans and fixed deposits from two Companies, four directors and ten other parties covered in the register maintained under section 301 of the Companies Act, 1956. During the year Rs. 259.02 lakhs were taken as loan and the maximum amount involved during the year was Rs. 245.51 lakhs and the balance outstanding as on 31st March, 2009 is Rs. 243.97 Lakhs.

## TWENTIETH ANNUAL REPORT

- (iii) In our opinion and according to the information and explanations given to us, the rate of interest & other terms and conditions of such loans taken by the company are not prima facie prejudicial to the interest of the Company.
- (iv) In respect of unsecured loans taken by the Company, principal amount is repayable on demand and there are no stipulations as to the payment of principal amount & interest thereon. In respect of fixed deposits taken by the Company, payment of principal amount & interest are regular.
- (4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the Course of our audit, no major weakness has been noticed in the internal control systems in respect of these areas.
- (5) (i) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered in to the register maintained under section 301 have been so entered.
- (ii) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (6) In our opinion and according to the information and explanations given to us, the Company has generally complied with the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or any Court or any other Tribunal.
- (7) In our opinion, the Company has an internal audit system commensurate with the size & nature of its business.
- (8) The Central Government has prescribed maintenance of Cost Records under section 209(1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made & maintained. We have not, however made a detailed examination of the same.
- (9) (i) According to the information & explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there have been a slight delay in a few cases.*
- (ii) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, sales tax, value added tax, custom duty, excise duty, cess and other undisputed statutory dues were outstanding, as at 31st March, 2009 for a period of more than six months from the date they became payable.
- (iii) According to the records of the Company and as per the information and explanations given to us, the disputed statutory dues as at 31st March, 2009 that have not been deposited on account of matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the Dues	Amount (Rs. in Lakhs)*	Forum where dispute is pending
U. P. Trade Tax Act, 1948	U. P. Trade Tax	0.58	Trade Tax Tribunal, Kanpur
U. P. Trade Tax Act, 1948	U. P. Trade Tax	0.72	Trade Tax Tribunal, Kanpur
U. P. Trade Tax Act, 1948	U. P. Trade Tax	0.19	Trade Tax Tribunal, Kanpur
U. P. Trade Tax Act, 1948	U. P. Trade Tax	4.41	Trade Tax Tribunal, Kanpur
U. P. Trade Tax Act, 1948	Entry Tax	2.34	Appeal- Joint Commissioner, Kanpur.
U. P. Trade Tax Act, 1948	Entry Tax	11.99	Appeal - Joint Commissioner, Kanpur.
U. P. Trade Tax Act, 1948	Entry Tax	11.44	Appeal - Joint Commissioner, Kanpur.
Custom Act, 1962	Custom Duty & Penalty	5.79	CESTAT, New Delhi

\*Net of amount deposited under dispute.

- (10) The Company has no accumulated losses at the end of the financial year ended on 31st March, 2009 and it has not incurred any cash losses during the financial year ended on 31st March, 2009 and in the immediately preceding financial year ended on 31st March, 2008.
- (11) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, banks or debenture holders.
- (12) In our opinion and according to the information and explanations given to us the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) In our opinion, the Company is not a Chit fund or nidhi / mutual benefit fund / society. Therefore clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (14) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (15) In our opinion and according to the information & explanations given to us, the Company has not given any guarantee for loans taken by others from Bank or financial institutions. Therefore clause 4(xv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (16) Based on information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.
- (17) According to the information & explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investments.
- (18) The Company has, during the year, not made any preferential allotment of shares to parties and Companies covered in the register maintained U/S 301 of the Companies Act, 1956.
- (19) The Company has not issued any debentures during the year.
- (20) The Company has not raised any money by way of public issue during the year.
- (21) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and according to the information and explanations given to us by the management, in our opinion, no material fraud on or by the Company has been noticed or reported during the course of our audit.

FOR MEHROTRA RAKESH KUMAR & CO.  
Chartered Accountants  
DEEPAK SETH

Place : Kanpur  
Date : 25<sup>th</sup> June, 2009

Partner  
Membership No. 073081

**GANESH POLYTEX LTD.****BALANCE SHEET AS AT 31ST MARCH, 2009**

	SCHEDULES	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a. Share Capital	1	143,550,000	143,550,000
b. Reserves & Surplus	2	141,249,034	103,499,477
		<u>284,799,034</u>	<u>247,049,477</u>
<b>2. Loan Funds</b>			
a. Secured Loans	3	547,070,539	424,943,523
b. Unsecured Loans	4	66,456,885	41,072,901
		<u>613,527,424</u>	<u>466,016,424</u>
<b>3. Deferred Tax Liability (Net)</b>			
		<u>41,441,161</u>	<u>35,395,727</u>
<b>TOTAL</b>		<u><b>939,767,619</b></u>	<u><b>748,461,628</b></u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a. Gross Block	5	852,903,542	518,922,495
b. Less : Depreciation/Amortisation		<u>238,658,533</u>	<u>185,643,078</u>
c. Net Block		614,245,009	333,279,417
d. Capital Work in Progress including Capital Advances		5,415,692	150,774,846
		<u>619,660,701</u>	<u>484,054,263</u>
<b>2. Current Assets, Loans &amp; Advances</b>			
a. Inventories	6	297,963,265	230,558,467
b. Sundry Debtors	7	92,300,430	71,880,035
c. Cash & Bank Balances	8	11,003,345	17,641,033
d. Other Current Assets	9	1,065,545	1,536,230
e. Loans & Advances	10	37,887,159	25,977,677
		<u>440,219,744</u>	<u>347,593,442</u>
Less: Current Liabilities & Provisions:			
-Current Liabilities	11	111,138,394	74,506,060
-Provisions	12	8,974,432	8,680,017
		<u>120,112,826</u>	<u>83,186,077</u>
Net Current Assets		<u>320,106,918</u>	<u>264,407,365</u>
<b>TOTAL</b>		<u><b>939,767,619</b></u>	<u><b>748,461,628</b></u>
<b>NOTES TO ACCOUNTS</b>	18		

In terms of our annexed report of even date.

