

ANNUAL REPORT
2009-10



GROWING GREEN

GANESH POLYTEX LTD.
Recycling Waste into Wealth



CORPORATE INFORMATION

Board of Directors

Shri Shyam S. Sharma	CHAIRMAN & 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

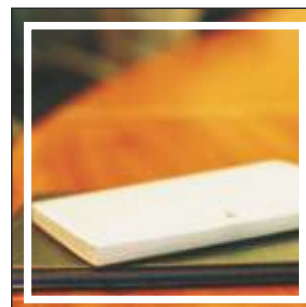
Raipur, (Rania),
Kalpi Road,
Distt. Kanpur Dehat

Administrative Office

113/216-B, Swaroop Nagar
Kanpur-208 002

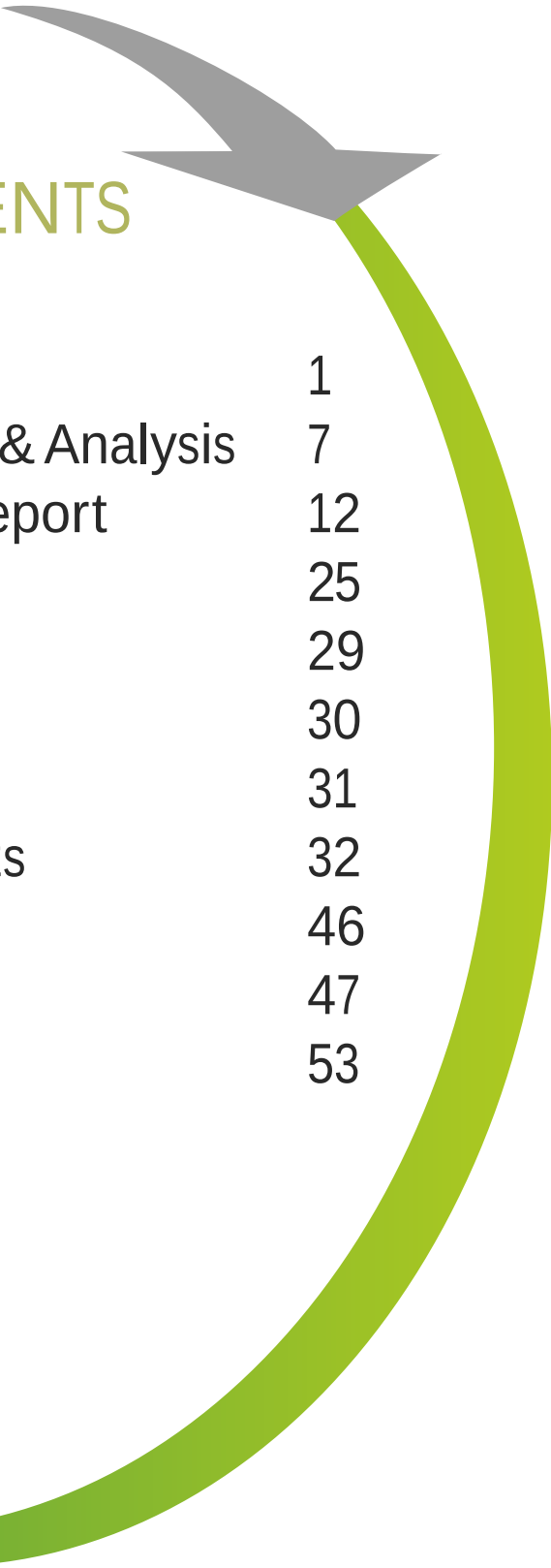
Works

- | | | | |
|---|---|---|--|
| 1 | Raipur, (Rania),
Kalpi Road,
Distt. Kanpur Dehat | 3 | Khata No.-96 and 97,
Arazi Village Kotha,
Ali Nagar, Pargana and Tehsil Bilaspur
Distt. Rampur, Uttar Pradesh |
| 2 | Plot No.-6, Sector-2
Integrated Industrial Estate
Pantnagar , Uttarakhand | | |





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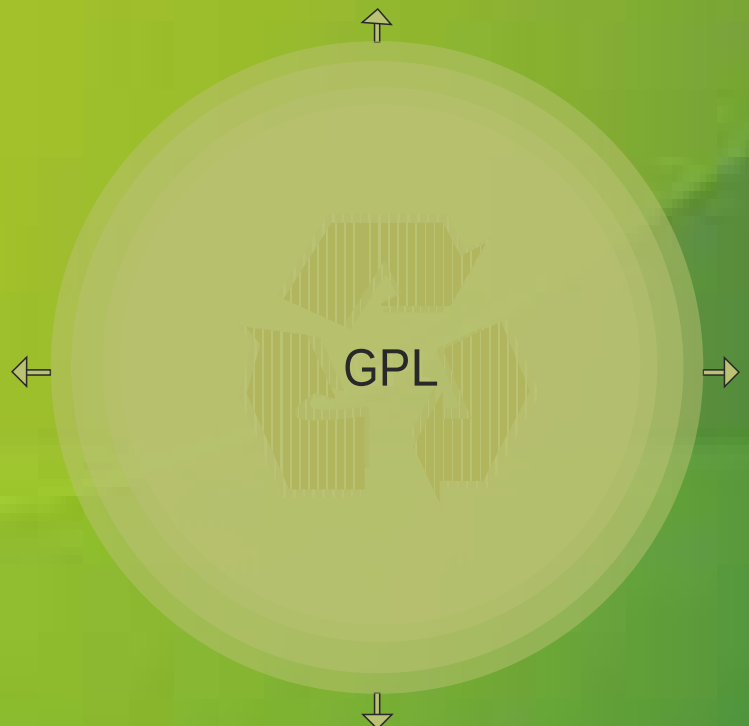