For MEHROTRA RAKESH KUMAR & CO.  
Chartered Accountants

DEEPAK SETH  
Partner

Membership No.073081

Place : Kanpur  
Dated : 25<sup>th</sup> June, 2009

For and on behalf of the Board

GOPAL AGARWAL  
Chief Finance Officer

SHYAM S. SHARMA  
Chairman and Managing Director

BHARAT KUMAR SAJNANI  
Company Secretary

SHARAD SHARMA  
Joint Managing Director



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	SCHEDULES	Year ended 31.03.2009 Rs.	Year ended 31.03.2008 Rs.
<b>INCOME</b>			
Gross Turnover		1,353,710,811	1,054,258,063
Less: Excise Duty		-	62,707
Net Turnover		<u>1,353,710,811</u>	<u>1,054,195,356</u>
Other Income	13	2,938,879	3,802,344
Increase in Stocks	14	<u>67,101,888</u>	<u>1,570,265</u>
		<u>1,423,751,578</u>	<u>1,059,567,965</u>
<b>EXPENDITURE</b>			
Raw Material Consumed		894,203,502	709,495,299
Payments to & Provisions for Employees Manufacturing, Administrative and Selling Expenses	15	<u>57,824,287</u>	<u>45,432,056</u>
Interest & Finance Expenses	17	298,662,968	181,131,282
		<u>63,950,867</u>	<u>37,883,036</u>
		<u>1,314,641,624</u>	<u>973,941,673</u>
<b>Profit before Depreciation</b>		<u>109,109,954</u>	<u>85,626,292</u>
Depreciation /Amortistion		<u>56,554,342</u>	<u>35,983,710</u>
<b>Profit before Exceptional Item</b>		<u>52,555,612</u>	<u>49,642,582</u>
Exceptional Item ( Refer Note no.16 )		<u>2,099,152</u>	-
<b>Profit before Taxation</b>		<u>50,456,460</u>	<u>49,642,582</u>
Provision For Taxation:			
- Current Tax		(5,612,751)	(9,985,352)
- Fringe Benefit Tax		(917,616)	(841,456)
- Deferred Tax (Net)		(6,045,434)	(1,281,151)
- MAT Credit available for set off		<u>5,567,337</u>	-
<b>Profit for the year</b>		<u>43,447,996</u>	<u>37,534,623</u>
Balance brought forward from previous year		74,798,062	40,116,549
Taxation for Earlier Years (Net)		<u>(433,664)</u>	<u>(25,730)</u>
<b>Profit available for Appropriation</b>		<u>117,812,394</u>	<u>77,625,442</u>
Appropriations:			
Interim Dividend on Preference Shares		(4,500,000)	(2,416,667)
Tax on Dividend		<u>(764,775)</u>	<u>(410,713)</u>
<b>Surplus carried to the Balance Sheet</b>		<u>112,547,619</u>	<u>74,798,062</u>
Basic & Diluted Earning Per Share of Rs.10/- each including exceptional items (In Rs.)		<b>3.83</b>	3.62
Basic & Diluted Earning Per Share of Rs.10/- each excluding exceptional items (net of Tax) (In Rs.)		<b>4.35</b>	3.62
<b>NOTES TO ACCOUNTS</b>	18		

In terms of our annexed report of even date.

For MEHROTRA RAKESH KUMAR & CO.  
*Chartered Accountants*

DEEPAK SETH  
*Partner*  
Membership No.073081

Place : Kanpur  
Dated : 25<sup>th</sup> June, 2009

For and on behalf of the Board

GOPAL AGARWAL  
*Chief Finance Officer*

SHYAM S. SHARMA  
*Chairman and Managing Director*

BHARAT KUMAR SAJNANI  
*Company Secretary*

SHARAD SHARMA  
*Joint Managing Director*



**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET  
FOR THE YEAR ENDED 31ST MARCH, 2009**

	Year ended 2008-09 Rs.	Year ended 2007-08 Rs.
<b>A: CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before tax & Exceptional Item as per Profit and Loss Account	52,555,612	49,642,582
Adjusted for :		
Deferred Revenue Expenses written off	-	171,370
Net Prior Period Adjustments	(66,170)	195,232
Provision for Doubtful Debts /Advances	1,820,476	887,904
Provision for Doubtful Debts Written Back	(720,145)	(2,958,320)
Loss on Fixed Assets Sold/Discarded	238,788	2,017,532
Depreciation / Amortisation	56,554,342	35,983,710
Unrealised Exchange Differences	2,656,154	(1,690,992)
Interest Expenses (Net)	57,211,301	33,014,345
	<u>117,694,746</u>	<u>67,620,781</u>
Operating Profit before Working Capital Changes	170,250,358	117,263,363
Adjusted for :		
Trade Receivables	(20,966,598)	1,911,683
Inventories	(67,404,798)	(75,797,072)
Trade payables	37,692,992	7,105,326
Movement of Loan & advances	(6,408,372)	(3,512,175)
	<u>(57,086,776)</u>	<u>(70,292,238)</u>
Cash Generated from Operations	113,163,582	46,971,125
Net Prior Period Adjustment	66,170	(195,232)
Direct Taxes Paid	(7,617,045)	(5,793,049)
Net Cash From Operating Activities	105,612,707	40,982,844
Deduct: Loss due to Fire	(2,099,152)	-
Net Cash From Operating Activities after exceptional Items	<u>103,513,555</u>	<u>40,982,844</u>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(194,293,224)	(209,033,160)
Sale of Fixed Assets	1,893,656	1,950,671
Net Cash Used in Investing Activities	<u>(192,399,568)</u>	<u>(207,082,489)</u>
<b>C: CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from/(Repayment) of Long Term Borrowings (Net)	88,432,472	119,418,077
Proceeds from/(Repayment) of Short Term Borrowings (Net)	54,997,115	67,845,790
Proceeds from Issue of Equity Share Capital	-	4,900,000
Proceeds from Issue of Preference Share Capital	-	12,500,000
Proceeds from Share Premium on issue of Equity Shares	-	2,450,000
Interest Paid (Net)	(55,916,487)	(31,653,393)
Dividend Paid on Preference Shares	(4,500,000)	(2,416,667)
Tax Paid on Dividend	(764,775)	(410,713)
Net Cash from Financing Activities	<u>82,248,325</u>	<u>172,633,094</u>
Net (Decrease)/Increase in Cash and Cash Equivalents(A+B+C)	<u>(6,637,688)</u>	6,533,449
Opening Balance of Cash and Cash Equivalents	17,641,033	11,107,584
Closing Balance of Cash and Cash Equivalents	<u>11,003,345</u>	<u>17,641,033</u>

As per our annexed report of even date.

For MEHROTRA RAKESH KUMAR & CO.  
*Chartered Accountants*

DEEPAK SETH  
*Partner*

Membership No.073081

Place : Kanpur

Dated : 25<sup>th</sup> June, 2009

For and on behalf of the Board

GOPAL AGARWAL  
*Chief Finance Officer*

SHYAM S. SHARMA  
*Chairman and Managing Director*

BHARAT KUMAR SAJNANI  
*Company Secretary*

SHARAD SHARMA  
*Joint Managing Director*

**SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

		As at 31.03.2009 Rs.		As at 31.03.2008 Rs.
<b>SCHEDULE 1 : SHARE CAPITAL</b>				
<b>Authorised</b>				
2,40,00,000 (Previous Year 2,40,00,000) Equity Shares of Rs. 10/- each	<b>240,000,000</b>		240,000,000	
4,50,000 (Previous Year 4,50,000) Preference Shares of Rs.100/- each	<b>45,000,000</b>	<b>285,000,000</b>	45,000,000	<b>285,000,000</b>
<b>Issued and Subscribed</b>				
98,55,000 (Previous Year 98,55,000) Equity Shares of Rs. 10/- each	<b>98,550,000</b>		98,550,000	
4,50,000 (Previous Year 4,50,000) 10% Cumulative Redeemable Preference Shares of Rs.100/- each	<b>45,000,000</b>	<b>143,550,000</b>	45,000,000	<b>143,550,000</b>
<b>Paid up</b>				
98,55,000 (Previous Year 98,55,000) Equity Shares of Rs. 10/- each fully paid up		<b>98,550,000</b>		98,550,000
4,00,000 (Previous Year 4,00,000) 10% Cumulative Redeemable Preference Shares (Series-II) of Rs.100/- each fully paid up (Redeemable at Par on 31.07.2012)		<b>40,000,000</b>		40,000,000
50,000 (Previous Year 50,000) 10% Cumulative Redeemable Preference Shares (Series-I) of Rs.100/- each fully paid up (Redeemable at a Premium of Rs.200/- each on 30.09.2013)		<b>5,000,000</b>		5,000,000
<b>TOTAL</b>		<b>143,550,000</b>		<b>143,550,000</b>
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>				
<b>a. Capital Reserve</b>				
1. Central & State Investment Subsidy	<b>6,500,000</b>		6,500,000	
2. D. G. Set Subsidy	<b>210,000</b>		210,000	
3. Forfeited Shares Amount	<b>978,028</b>	<b>7,688,028</b>	978,028	7,688,028
<b>b. Share Premium Account</b>				
Opening Balance	<b>16,444,699</b>		13,994,699	
Add : Received During The Year	-	<b>16,444,699</b>	2,450,000	16,444,699
<b>c. General Reserve</b>				
Opening Balance	<b>4,568,688</b>		4,595,730	
Less: Adjustment for Employees benefits	-	<b>4,568,688</b>	(27,042)	4,568,688
<b>d. Surplus as per Profit &amp; Loss Account</b>				
		<b>112,547,619</b>		74,798,062
<b>TOTAL</b>		<b>141,249,034</b>		<b>103,499,477</b>



## GANESH POLYTEX LTD.

### SCHEDULE 3 : SECURED LOANS

**a. Term Loans:**

		As at 31.03.2009 Rs.		As At 31.03.2008 Rs.
Foreign Currency Term Loans from Banks	-		22,329,910	
Rupee Term Loans from Banks & Companies	<b>302,039,432</b>	<b>302,039,432</b>	212,618,407	234,948,317

**b. Working Capital Loans from Banks:**

Foreign Currency Loans	-		61,887,092	
Rupee Loans	<b>245,031,107</b>	<b>245,031,107</b>	128,108,114	189,995,206

**TOTAL**

<b>547,070,539</b>	<b>547,070,539</b>	<b>424,943,523</b>
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- (i) Term Loans are secured by joint equitable mortgage/hypothecation of all assets (save and except the assets which are acquired under specific loan Agreements) of the Company, both present & future, ranking pari-passu inter-se, subject to prior charges created and/or to be created on specified movable assets for securing the borrowings for the working capital facilities.
- (ii) Working Capital facilities from Banks are secured by hypothecation of inventories, book debts and other current assets, both present and future, and further secured by way of second charge, ranking pari-passu inter-se, on the fixed assets of the company save and except the assets which are acquired under specific loan agreements with other Companies.
- (iii) Term Loans taken from other Companies are secured by way of hypothecation of respective assets acquired under the arrangement.

### SCHEDULE 4 : UNSECURED LOANS

**a. Loan from Companies**

<b>29,502,208</b>	22,969,992
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**b. Loans from Directors**

<b>6,474,215</b>	6,466,351
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**c. Fixed Deposits:**

From Directors	5,440,000		-	
From Others	<b>25,040,462</b>	<b>30,480,462</b>	11,636,558	11,636,558

**TOTAL**

<b>66,456,885</b>	<b>66,456,885</b>	<b>41,072,901</b>
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### SCHEDULE 5 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2008	Additions during the year	Deductions/ Adjustment	As at 31.03.2009	Up to 31.03.2008	Provided during the year	Deductions/ Adjustment	Up to 31.03.2009	As at 31.03.2009	As at 31.03.2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Tangible Assets (A)</b>										
Land & Site Development	11,421,526	11,410,219	-	22,831,745	-	-	-	-	22,831,745	11,421,526
Leasehold Land	9,817,381	-	-	9,817,381	289,291	109,082	-	398,373	9,419,008	9,528,090
Building	95,173,476	42,444,139	-	137,617,615	25,092,028	6,609,365	-	31,701,393	105,916,222	70,081,448
Plant & Machinery	369,212,652	279,925,854	1,015,601	648,122,905	149,284,426	41,500,853	452,092	190,333,187	457,789,718	219,928,226
Electric Installation	2,217,514	1,433,680	-	3,651,194	474,409	723,955	-	1,198,364	2,452,830	1,743,105
Furniture & Fixtures	5,160,718	1,215,301	125,590	6,250,429	3,450,299	532,272	39,369	3,943,202	2,307,227	1,710,419
Office Equipments	8,427,573	1,656,252	70,358	10,013,467	2,587,546	788,705	40,080	3,336,171	6,677,296	5,840,027
Vehicles	15,947,779	964,528	4,459,782	12,452,525	4,119,079	5,901,801	3,007,346	7,013,534	5,438,991	11,828,700
Sub Total ( A )	517,378,619	339,049,973	5,671,331	850,757,261	185,297,078	56,166,033	3,538,887	237,924,224	612,833,037	332,081,541
<b>Intangible Assets (B)</b>										
Technical Knowhow	1,462,548	-	-	1,462,548	339,792	292,510	-	632,302	830,246	1,122,756
Computer Software	81,328	602,405	-	683,733	6,208	95,799	-	102,007	581,726	75,120
Sub Total ( B )	1,543,876	602,405	-	2,146,281	346,000	388,309	-	734,309	1,411,972	1,197,876
Total (A + B)	518,922,495	339,652,378	5,671,331	852,903,542	185,643,078	56,554,342	3,538,887	238,658,533	614,245,009	333,279,417
Previous Year	461,952,848	69,149,768	12,180,121	518,922,495	157,871,286	35,983,710	8,211,918	185,643,078	333,279,417	304,081,562

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	As at 31.03.2009 Rs.		As at 31.03.2008 Rs.
<b>SCHEDULE 6 : INVENTORIES</b>			
a. Raw-Materials	86,147,303		112,442,401
b. Stores and Spares	32,216,369		26,516,505
c. Goods under process	45,842,228		37,816,124
d. Finished Goods	132,951,222		53,542,287
e. Waste and Scrap	806,143		241,150
<b>TOTAL</b>	<b><u>297,963,265</u></b>		<b><u>230,558,467</u></b>
<b>SCHEDULE 7 : SUNDRY DEBTORS (UNSECURED)</b>			
a. Over Six Months -			
Considered Good	6,153,344		8,487,753
Considered Doubtful	3,524,823		3,340,181
b. Other Debts (Considered Good)	86,147,086		63,392,282
	95,825,253		75,220,216
Less : Provision for Doubtful Debts	3,524,823		3,340,181
<b>TOTAL</b>	<b><u>92,300,430</u></b>		<b><u>71,880,035</u></b>
<b>SCHEDULE 8 : CASH AND BANK BALANCES</b>			
a. Cash in hand [including Cheques/Drafts in hand of Rs.2,271,353/- (Previous year Rs.6,064/-) ]	3,400,539		2,107,582
b. Balances With Scheduled Banks in Current Accounts	3,530,712		3,690,357
c. Fixed Deposits With Scheduled Banks (Receipts pledged with Banks)	4,072,094		11,843,094
<b>TOTAL</b>	<b><u>11,003,345</u></b>		<b><u>17,641,033</u></b>
<b>SCHEDULE 9 : OTHER CURRENT ASSETS</b>			
a. Interest Receivable	1,065,545		589,428
b. Unamortised premium on Forward Contract	-		946,802
<b>TOTAL</b>	<b><u>1,065,545</u></b>		<b><u>1,536,230</u></b>
<b>SCHEDULE 10 : LOANS &amp; ADVANCES</b> (Unsecured, Considered good unless otherwise stated)			
a. Advances Recoverable in Cash or in Kind or for Value to be received	8,830,239	6,276,455	
Less: Considered Doubtful	<u>(554,128)</u>	-	6,276,455
b. Advance Payment of Taxes	1,518,525		501,313
c. Security and other Deposits	6,074,200		4,518,950
d. Export Incentive Receivable	16,450,986		14,680,959
e. MAT Credit Entitlement	5,567,337		-
<b>TOTAL</b>	<b><u>37,887,159</u></b>		<b><u>25,977,677</u></b>
<b>SCHEDULE 11 : CURRENT LIABILITIES</b>			
a. Sundry Creditors for Goods, Expenses and Services etc. -Due to Micro, Small and Medium Enterprises (Refer Note No. 2)	-	-	
-Others	<u>107,605,027</u>	70,486,757	70,486,757
b. Deposit from Dealers	550,000		50,000
c. Other Liabilities	2,983,367		2,766,178
d. Forward Contract	-		1,203,125
<b>TOTAL</b>	<b><u>111,138,394</u></b>		<b><u>74,506,060</u></b>