“LET US GROW AND NOT THE WASTE”

It takes hundreds of years
for PET bottle waste
to degrade naturally

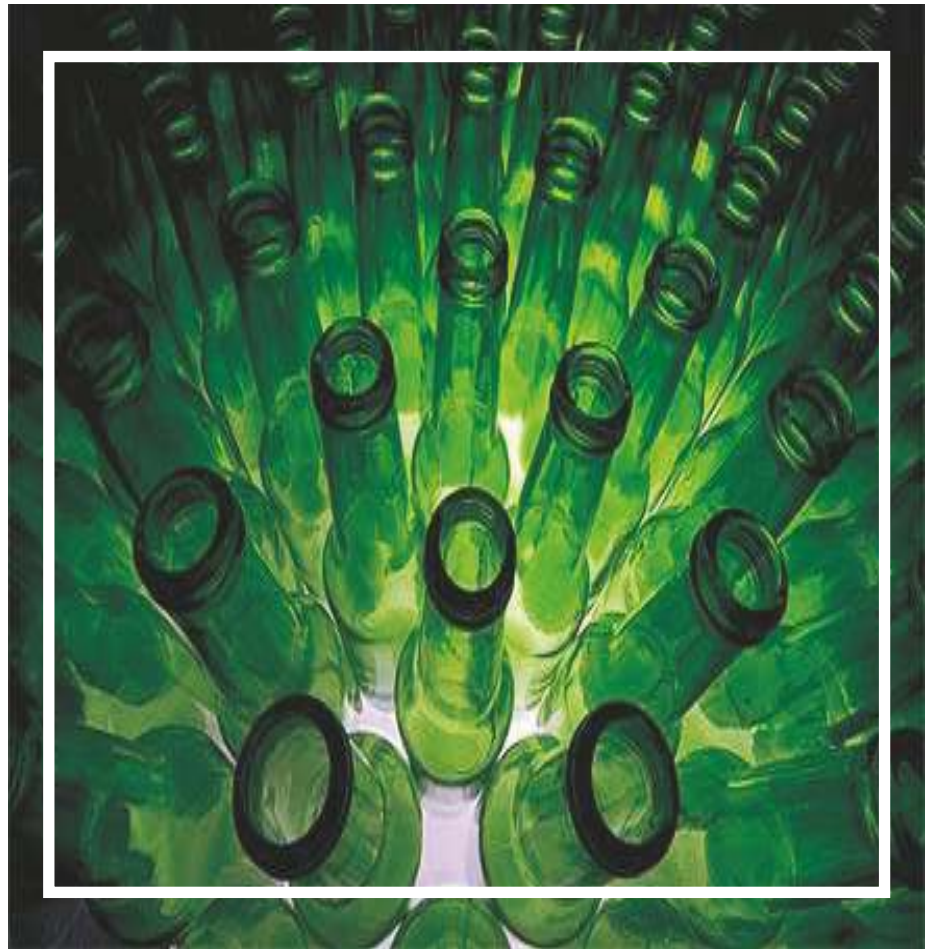


Last year, we recycled nearly
1500 million PET bottles
into green fibre



“WE ARE THE
LARGEST
PET BOTTLE
WASTE RECYCLING
COMPANY IN
INDIA”





G R O W I N G G R E E N :

This financial year, we have come up with the theme of '*Growing Green*' with a view to capitalize the opportunity available in our sector and revolutionizing the outcome of our efforts towards reducing the environmental pollution, with GPL becoming the largest PET bottle waste recycling Company in India.

○ Our *vision*

To become a Global Corporate citizen committed to recycle every PET bottle which is thrown into waste with world class recycling facilities and to create wealth for our stakeholders through conducting business around social and environmental concerns.

○ Our *mission*

- To be a high performance organization by making the best use of resources and empowering people.
- To be the preferred choice of our customers by providing world class customer services.
- To maintain high levels of quality in our products through innovative Research and technology development in our processes, products and applications.
- Building relationships with stakeholders based on trust, transparency & ethical business conduct.
- To contribute to the cause of making our planet a better place to live in for the present and future generations.



“RECYCLING WASTE INTO WEALTH”



As we all know, the use of Plastic products has been a major cause of concern since long. These days as we move across streets, parks, etc, we see many PET bottles littered around giving not just a bad look but also posing serious threat to our environment. We have seen people, organizations clamoring about reducing the usage of Plastic products, while on the contrary the consumption of PET is growing at an exponential rate, as it offers a user friendly and cost effective packaging solution for all kinds of bottled drinks, beverages, liquor, pharmaceuticals, chemicals, and other liquid products.

However as the consumption is growing, so as the quantum of its waste is increasing at a rapid pace. PET bottle waste being Non-Biodegradable, its recycling is inevitable else piling of it will be the biggest threat to the environment.

Recycling, being the clear solution to the grave problem of excessive plastic waste, we at Ganesh Polytex Ltd. were quick to realize the same. In the last 12 years, we have contributed to the cause of making our planet a better place to live in for the present and future generations by recycling millions of PET bottles and as on today we are one of the largest PET bottles waste recycling companies in India.