## GANESH POLYTEX LTD.

### SCHEDULE 12 : PROVISIONS

		As at 31.03.2009 Rs.		As at 31.03.2008 Rs.
a. Provisions for Gratuity & Leave Encashment		7,969,788		7,039,575
b. Provision for Income Tax (Net of Advance Tax)	1,004,644		5,908,414	
Less: MAT Credit Availed	-	1,004,644	4,359,428	1,548,986
c. Provision for Fringe Benefit Tax (Net of Advance Tax)		-		91,456
<b>TOTAL</b>		<b>8,974,432</b>		<b>8,680,017</b>

### SCHEDULE 13 : OTHER INCOME

		Year ended 31.03.2009 Rs.		Year ended 31.03.2008 Rs.
Job Work Receipts		1,136,558		3,008,096
Miscellaneous Receipts		879,308		794,248
Debit /Credit Balances Appropriated ( Net )		923,013		-
<b>TOTAL</b>		<b>2,938,879</b>		<b>3,802,344</b>

### SCHEDULE 14 : INCREASE IN STOCK

#### Closing Stock :

Finished Goods	132,951,222		53,542,287	
Goods under Process	45,842,228		37,816,124	
Waste and Scrap	806,143	179,599,593	241,150	91,599,561
<b>Less: Opening Stock (Including Trial Run Stocks)</b>				
Finished goods	74,440,431		60,087,851	
Goods under process	37,816,124		29,162,915	
Waste and Scrap	241,150	112,497,705	778,530	90,029,296
Increase in Stock		<b>67,101,888</b>		<b>1,570,265</b>

### SCHEDULE 15 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

Salaries, Wages and Allowances		49,570,213		38,533,255
Staff and Labour Welfare Expenses		2,085,074		1,576,306
Contribution to Provident Fund & ESI		2,797,510		2,627,883
Gratuity		2,126,632		1,552,565
Bonus		1,244,858		1,452,445
Excess Provision of Gratuity as on 01.04.2007 Written back as per Accounting Standard - 15		-		(310,398)
<b>TOTAL</b>		<b>57,824,287</b>		<b>45,432,056</b>

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### SCHEDULE 16 : MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES

		Year ended 31.03.2009 Rs.			Year ended 31.03.2008 Rs.
<b>A. MANUFACTURING EXPENSES :</b>					
Purchase of goods		7,700,516			2,775,878
Processing Charges		1,920,938			1,153,802
Stores and Spares consumed		36,721,708			28,604,928
Power and Fuel		119,980,749			71,932,426
Repairs and Maintenance :					
Machinery	8,033,022		4,271,746		
Building	2,930,363		902,718		
Others	622,945		650,691		
		<u>11,586,330</u>			5,825,155
<b>TOTAL (A)</b>		<u>177,910,241</u>			<u>110,292,189</u>
<b>B. ADMINISTRATIVE EXPENSES :</b>					
Rent		1,288,545			1,234,975
Insurance		1,793,932			1,693,659
Rates and Taxes		516,604			305,270
Travelling and Conveyance [Including for Directors Rs.289,483/- (Previous Year Rs.422,597/-)]		3,964,226			4,269,160
Printing and Stationery		1,123,616			1,208,607
Postage and Telephones		3,251,163			4,004,686
Auditors' Remuneration:					
Audit Fee	110,300		100,000		
For Tax/Vat Audit	18,530		10,000		
For Certification	21,100		14,850		
For Expenses	4,000		4,000		
		<u>153,930</u>			128,850
Managerial Remuneration		6,418,387			4,160,053
Cost Auditors' Remuneration:					
Audit Fee	16,545		16,854		
For Expenses	3,000		3,000		
		<u>19,545</u>			19,854
Listing Fees		86,806			29,000
Directors' Sitting Fee		135,000			255,000
Vehicle Running and Maintenance		3,523,178			3,160,210
Legal and Professional Charges		1,419,978			883,670
Filing Fees		19,543			87,678
Miscellaneous Expenses		1,791,913			1,935,207
Premium on Forward Exchange Contract amortised		938,092			51,073
Deferred Revenue Expenses Written Off		-			171,370
Loss on Fixed Assets Sold / Discarded ( Net )		238,788			2,017,532
Prior period items (Net)		(66,170)			195,232
Provision for Doubtful Debts / Advances		1,820,476			887,904
Provision for Doubtful Debts Written back		(720,145)			(2,958,320)
Exchange Rate Differences(Net)		24,648,897			(7,161,763)
Lease Rent		86,744			76,709
Bad Debts & Advances Written Off ( Net )		-			784,438
		<u>52,453,048</u>			<u>17,440,054</u>
<b>TOTAL (B)</b>		<u>52,453,048</u>			<u>17,440,054</u>
<b>C. SELLING EXPENSES :</b>					
Commission & Brokerage		3,843,860			2,796,987
Freight and Forwarding charges		63,668,471			49,959,263
Other Selling Expenses		787,348			642,789
		<u>68,299,679</u>			<u>53,399,039</u>
<b>TOTAL (C)</b>		<u>68,299,679</u>			<u>53,399,039</u>
<b>TOTAL (A+B+C)</b>		<u>298,662,968</u>			<u>181,131,282</u>

### SCHEDULE 17 : INTEREST AND FINANCE EXPENSES

Interest :					
-On Fixed Loans	18,489,298		13,627,890		
-On Others (Net)	38,722,003		19,386,455		33,014,345
Other Financial Expenses		6,739,566			4,868,691
<b>TOTAL</b>		<u>63,950,867</u>			<u>37,883,036</u>



## SCHEDULE 18: NOTES FORMING PART OF THE ACCOUNTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### a. System of Accounting:

The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

The Company, generally, follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis except those with significant uncertainties.

#### b. Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In case of sale of goods, revenue is recognized net of Value Added Tax, when the significant risks and rewards of ownership of goods have passed to the buyer, which generally coincides with delivery.

Benefits on account of entitlement to import goods free of duty are accounted for in the year of exports made and are included in Sales.

#### c. Fixed Assets:

Fixed assets are stated at cost comprising of its purchase price and directly attributable cost of bringing the asset to working condition for its intended use less accumulated depreciation and amortization.