At GPL we recycle more than 150 crores bottles annually to manufacture Regenerated Polyester Staple Fibre i.e. RPSF. In order to ensure the continuous availability of raw material, we have developed a unique network of waste collection centers in different cities of the country. We have developed our model over last one decade and we are benefitting in three ways:

- 1. Our raw material cost is cheaper in comparison of material purchased from vendors.*
- 2. Availability of raw material is assured.*
- 3. The model allows us to outsource the labor intensive work of PET bottles sorting.*

Our growth is directly linked with the number of PET bottles we recycle and the recent numbers suggest that in India we don't even have the capacity to recycle the entire available waste. There is a significantly large domestic as well as overseas market for Regenerated Polyester Staple Fibre as it finds applications in the numerous areas ranging from technical textiles, non woven textiles, stuffing in comfortable and lifecycle products and spinning of yarn.

This enlightens the fact that there is immense scope of growth in this sector and we are at the forefront of capitalizing the opportunity.

SOME FACTS

Recycling each plastic bottle can conserve enough energy to light a 60W light bulb for up to 6 hours

Recycling 1 ton of PET bottles saves 6 cubic meters of landfill space

Recycling 1 ton of PET saves 1.5 tons of Carbon Dioxide vs. land filling or incineration

Producing products from recycled materials uses two-thirds less energy than required to make from virgin materials

FIFA World cup, 2010 showcased the usage of RPSF in the form of jerseys worn by the players of nine participating teams

Exporting to more than 20 countries

We have more than 25 PET Waste collection centers spread over the country



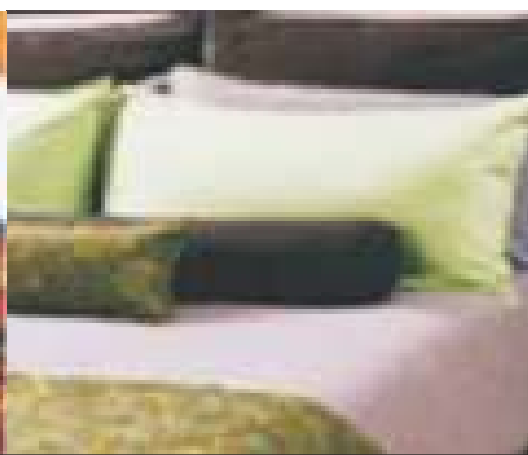
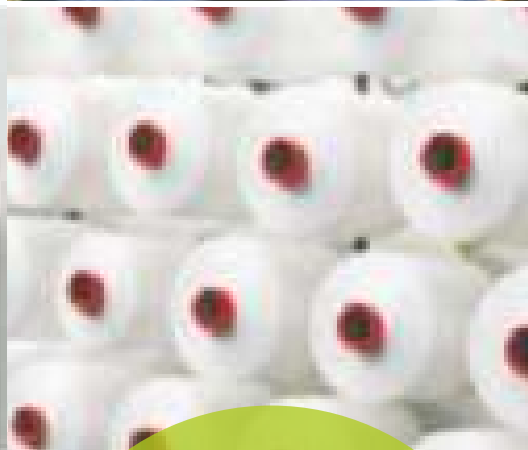
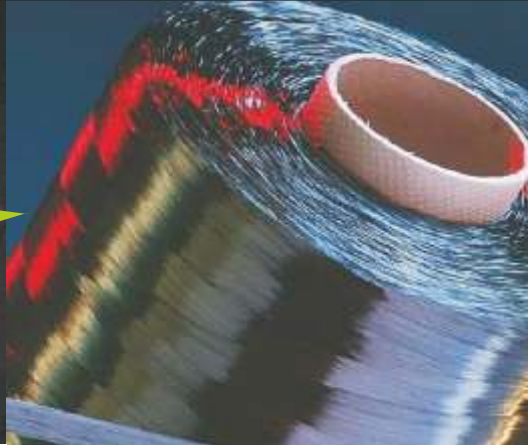
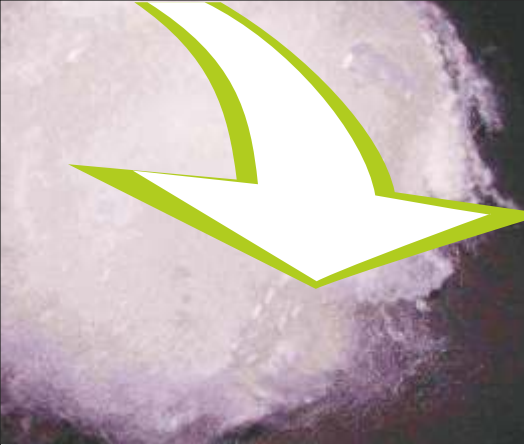
USE





RECYCLE







LETTER TO SHAREHOLDERS

Shri Shyam S. Sharma

CHAIRMAN & MANAGING DIRECTOR

Dear Fellow Stakeholders,

At the outset, I thank you for your interest and am delighted to have an opportunity to introduce Ganesh Polytex Limited to all of you.

At Ganesh Polytex Limited, we have set our vision to recycle every PET bottle that is thrown into waste and the Financial Year 2009-10 was a truly transformational year in the same sense. We successfully commissioned a new PET bottles recycling line of 18000 TPA at our Rudrapur unit & that has put us into the league of the largest PET bottles waste recyclers across the country.

At GPL, we have been continuously venturing into eco-friendly projects and as a result of strategic investments, robust business plans, sound management and corporate governance practices, the Company achieved a phenomenal growth in its revenues and profits during FY 10.

Our recent path breaking initiative of installing a new waste recycling line has created a strong growth platform, which will be leveraged to take a giant leap forward. The Company is looking forward to enhance its stakeholder value by focusing on increasing efficiency and expanding business into value-added downstream products by employing world-class recycling facilities.

In our endeavor to contribute radically towards the protection of environment and global sustainable development, we will be continuing our journey by enhancing our PET bottles recycling capacity in future. We are also considering recycling of every kind of plastic waste along with PET bottle waste and shall bring ecologically safe value added products on the table.

I, hereby take this opportunity, to express my sincere thanks & gratitude towards the eminent Board of Directors of the Company for contributing their valuable ideas and inspiration for the expansion and development of the Company. I would also like to convey my sincere thanks towards the hard work and dedication shown by the employees of our Company. I am also grateful to all our customers, business associates, bankers, employees and shareholders, who have continuously reposed their trust in us and given us their constant support.

Shyam S. Sharma
Chairman & Managing Director

**“The journey to excellence is the ability
to change vision into reality”**

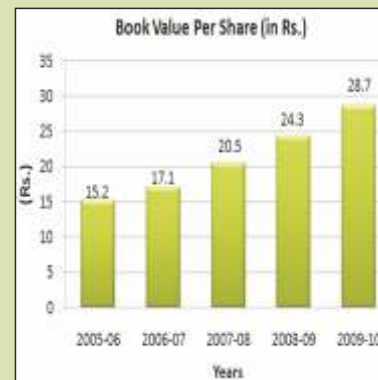
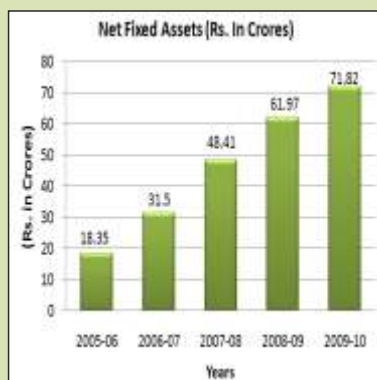
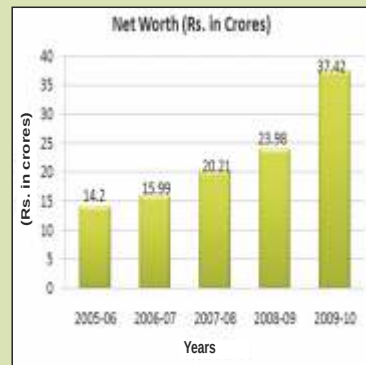
FINANCIAL HIGHLIGHTS

(Rs. in Crores)

	2009-10	2008-09	2007-08	2006-07	2005-06
Quantity of waste processed (in metric tonnes)	30602	28446	17499	9536	8109
Gross Sales	198.88	135.37	105.73	62.68	52
Total Income	199.22	135.66	105.8	63	52.14
EBITDA	24.3	17.31	12.35	7.01	5.78
Interest	7.85	6.4	3.79	2.23	1.86
Depreciation	6.92	5.65	3.6	1.81	1.4
Exceptional Items	-	0.21	-	-	-
Profit after Tax	9	4.34	3.75	1.89	1.46
Equity Share Capital	12.32	9.86	9.86	9.37	9.37
Equity Share Warrants	2.1	-	-	-	-
Reserves & Surplus	23	14.12	10.35	6.64	4.92
Net Worth	37.42	23.98	20.21	15.99	14.2
Gross Fixed Assets	102.54	85.83	66.97	47.29	32.45
Net Fixed Assets	71.82	61.97	48.41	31.5	18.35
Total Assets	118.95	105.99	83.17	58.09	36.73
Earning Per Share* - Rs.	8.5	4.3	3.6	2	1.6
Turnover Per Share* - Rs.	161.4	137.4	107.3	66.9	55.5
Book Value Per Share* - Rs.	28.7	24.3	20.5	17.1	15.2
EBITDA/Gross Turnover (%)	12.2	12.8	11.7	11.2	11.1
Net Profit Margin (%)	4.53	3.21	3.55	3.02	2.81
RONW (%)	22.6	15.9	15.9	8.6	6.7
ROCE (%)	16.5	12.4	11.7	10.3	14.0

* without taking into account the outstanding Equity Share Warrants

STRENGTHENING FINANCIALS



DIRECTORS' REPORT

TO THE MEMBERS OF GANESH POLYTEX LTD.

Your Directors have pleasure in presenting the Twenty First Annual Report together with the Audited Statements of Accounts of the Company for the financial year ended 31st March, 2010.

FINANCIAL RESULTS

The summarized financial results of the Company for the year ended 31st March, 2010 as compared to the preceding year are as under:

(Rs. in lacs)

	Current Year (2009-10)	Previous Year (2008-09)
Total Income	19922.37	13566.50
Profit before Interest and Depreciation	2430.07	1730.61
Less: Interest and Finance expenses	785.37	639.51
Less: Depreciation	691.83	565.54
Profit before Exceptional Item	952.87	525.56
Less: Exceptional Item	-	20.99
Profit before Tax	952.87	504.57
Provision for Tax - Current Tax	(161.94)	(56.13)
- Fringe Benefit Tax	-	(9.18)
- Deferred Tax (Net)	(17.93)	(60.45)
- MAT credit available for set off	127.30	55.67
Profit after Tax	900.30	434.48
Surplus brought forward from Previous year	1125.48	747.98
MAT Credit recognized for previous years	0.45	-
Taxation for earlier years (Net)	(11.66)	(4.34)
Balance available for appropriation	2014.57	1178.12
Appropriations:		
Interim Dividend		
- Preference Shares	(45.00)	(45.00)
- Equity Shares	(49.28)	-
Tax on Interim Dividends	(16.02)	(7.64)
Proposed Dividend		
- Preference Shares	(11.25)	-
- Equity Shares	(66.85)	-
Tax on Proposed Dividends	(13.27)	-
Surplus carried to Balance Sheet	1812.90	1125.48

OPERATIONS

During the year under review, the Company recorded a substantial increase of 46.92% in its Total Turnover which rose to Rs. 19888.34 lacs from Rs. 13537.11 lacs in 2008-09. The Profit before Interest and Depreciation recorded for the year was Rs. 2430.07 Lacs as against Rs. 1730.61 Lacs in the preceding year, recording an increase of 40.42%. The Profit after Tax was placed at Rs. 900.30 lacs as against Rs. 434.48 lacs in the preceding year, recording an increase of 107.21%.