The carrying amounts of fixed assets are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed their estimated recoverable amount, assets are written down to their recoverable amount.

Revenue expenses incurred in connection with project implementation and expansion of existing units in so far as such expenses (net of income) relate to the period prior to the commencement of commercial production are treated as project cost and allocated to the relevant fixed assets on a pro-rata basis.

#### d. Intangible Assets:

Intangible assets are stated at cost less accumulated amortization. Technical Know how and Computer Softwares are amortized over a period of five years. Amortization is done on straight line basis.

#### e. Depreciation/Amortization:

Depreciation on fixed assets is provided on straight line method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except: in respect of vehicles at Kanpur Unit where depreciation is provided on written down value method (WDV); in respect of fixed assets of Rudrapur and Bilaspur Units where depreciation is provided on written down value method (WDV); in respect of power line payments made to Electricity Authorities, useful life has been estimated as five years. Continuous process plant as defined therein have been taken on technical assessment and depreciation is provided accordingly. Individual assets, whose actual cost does not exceed Rs. 5000, are depreciated within the year of acquisition. Cost of Leasehold land is amortized over the period of the Lease.

#### f. Valuation of Inventories:

Inventories are valued at lower of cost, computed on a weighted average basis, and net realizable value. Finished goods and Goods-in-process include cost of conversion and other costs (full absorption cost) in bringing the inventories to their present location and condition. Waste & Scrap are valued at net realizable value.

#### g. Lease Rentals:

Rental charges in respect of assets acquired under finance leases prior to 1<sup>st</sup> April 2001 are amortized over the useful economic life of the asset and excess of lease rentals paid over the amount accrued are treated as prepaid lease rentals. No leased assets, except leasehold land, were acquired on or after 1<sup>st</sup> April, 2001.

#### h. Foreign Currency Transactions:

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognized in the Profit & Loss Account of the period.

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end and not covered by forward contracts, are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in the Profit & Loss Account. Non-monetary foreign currency items are carried at cost.

In respect of forward exchange contracts, the difference between the forward rate and the exchange rate at the inception of the forward exchange contracts is recognized as income/expense over the life of the contract. Exchange differences on forward exchange contracts are recognized as income or expense along with the exchange differences on the underlying assets/liabilities. Profit or loss on cancellations/renewals of forward contracts is recognized during the year.

#### i. Employee Benefits:

Short Term Employee benefits (benefits which are payable within twelve months after the end of the period in which the employees render service) are measured at cost. Long term employee benefits (benefits which are payable after the end of twelve months from the end of the month in which the employee render service) and post employment benefits (Benefits which are payable after completion of employment) are measured on a discounted benefits by the Projected Unit Credit method on the basis of annual third party actuarial valuations.

Contribution to Provident Fund, Family Pension Fund and Employee's State Insurance, a defined contribution plan are made to the funds administered by the Govt. of India, and are recognized as an expense when employees have rendered service entitling them to the contributions. The cost of providing leave encashment and gratuity, defined benefit plans, are determined using the Projected Unit Credit Method, on the basis of actuarial valuation carried out by third party actuaries at each balance sheet date. Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

#### j. Borrowing Costs:

Borrowing costs that are attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of such assets.

A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

#### k. Taxation:

Tax expense comprises Current, Deferred and Fringe Benefit Tax.

Current Income Tax and Fringe Benefit Tax are measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred tax charge or credit resulting from timing difference is recognized using current tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent there is a reasonable certainty that these assets can be realized in future.

Deferred tax assets/liabilities are reviewed at each Balance Sheet date.

#### l. Provisions and Contingent Liabilities:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes.

2. There are no dues to Micro, Small and Medium Enterprises as at 31<sup>st</sup> March, 2009 (Previous Year Nil). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified based on the information available with the Company.



## TWENTIETH ANNUAL REPORT

3. a) The Profit & Loss Account includes payment to & provisions for Managerial Remuneration (excluding Sitting Fees) payable to Executive & Non-Executive Directors as under:-

	2008-09 Rs.	2007-08 Rs.
Salary & Allowances	3,495,000	1,200,000
Perquisites	540,000	540,000
Performance linked remuneration to Executive Directors	1,216,407	1,339,957
Commission to Managing Director	583,490	540,048
Commission to Non-Executive Directors	583,490	540,048
<b>Total</b>	<b>6,418,387</b>	<b>4,160,053</b>

- b) Computation of net profit in accordance with Section 349 of the Companies Act, 1956:

	2008-09 Rs.	2007-08 Rs.
Profit before Taxation	50,456,460	49,642,582
Add: Depreciation as per accounts	56,554,342	35,983,710
Loss on Fixed Assets sold/ discarded (net)	238,788	2,017,532
Managerial Remuneration Commission to Non-Executive Directors	583,490	540,048
Directors' Sitting Fees	135,000	255,000
Provisions for Doubtful debts & advances	1,820,476	887,904
	<b>115,623,453</b>	<b>92,946,781</b>

Less: Depreciation as per Section 350 of Companies Act, 1956	56,554,342	35,983,710
Excess Provision for Doubtful Debts written back	720,145	2,958,320
<b>Net Profit for the year</b>	<b>58,348,966</b>	<b>54,004,751</b>

Eligible remuneration to the Executive Directors @ 10% on above profits Out of the above:

a) Salary, Allowances & Perquisites paid to Executive Directors	4,035,000	1,740,000
b) Commission payable to Managing Director (@ 1% of above Profits)	583,490	540,048
c) Performance Linked Remuneration as determined by the Board of Directors	1,216,407	1,339,957
Commission payable to Non-Executive Directors (@ 1% on above Profits)	583,490	540,048

#### 4. FINANCIAL & DERIVATIVES INSTRUMENTS:

Nominal value of Forward Contracts (USD/INR) entered into by the Company for hedging Currency Risks and outstanding as on 31<sup>st</sup> March, 2009 amount to Rs. Nil (Previous Year Rs. 619.59 lacs).

Un-hedged Foreign Currency exposure that are not hedged by derivative instruments or Forward Contracts as at 31<sup>st</sup> March, 2009 amount to Rs. 114.75 lacs (Previous Year Rs. 470.07 Lacs).

#### 5. RELATED PARTY DISCLOSURES:

##### I. Names of related parties & description of relationship:

###### A. Key Management Personnel:

Shri Shyam S. Sharma	Chairman cum Managing Director
Shri Vishnu Dutt Khandelwal	Executive Vice Chairman w.e.f. 19.06.2008
Shri Sharad Sharma	Joint Managing Director
Shri Rajesh Sharma	Executive Director w.e.f. 19.06.2008

###### B. Relatives of Key Management Personnel:

1. Smt. Vimal Sharma	Wife of Shri Shyam S. Sharma
2. Smt. Nirmal Khandelwal	Wife of Shri Vishnu Dutt Khandelwal
3. Smt. Seema Sharma	Wife of Shri Sharad Sharma
4. Smt. Ratna Sharma	Wife of Shri Rajesh Sharma
5. Shri Sandeep Khandelwal	Son of Shri Vishnu Dutt Khandelwal

###### C. Companies & Concerns Controlled by Key Management Personnel/Relatives:

- Sandeep Yarns Pvt. Ltd.
- GPL Finance Limited.