During the year under review, the Company successfully commissioned 3rd production line of Regenerated Polyester Staple Fibre (RPSF) of 18000 TPA at its Rudrapur unit, thus, resulting into an increase in the consolidated production capacity of RPSF from 39600 TPA to 57600 TPA. With the increased production capacity, the Company has become a largest player in the RPSF Industry across the Country.

To achieve forward integration, the Company diversified itself into the business of manufacturing cushions, pillows and other stuffed products at its Rudrapur Unit, with a total production capacity of 45,00,000 pieces per annum.

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

During the year under review, the Company has paid an Interim Dividend of Rs. 0.50 per share (i.e. @ 5%) on Equity Shares of the Company. Based on the Company's outstanding performance, your Directors are pleased to recommend for approval of the members, a final dividend of Rs. 0.50 per share (i.e. @ 5%) on Equity Shares of the Company for the financial year 2009-10.

Further, during the year, the Company has also paid an Interim Dividend of Rs. 10/- per share (i.e. @ 10%) on 4,50,000, 10% Cumulative Redeemable Preference Shares (Series I & II) of the Company of Rs. 100 each, including Rs. 2.50 per share with respect to the arrears of dividend for the financial year 2008-09. Your Directors are pleased to recommend for approval of the members, a dividend of Rs. 2.50 per share on said Preference Shares for the financial year 2009-10, being accumulated dividend for a period of 3 months i.e. 01.01.2010 to 31.03.2010.

In future, the shareholders may expect dividend payouts on constant basis depending upon the long term performance of the Company and also keeping in view the requirement of funds for financing Company's growth plans.

FINANCE

During the year under review, the Company has been sanctioned a Term loan of Rs. 7.50 Crores and Rs. 6.90 Crores by State Bank of India and Allahabad Bank, respectively, in order to part finance the capital expenditure for the installation of the 3rd Production Line of Regenerated Polyester Staple Fibre at the Company's unit situated at Rudrapur, Uttarakhand.

During the current year, the Company has been sanctioned Cash Credit Limit of Rs. 2.40 crores from Allahabad Bank, in order to meet an increased requirement of working capital for the smooth running of operations at its newly installed Production line at Rudrapur.

During the year under review, the Company has allotted 35,15,000 Convertible Warrants to the 'Promoters & Others' on preferential basis, out of which 24,65,000 Warrants were converted into equal number of Equity Shares on 25.03.2010 and 10,50,000 warrants were converted into equal number of Equity Shares on 01.04.2010. The aggregate amount of Rs. 656.65 Lacs, raised through the said issue, has been utilized for the expansion project at Rudrapur (Uttarakhand) unit and general corporate purposes. With the said allotment the total paid up Equity Share Capital of the Company, presently stands increased from Rs. 985.50 Lacs to Rs. 1337.00 Lacs.

During the current financial year 2010-11, the Company has also made an allotment of 30,00,000 warrants convertible into equal number of Equity Shares to Promoters & Others, which is outstanding for conversion into Equity Shares till date.

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

The Board of Directors has re-appointed Shri Shyam S. Sharma as Managing Director of the Company for a further period of five years with effect from 18th September, 2010 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 Rajesh Sharma and Shri S.K. Kabra, Directors of the Company retire from the Board by rotation and being eligible they have offered themselves for re-appointment.

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 31st March, 2010, 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.

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 regularize the same.

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.

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 : 31st July, 2010

(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 31ST MARCH, 2010.

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:

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

(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 protection 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 (2009-10)	Previous year (2008-09)
1. Electricity		
(a) Purchased		
Unit (KWH in lakhs)	207.70	207.61
Total amount (Rs. In lakhs)	867.81	854.64
Rate/ KWH (in Rs.)	4.18	4.12
(b) Own Generation (Through Diesel Generators)		
Unit (KWH in lakhs)	35.90	20.83
Unit per Litre of Diesel Oil	3.41	3.54
Cost/ unit (in Rs.)	9.39	9.03
2. Coal		
Quantity (in tonnes)	328.28	2722.59
Total Cost (Rs. in lakhs)	11.90	84.35
Average rate (Cost per ton)(in Rs.)	3624.23	3098.15
3. Others (Rice Husk)		
Quantity (in tonnes)	16041.36	13578.86
Total Cost (Rs. in lakhs)	401.02	356.35
Average rate (Cost per ton)(in Rs.)	2499.92	2624.30
B. Consumption per unit of production		
Production of Polyester products (Kgs. in lakhs)	303.03	285.58
Electricity (in KWH)	0.80	0.80
Coal (in Kgs.)	0.01	0.09
Rice Husk (in Kgs.)	0.53	0.48

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. Company is constantly making efforts to increase its exports.