##### II. Summary of Transactions:

PARTICULARS	(Rs. in Lacs)		
	Key Management Personnel	Relatives of Key Management Personnel	Companies and Concerns Controlled by Key Management Personnel/Relatives
<b>i) Transactions during the year</b>			
Managerial Remuneration	58.35 (36.20)	— (—)	— (—)
Salary	— (—)	6.49 (5.04)	— (—)
Reimbursement of Expenses	1.76 (2.96)	0.44 (0.62)	— (—)
Directors' Sitting Fee	— (—)	0.05 (0.70)	— (—)
Interest	4.72 (0.59)	0.49 (0.39)	0.17 (0.35)
Unsecured Loan/ Fixed Deposit Accepted during the year	134.40 (65.00)	19.40 (6.25)	8.92 (2.00)
Unsecured Loan/ Fixed Deposit Repaid during the year	80.39 (11.62)	0.45 (0.40)	2.16 (19.60)
Equity Share Capital issued & Money received during the year	— (49.00)	— (—)	— (—)
Share Premium amount received during the year	— (24.50)	— (—)	— (—)
Preference Share Capital issued during the year	— (93.00)	— (111.50)	— (19.60)
<b>ii) Amount Outstanding at Balance Sheet date</b>			
Unsecured Loan/Fixed Deposit Outstanding	118.10 (64.09)	20.65 (1.70)	8.92 (2.16)
Amounts Payable	4.75 (13.21)	0.48 (2.00)	0.10 (—)



# GANESH POLYTEX LTD.

## Notes:

- No amount has been written off or written back during the Year in respect of debts due from or to related parties. (Previous Year Nil).
- The Company has not given/provided any guarantee/collaterals for and on behalf of the aforementioned related parties.

## 6. DEFERRED TAXATION:

- Deferred Tax (net) for the Current Financial Year of Rs. 60.45 Lacs (Previous Year Rs. 12.81 Lacs) has been charged to the Profit & Loss Account.
- Breakup of Deferred Tax Assets & Liabilities is as under:

	(Rs.in Lacs)			
	As at 31.03.09		As at 31.03.08	
<b>a) Deferred Tax Liabilities</b>				
Related to Fixed Assets		(479.73)		(400.05)
<b>b) Deferred Tax Assets</b>				
-Expenditure allowable on actual payment	4.23		3.71	
-Unabsorbed loss & Depreciation	18.71		7.11	
-Others	42.38	65.32	35.28	46.10
<b>Net Deferred Tax (Liability)/Asset</b>		<b>(414.41)</b>		<b>(353.95)</b>

## 7. SEGMENT INFORMATION:

- Primary Segment - By Business Segment:

Based on the guiding principles given in the Accounting Standard on Segment Reporting (AS-17), Company is primarily in the business of manufacture and sale of Polyester Staple Fibre and Polyester Yarn which mainly have similar risks and returns. During the year, Company has obtained an expert opinion according to which Company's business activity falls within a single business segment (Synthetic Textile). Therefore Company has only one primary reportable segment and segment reporting is no longer required.

- Secondary Segment - Geographical demarcation:

	(Rs. in Lacs)	
<b>Segment Revenue</b>	<b>2008-09</b>	<b>2007-08</b>
Turnover:	13537.11	10542.58
Domestic (within India)	9859.67	8188.08
Export	3677.44	2354.50

## 8. EARNING PER SHARE:

	(Rs. in Lacs)	
	2008-09	2007-08
Net Profit after Taxes [after adjusting Dividend on Preference Shares for the year amounting to Rs. 45.00 Lacs (Previous Year Rs. 31.67 Lacs)]	389.48	343.68
Less: Tax for Earlier Years Tax paid on Preference Dividend (Interim)	4.34	0.26
	7.65	4.11
Net profit including Exceptional/ Prior Period items	377.49	339.31
Exceptional/Prior period Items (net of taxes)	50.79	—
Net profit excluding Exceptional/ Prior Period items (net of taxes)	428.28	339.31
Weighted average number of Equity Shares (Number)	9,855,000	9,366,339
Nominal Value per Equity Share (Rs.)	10.00	10.00
Basic & Diluted Earning Per Share (Rs.)	3.83	3.62
Basic & Diluted Earning (before exceptional/Prior Period items) Per Share (Rs.)	4.35	3.62

- Sundry Debtors outstanding for more than six months & Considered good include Rs.Nil (Previous Year Rs 11.21 Lacs) for which Legal action has been taken for recovery. However, the same are classified as good for recovery.

## 10. PREOPERATIVE EXPENSES:

(In respect of Projects upto 31st March, 2009, included under the head Capital Work in Progress)

Particulars	2008-09		2007-08	
	Rs.		Rs.	
Opening Balance		15,781,853		823,471
Add: Expenditure during construction period:				
(a) Raw Material Consumed	208,320,142		34,722,442	
(b) Payments to & Provision for Employees	13,473,013		5,990,304	
(c) Manufacturing, Administrative & Selling Expenses	52,561,844		11,339,563	
(d) Interest & Finance Expenses	23,546,317	297,901,316	12,702,090	64,754,399
		313,683,169		65,577,870
Less:				
(a) Sale of Finished Goods	257,788,643*		24,862,020*	
(b) Stock of Finished Goods	20,898,144		17,686,844	
(c) Stock of Goods Under Process	—	278,686,787	4,458,452	47,007,316
		34,996,382		18,570,554
Less: Allocation to Fixed Assets		34,963,943		2,788,701
Closing Balance		32,439		15,781,853

\* include inter-unit transfer of Rs. 1,58,47,215 (Previous Year Rs.36,42,349).

## 11. DISCLOSURES IN ACCORDANCE WITH ACCOUNTING STANDARD-15 ON EMPLOYEE BENEFITS:

### a) Defined Contribution Plans

The Company has recognized an expense of Rs. 27.98 lacs (Previous year Rs. 26.28 lacs) towards the defined contribution plans.

### b) Defined benefit Plans

As per Actuarial Valuation on 31<sup>st</sup> March, 2009

i) Expenses recognized in Profit & Loss A/c for the year ended 31<sup>st</sup> March, 2009:

Particulars	Gratuity		Leave Encashment	
	2008-09	2007-08	2008-09	2007-08
1. Current Service Cost	1,144,538	882,970	288,051	182,587
2. Interest Cost	491,050	384,486	72,116	53,449
3. Expected Return on Plan Assets	-	-	-	-
4. Net Actuarial (Gain)/Losses recognized	491,044	285,109	(150,454)	23,589
5. Past Service Cost	-	-	-	-
6. Curtailment Cost/Settlement Cost	-	-	-	-
7. Total Expense	2,126,632	1,552,565	209,713	259,625

ii.) Net Asset/(Liability) recognized in Balance Sheet as at 31<sup>st</sup> March, 2009.

Particulars	Gratuity		Leave Encashment	
	2008-09	2007-08	2008-09	2007-08
1. Present value of Defined Benefit Obligation on 31.03.2009	6,996,735	6,138,130	973,053	901,445
2. Fair value of Plan Assets on 31.03.2009	-	-	-	-
3. Funded Status [Surplus/(Deficit)]	(6,996,735)	(6,138,130)	(973,053)	(901,445)
4. Net Asset/(Liability) recognized in Balance Sheet on 31.03.2009	6,996,735	6,138,130	973,053	901,445

iii.) Change in Present value of Obligation during the year ended 31<sup>st</sup> March, 2009

Particulars	Gratuity		Leave Encashment	
	2008-09	2007-08	2008-09	2007-08
1. Present value of obligation at the beginning of the year	6,138,130	4,806,070	901,445	668,109
2. Interest cost	491,050	384,486	72,116	53,449
3. Past Service Cost	-	-	-	-
4. Current Service Cost	1,144,538	882,970	288,051	182,587
5. Curtailment/settlement cost	-	-	-	-
6. Benefit payments	(1,268,027)	(220,505)	(138,105)	(26,289)
7. Actuarial (Gain)/Loss on obligation	491,044	285,109	(150,454)	23,589
8. Present value of obligation at the end of the year	6,996,735	6,138,130	973,053	901,445

iv.) Fair value & changes in fair value of Plan Assets during the year ended 31<sup>st</sup> March, 2009:

Gratuity & Leave encashment obligations are not funded.

v.)

Actuarial Assumption	As on 31 <sup>st</sup> March, 09	As on 31 <sup>st</sup> March, 08
Discount Rate	7.10%	8%
Salary Escalation Rate	5%	5%
Expected Rate of Return on Plan Assets	-	-
Mortality	LIC(1994-96) Mortality Tables	LIC(1994-96) Mortality Tables
Withdrawal Rate	15% p.a.	15% p.a.

c.) Employee benefits in the form of defined contribution plans and defined benefit plans (Gratuity & Leave Encashment) are not payable to the Executive Directors of the Company.

d.) The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

12. In view of higher wear and tear, Company has reassessed the useful life of Vehicles at Kanpur Unit and decided to charge depreciation thereon at Written Down Value (WDV) method as against hitherto followed Straight Line Method (SLM). Consequent upon this change, depreciation has been recalculated in accordance with the new method from the date of the asset coming into use and deficiency of Rs. 36,28,784/- on account of such retrospective recalculation has been provided during the year. As a result, Profits for the year ended 31<sup>st</sup> March, 2009 are understated to that extent.

## 13. CONTINGENT LIABILITY NOT PROVIDED FOR IN RESPECT OF:

a) Bills discounted with Banks & remaining outstanding as on 31<sup>st</sup> March, 2009 Rs.420.48 Lacs. (Previous Year Rs. 384.78 Lacs).

b) Bills under Letter of Credit negotiated and outstanding as on 31<sup>st</sup> March, 2009 Rs.543.19 Lacs. (Previous Year Rs. 352.05 Lacs).

c) Claims against the Company not acknowledged as debts as on 31<sup>st</sup> March, 2009 Rs.15.81 Lacs. (Previous Year 15.61 Lacs).

d) Custom duty disputed by the Company under appeal as on 31<sup>st</sup> March, 2009 Rs.7.79 Lacs (Previous Year Rs. 7.79 Lacs).

e) Arrear of Dividend payable on 10% Cumulative Redeemable Preference Shares as on 31<sup>st</sup> March, 2009 Rs.11.25 Lacs (Previous Year Rs. 11.25 Lacs).

f) Sales Tax/Trade Tax Liability disputed by the Company under appeal as on 31<sup>st</sup> March, 2009 Rs. 6.06 Lacs (Previous Year Rs. 6.06 Lacs).

g) Entry Tax liability disputed by the Company Rs.27.88 Lacs (Previous Year Rs. 16.44 lacs).

h) Amount received from a party in an award & appeal filed by the opposite party against the award is pending before Hon'ble Supreme Court. - Rs. 80.98 lacs (Previous Year Rs. 80.98 lacs).

i) Service tax refund disputed by the Service Tax Department in CEGAT – Rs.2.28 lacs (Previous Year Nil).

j) Differential amount of custom duty in respect of imports made under EPCG Scheme (net of obligations fulfilled) – Rs. 48.97 lacs (Previous Year Rs. 121.99 lacs).

14. Estimated amount of Contracts remaining to be executed on capital accounts and not provided for Rs. Nil (Previous Year Rs. 79.51 Lacs).

15. The Income Tax assessments of the Company have been completed up to Assessment Year 2006-07. The disputed demand of Rs. 13.35 Lacs up to the said assessment year has also been deposited by the Company. However, based on the interpretations of relevant provisions, the Company has been legally advised that the demand is likely to be either set aside or substantially reduced and accordingly no provision has been made.

16. Exceptional item represents loss of stock of Rs. 20.99 lacs (Previous Year Nil) due to fire at factory premises against which insurance claim is yet to be settled.

17. Previous Year figures have been reworked, regrouped, reclassified and/or rearranged wherever considered necessary.



# GANESH POLYTEX LTD.

## 18. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956 TO THE EXTENT RELEVANT:

### (A). Particulars in respect of Capacity Production, Turnover, Purchases & Stocks of Finished Goods (Including during Trial Run )

Class of Goods	Unit	Licenced Capacity	Installed Capacity \$ (Per annum)	Opening Stock Qty.	Opening Stock Value (Rs.)	Production Qty	Purchase Qty	Turnover Qty	Turnover Value (Rs.)	Closing Stock Qty	Closing Stock Value (Rs.)
1. Texturised/ Twisted Grey & Dyed Yarn & Fibre	Kgs.	N.A.	2,400,000 (2,400,000)	47,736 (80,199)	5,678,629 (8,344,420)	2,125,660 (2,031,947)	- (-)	2,074,884 (2,064,410)	256,414,510 (260,881,650)	98,512 (47,736)	10,864,282 (5,678,629)
2. Polyester Staple Fibre	Kgs.	N.A.	39,600,000 (32,400,000)	1,025,408 (796,883)	47,862,379 (34,055,308)	26,391,529 (16,214,804)	146,530 (42,660)	24,839,086 (16,028,939)	1,351,005,561 (812,050,108)	2,724,381 (1,025,408)	122,085,661 (47,862,379)
3. Scrap & Waste	Kgs.	N.A.	N.A.	- (-)	241,150 (778,530)	- (-)	- (-)	- (-)	4,079,383 (2,545,976)	- (-)	806,143 (241,150)
4. Non Woven Fabrics	Mtr.	N.A.	N.A.	2,200 (2,200)	1,279 (1,279)	- (-)	- (-)	- (-)	- (-)	2,200 (2,200)	1,279 (1,279)

#### Notes:

- Excludes 40475.240 Kgs for Rs.1,136,558/- (Previous Year 117537.810 Kgs. for Rs.3,008,096/- ) Dyed on Job Basis for outside parties.
- The Quantities include hard waste generated and sold during the year.
- Installed capacity is as certified by the Management.

### (B) Raw Material Consumed ( including Trial Run Consumption)

Particulars	Qty.(Kgs.)	Value (Rs.)
1. POY/ Texturised /Twisted Yarn	1,827,747 (1,905,566)	166,142,421 (174,597,324)
2. Polyester Waste	28,445,600 (17,498,919)	804,764,350 (473,523,169)
3. Colour & Chemical	- (-)	106,061,970 (74,504,716)
4. Packing Material	- (-)	25,554,903 (21,592,532)

### (C) Value of Imported and Indigeneous Raw Material and Stores & Spares Consumed and Percentage of each to the total consumption

	CurrentYear (Value in Rs.)	%	PreviousYear (Value in Rs.)	%
1. Raw Material				
Imported	83,122,512	7.54	40,972,311	5.51
Indigeneous	1,019,401,132	92.46	703,245,430	94.49
	<u>1,102,523,644</u>	<u>100.00</u>	<u>744,217,741</u>	<u>100.00</u>
2. Stores & Spares				
Imported	6,365,281	14.65	3,916,645	13.37
Indigeneous	37,085,434	85.35	25,382,950	86.63
	<u>43,450,715</u>	<u>100.00</u>	<u>29,299,595</u>	<u>100.00</u>

### (D) CIF Value of Imports

Raw Materials	68,461,907	N.A.	33,339,807	N.A.
Stores & Spares	5,658,487	N.A.	2,990,899	N.A.
Capital Goods	53,687,481	N.A.	66,983,022	N.A.