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

(Rs in Lacs)

	Current year (2009-10)	Previous year (2008- 09)
A) Foreign Exchange earnings (F.O.B. Value)	3080.69	3313.28
B) Foreign Exchange outgo:		
1. Import of - Raw Materials	252.66	684.62
(C.I.F. Value) - Capital Goods	920.84	536.87
- Stores & Spares	62.67	56.58
2. Expenditure on - Travelling	10.35	6.14
- Others	6.58	5.52

For and on behalf of the Board

Place : Kanpur
Date : 31st July, 2010

(Shyam S. Sharma)
Chairman and Managing Director

MANAGEMENT DISCUSSION & ANALYSIS



OVERALL REVIEW:

The fiscal year 2009-10 was a difficult phase for both, the developed and developing economies, worldwide. The economies were trying to recover from the economic recession which had first hit the industrialized nations of the world in 2007 and which further led to a significant slowdown in growth rate during 2008-09. At the global level, economic growth took root and extended to the advanced economies in the second half of 2009. The pace and shape of recovery remained uneven, thus, making the business environment fragile. However, in spite of the Global business environment remaining un-conducive, our Indian Economy continued to be the second fastest growing economy in the world.

Even during a phase characterized by significantly high capital costs, global shortage of financial capital and a resource constraint for large scale projects, GPL was able to successfully commission a new PET Bottles recycling line of 18000 TPA at its unit situated at Rudrapur (Uttarakhand), thus, becoming the largest player in the PET bottles Waste Recycling Industry across the country with a consolidated capacity of 57600 TPA. The commissioning of the new line has created a milestone in the corporate history of GPL. The Company's other achievements during the year include designation as STAR EXPORT HOUSE by the Ministry of Commerce & Industry. In addition to this, there was a general improvement in plant efficiency, particularly in the areas of raw material usage and energy conservation.

GPL has been constantly evolving and bringing on table new set of products from the recycling of waste PET bottles for better margins. The economies of scale derived from capacity expansion, would certainly contribute to the optimization of costs. During the year, GPL also undertook diversification into manufacturing of cushions and pillows stuffed with RPSF (Recycled Polyester Staple Fibre). Thus, at GPL it's been our continuous endeavor to contribute to the global sustainable development with an objective of moving towards a cleaner and greener environment.

PLASTIC – INDUSTRY STRUCTURE AND DEVELOPMENT:

Plastics have become synonymous with modern life, but are difficult to dispose of and have become a significant source of environmental pollution. Plastic consumption in India has been on the rise for the last few decades and has especially penetrated every sphere of urban life. Presently, the Plastics Industry is worth Rs. 25000 crores, according to news reports. It may be true that the magnitude of plastic usage in India is still a tenth of that in the U.S., but it is critical for Indians to rethink alternatives at this juncture and avoid public health and environmental catastrophes.

Improperly disposed plastic materials are a significant source of environmental pollution, potentially harming life. The plastic sheets bags or bottles do not allow water and air to seep into the earth, thereby reducing the fertility of the soil, depleting underground water and harming animal life. One of the biggest challenges with plastic waste is that it is extremely hard to dispose of and persists in the environment for hundreds of years. Disposal by burning, which according to the claims of plastic manufacturers only releases carbon dioxide and water, actually throws up some of the most poisonous chemicals known to us, like polyvinyl chlorides, polyurethane, polystyrene and acrylonitriles. Also, carbon dioxide and methane produced during plastic burning are greenhouse gases.

With a population of over 1 billion people and a fast growing urban society fashioning its lifestyles after the west, large plastic consumption is perhaps unavoidable. Disposal of plastic waste in a country where municipal waste management systems are already weak becomes a problem of severe proportion and the clear solution to the menacing problem of excessive plastic waste is RECYCLING.

RECYCLED PET BOTTLES – A JOURNEY FROM OUTERWEAR TO INNERWEAR

At GPL, we were quick to realize the fact that Recycling is the only solution to the grave problem of exponentially increasing plastic waste and started the journey of converting waste PET bottles into RPSF.

Our views are being endorsed world over considering the fact that the jerseys worn by the players of the nine teams of the World Cup were made out of Recycled Plastic. The use of recycled Plastic bottles in the Clothing Industry is being supported worldwide as a variable sustainable initiative to protect the environment.

Even if most of the fashion manufacturers aren't socially and environmentally motivated to reduce their own impact on the environment, consumer sentiment may sway them in the right direction. According to Marks and Spencer, 85% of its surveyed customers claimed that the Company's initiative towards PET bottles recycled products have made them happier to shop at the store.

As is the case today, the marketplace is fostering more incentives for consumers to recycle PET. The European Union has been very aggressive in PET bottles recycling legislation. In 2001, all EU countries were required to meet a 15% plastic packaging recycling target, and by 2011, the experts say it will increase to 25%.

Asia isn't too far behind with PET bottles Recycling Industry fast catching up in China followed by Taiwan, Thailand and Indonesia. During 2006, China bought 3.9 million tonnes of PET waste from across the globe to have cheaper manufacturing of synthetic fibre. The Taiwan Textile Research Institute (TTTRI) estimates that about 100,000 tonnes of PET bottles are collected for recycling in Taiwan each year to be processed into yarn for weaving into fabrics.

As things are moving it would not take too long for fabrics made out of PET bottles to get popular with consumers in India, especially for industrial garment and sportswear. The demand is percolating from the buyer's end and we at GPL are at the forefront of capitalizing on the same with the largest PET bottles recycling capacity in India at 57,600 TPA.

In a developing economy, with huge domestic market, the outlook for development of all the Industries is good. The projected and the sustained growth rate of the Indian Economy augers well for the Polyester Industry. Polyester is one of the cheapest fibres and so it is considered as the fibre for the masses. The growth of polyester for the last few years is highest as compared to other man made and synthetic fibres because of its wash & wear characteristics and easy maintenance facilities. The per capita consumption of polyester in India is only 1.6 kg. as compared to 6 kg. in China and 3 kg. for the

world. Polyester for non-clothing end use is also holding a major promise in the Country. World over technical textiles consume nearly 30% of the overall production of polyester, while in India it is less than 5%. The market size of technical/non-woven textile in India grew from Rs. 31,000 crore during 2003-04 to Rs. 44,000 crore during 2007-08. Further, as per an internal document prepared by the textile ministry, it is estimated that the technical textile market would grow to Rs.78,060 Cr. by 2014-15 with an annual growth rate of 14%. Also, growth in the market size of yarn spinning & stuffed products is expected to be in double digits. With the sustainable growth of user Industry, there is huge market for Recycled PSF, consumption of which is set to grow at double digit growth due to cost effectiveness.

OPPORTUNITIES AND THREATS:

As far as micro-environment is concerned, the required raw material i.e. PET bottles are available for recycling in abundance. As per the estimates, India produces 5,00,000 tonnes of PET waste every year and due to the increasing use of PET bottles in daily consumption, the amount of waste is expected to grow by leaps and bounds. Further, about 65 per cent of PET bottles consumption is available for recycling. Thus, the indigenous availability of raw material is around 3,00,000 tonnes per annum, which is much more than the aggregate installed capacity of PET recycling across the country.

However, the Industry was challenged by the raising of excise duty on Polyester from 4% to 8% in July, 2009 and which has been further increased by 2% in the Union Budget 2010-11, thus bringing it at a uniform rate of 10%. This poses a challenge as the duty hike would lead to the increase in prices and further aggravate the problems of the Industry. It will have a negative effect on the demand and also prove to be a heavy burden on the profit margins.

The important issue of power cost and Working Capital cost also pose a high threat. The capacity expansion undertaken during the year has simultaneously led to a significant increase in the working capital requirement which is planned to be met through a judicious mix of debt and equity financing.

Despite, the above threats accompanied by higher interest outgo and higher depreciation charge, the Company has been successfully able to register a phenomenal growth in its profitability over the previous year, with profits being up by 107%.

SEGMENT-WISE PERFORMANCE:

The Company is primarily engaged in the business of Recycling waste PET bottles into Fibre and processing of Synthetic Yarn, 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 / modernization 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 2010-11. Hence, our outlook for the next financial year is optimistic.

INTERNAL CONTROL AND RISK MANAGEMENT:

Ganesh Polytex Ltd. has a sound system of internal control over financial reporting of all transactions along with demonstrated efficiencies in operations and compliance of relevant laws and statutory regulations. To ensure that all checks and balances are firmly in place and all internal control systems are in order, regular and exhaustive internal audits are conducted by a professional firm of Internal Auditors. The Audit Committee of Directors, from time to time reviews the adequacy and efficacy of the internal control systems and procedures.

The strategies adopted to achieve growth may make us susceptible to risks, but we are confident that our institutionalized risk management approach and robust reporting systems would enable identification of critical risks beyond certain tolerance levels. Defined policies and procedures are in place, which identify and addresses various risks on a proactive and structured manner.

Market Competition

Since 2005, the Company embarked on an aggressive capacity building strategy in Waste processing that stands at 57600 tonnes per annum. Enhanced capacities coupled with benefits of the synergies have borne fruit and Ganesh Polytex Ltd. today ranks the top pet bottle recycling Company in the country. To maintain its leadership position, Company focuses on utmost customer satisfaction and long term relationship with them through newer and wide choices of products at most competitive prices and prompt services. It is adding new customers from new geographies to broaden its market base. Company's size helps it in optimizing the cost to remain competitive.

Industry Demand

The Indian Economy is expected to grow by a healthy rate of about 8% over foreseeable future, which will accelerate user Industry growth at over 10%. Company's products are user friendly and cost effective substitute of other natural and man-made fibres and the increasing public awareness for keeping the planet green is tilting the balance towards the recycled products. Company has a nation-wide customer base. Exports, spreading over 20 countries, constitute 16% of the revenue. So the Company's revenue is well diversified.

Sourcing

Raw Material, i.e. post consumer pet bottle waste, is available in abundance but its collection and processing for uniform characteristics poses a risk. Wage cost forms the major share in the collection cost, which is on increasing trend due to inflationary pressures. Ganesh Polytex Ltd. is having its own collection centres at major cities of the Country, where used bottles are sourced from rag pickers and flattened after sorting to make it transport-worthy at lowest possible cost. Our collection model allows us consistent availability of raw material at most reasonable cost. Company has employed state-of-the-art raw material processing facilities in order to maintain uniformity in the feed stock during production process. We are striving for enriched product basket in order to combat the rising input cost.

Financial

Company has successfully commissioned its expansion plans in the recent past through raising the required finance. Company's debt equity ratio is 0.90 which is at moderate level. Company's operations are continue to generate cash flows and have ample headroom in meeting committed loan liabilities and increased working capital requirement. Company's market capitalization strengthened from Rs. 6.06 Cr. as on 31.03.2009 to Rs. 69.19 Cr. (post warrant conversion) presently, widening its equity-centric resource mobilization capacity for future expansions.



Ganesh Polytex Ltd. operates in several currency areas. The currencies used in its sales and procurement activities are the Indian Rupee, US Dollar, Euro, and Sterling. Company has foreign exchange hedging policies in place to protect its margins against the adverse effect of rapid and significant foreign exchange movements.

Technology Obsolescence

Company has inducted latest technology and keeps it abreast with technological developments through relevant research and development activities and also hiring and nurturing technical personnel for product development, both in the present as well as in future.

Apart from managing the above risks through proper planning and well framed strategies, Company has taken comprehensive insurance covers for properties, plant and equipment and other assets of the Company to protect from natural calamities and mishappenings, accidents, break-downs etc. the adequacy of cover is monitored consistently.