### (E) Expenditure in Foreign Currency

Travelling Expenses	613,621	N.A.	1,113,433	N.A.
Commission	548,001	N.A.	638,968	N.A.
Gift	-	N.A.	9,160	N.A.
Telephone Expenses	4,410	N.A.	5,068	N.A.
Sales Promotion	-	N.A.	9,570	N.A.

### (F) Earning in Foreign Currency

F.O.B. Value of Exports	331,328,126	N.A.	220,881,366	N.A.
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Signature to Schedule 1 to 18  
In terms of our annexed report of even date.  
For MEHROTRA RAKESH KUMAR & CO.  
Chartered Accountants

For and on behalf of the Board

DEEPAK SETH  
Partner  
Membership No.073081

GOPAL AGARWAL  
Chief Finance Officer

SHYAM S. SHARMA  
Chairman and Managing Director

Place : Kanpur  
Dated : 25<sup>th</sup> June, 2009

BHARAT KUMAR SAJNANI  
Company Secretary

SHARAD SHARMA  
Joint Managing Director

## TWENTIETH ANNUAL REPORT

### BALANCE SHEET ABSTRACT AND COMPANY'S PROFILE FOR THE YEAR ENDED 31.03.2009

<b>I. Registration Details:</b>			
Registration No.	9090	State Code	20
Balance Sheet Date	31.03.2009		
<b>II. Capital Raised During the Year (Amount in Rs. Thousands)</b>			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
<b>III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)</b>			
Total Liabilities	10,59,880	Total Assets	10,59,880
<b>Source of Funds:</b>			
Paid-up Capital	1,43,550	Reserve and Surplus	1,41,249
Secured Loans	5,47,071	Unsecured Loans	66,457
Deferred Tax Liability	41,441		
<b>Application of Funds:</b>			
Net Fixed Assets	6,19,661	Investments	Nil
Net Current Assets	3,20,107	Miscellaneous Expenses	Nil
Accumulated Losses	Nil		
<b>IV. Performance of Company (Amount in Rs. Thousands)</b>			
Turnover	13,53,711	Total Expenditure	13,03,255
Profit before Tax	50,456	Profit after Tax	43,448
EPS (in Rs.) (including exceptional items)	3.83	Dividend Rate %	Nil
(excluding exceptional items)	4.35		
<b>V. Generic Names of the Products of the Company</b>			
Item Code No. (ITC Code)		540233.00, 540252.00	
Product Description		Polyester Texturised, Dyed Yarn	
Item Code No. (ITC Code)		N.A.	
Product Description		Recycled Polyester Staple Fibre	

For and on behalf of the Board

GOPAL AGARWAL  
*Chief Finance Officer*

SHYAM S. SHARMA  
*Chairman and Managing Director*

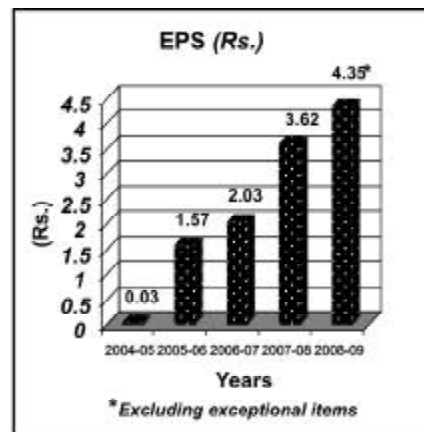
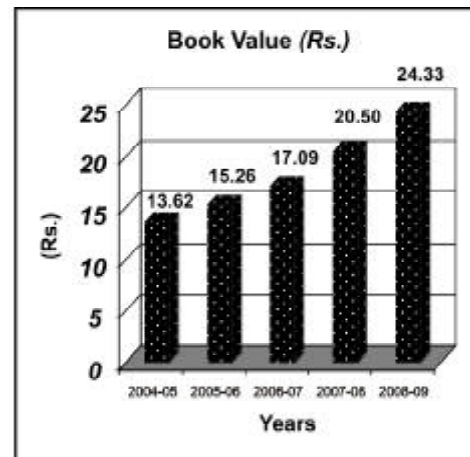
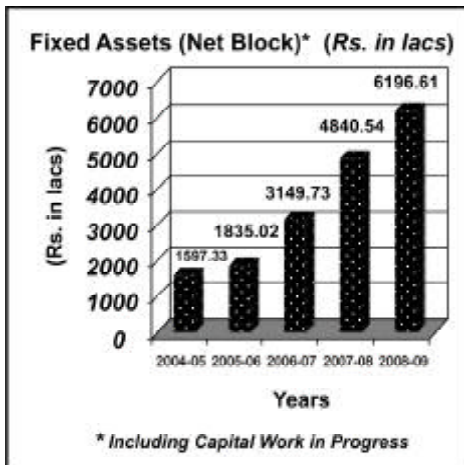
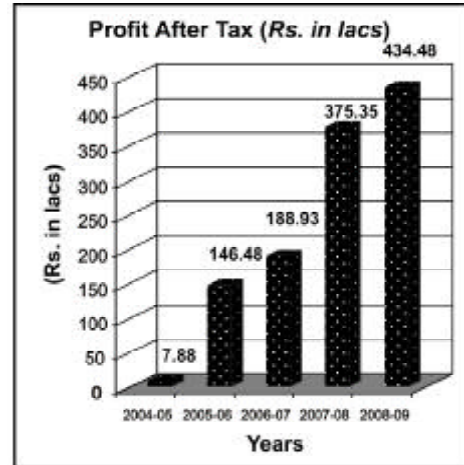
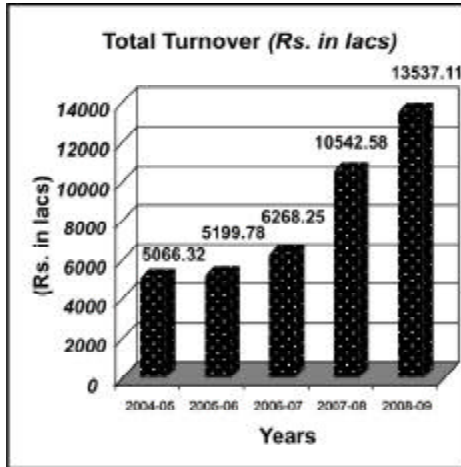
Place : Kanpur  
Dated : 25<sup>th</sup> June, 2009

BHARAT KUMAR SAJNANI  
*Company Secretary*

SHARAD SHARMA  
*Joint Managing Director*



## *Achievements at Glance*





If undelivered please return to :  
**GANESH POLYTEX LIMITED.**  
113/216 - B, SWAROOP NAGAR,  
KANPUR - 208 002