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

At GPL, we believe that as we move towards achieving our growth targets, our Corporate Governance processes must adhere to the globally benchmarked standards. 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 the governance process should ensure that the resources employed must be utilized optimally so as to meet the stakeholders' aspirations and expectations. This is demonstrated in improving shareholder returns and performance focused work environment. Our customers have benefited from the high quality products made available to them at reasonable prices. Our employee satisfaction is reflected in the stability of our senior management and substantially high productivity. The Company is committed to contribute to the "Triple Bottom Line" i.e. ensuring the conduct of business around social, environmental and economic concerns and this is apparently reflected in the Company's area of business. GPL's governance philosophy revolves around trusteeship, transparency, control, accountability & ethical business conduct. The practice of each of these enables the management to direct and control the affairs of the company in an efficient manner and in creating the right corporate culture towards emerging as a socially responsible Corporate citizen.

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 as on 31st March, 2010 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.)		
				Directorship	Committee (only Audit committee & Shareholders' Grievance committee)	
					Member	Chairman
Mr. Shyam S. Sharma	Promoter Executive Director	9	Yes	1	1	Nil
Mr. V.D. Khandelwal	Promoter Executive Director	9	Yes	1	2	Nil
Mr. Sharad Sharma	Promoter Executive Director	9	Yes	1	1	Nil
Mr. Rajesh Sharma	Promoter Executive Director	3	No	1	Nil	Nil
Mr. S. K. Kabra	Non- Executive/ Independent Director	2	No	2	1	Nil
Mr. Anoop Gupta	Non- Executive/ Independent Director	1	Yes	4	Nil	1
Mr. Pradeep Kumar Goenka	Non- Executive/ Independent Director	9	Yes	6	3	3
Mr. V.N. Chandak	Non-Executive/ Independent Director	2	No	2	1	Nil

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:

Nine Board Meetings were held during the year as against the minimum requirement of 4 Board Meetings. The details of the Board Meetings are as under:

S. No.	Date of Meeting	Board strength	No. of Directors Present
1	25.06.2009	8	5
2	31.07.2009	8	6
3	18.08.2009	8	4
4	31.10.2009	8	5
5	19.11.2009	8	4
6	27.11.2009	8	4
7	28.01.2010	8	6
8	17.02.2010	8	5
9	25.03.2010	8	5

3. AUDIT COMMITTEE

Composition:

The Company has an Audit Committee comprising of five Directors namely, Mr. Anoop Gupta (Chairman), Mr. S.K. Kabra, Mr. V.D. Khandelwal, Mr. Pradeep Kumar Goenka and Mr. Vishwa Nath Chandak.

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 in Textile Industry.

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

Terms of Reference :

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:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' report in terms of sub section (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by the management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.).
7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function.
9. Discussion with internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. Approval of appointment of CFO after assessing the qualifications, experience & background, etc. of the candidate.
14. Reviewing and recommending to the Board, the appointment, reappointment and the remuneration and, if required, the replacement or removal of Cost Auditors.
15. Reviewing the reports of the Company's Cost Auditors and Statutory Auditors.
16. To Review the following information:
 - 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,
 - Internal Audit Reports relating to internal control weaknesses and
 - Appointment, removal and terms of remuneration of internal auditor.
17. Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors of the Company.

Meetings:

During the financial year ended 31st March, 2010, five Audit Committee Meetings were held on 20.05.2009, 25.06.2009, 31.07.2009, 31.10.2009 and 28.01.2010. 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	Category	Meetings Held	Meetings Attended
1.	Mr. Anoop Gupta, Chairman	Non-Executive/ Independent Director	5	1
2.	Mr. S.K. Kabra	Non-Executive/ Independent Director	5	2
3.	Mr. V.D. Khandelwal	Promoter Executive Director	5	4
4.	Mr. Pradeep Kumar Goenka	Non-Executive/ Independent Director	5	5
5.	Mr. V.N. Chandak	Non-Executive/ Independent Director	5	2

Mr. Anoop Gupta, Chairman of the Audit Committee was present at the last Annual General Meeting held on 24th September, 2009.

4. REMUNERATION COMMITTEE

Composition:

The Remuneration Committee of the Board consists of three Directors namely, Mr. S.K. Kabra (Chairman), Mr. Anoop Gupta and Mr. Pradeep Kumar Goenka.

Terms of Reference:

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.

Meetings:

During the year ended 31st March, 2010, no meeting of the Remuneration Committee was held.

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 2009-10:

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. 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. 6,00,000/-	5 years (from 18 th September, 2005)
Mr. V. D. Khandelwal	Executive Vice Chairman	Rs. 12,00,000/-	–	N.A.	–	5 years (from 19 th June, 2008)
Mr. Sharad Sharma	Joint Managing Director	Rs. 12,00,000/-	–	N.A.	–	5 years (from 1 st February, 2009)
Mr. Rajesh Sharma	Executive Director	Rs. 16,20,000/-	–	N.A.	–	5 years (from 19 th June, 2008)

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 18th 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 2009-10 amongst the Non-Executive Directors.

The details of sitting fee and commission to such directors for the year 2009-10 are as follows:

Name of Director	Sitting Fees	Commission
Mr. S. K. Kabra	Rs. 20,000/-	Rs. 2,55,735.00
Mr. Anoop Gupta	Rs. 10,000/-	Rs. 2,55,735.00
Mr. Pradeep Kumar Goenka	Rs. 70,000/-	Rs. 2,55,735.00
Mr. Vishwa Nath Chandak	Rs. 20,000/-	Rs. 2,55,735.00

The Shareholding of Non- Executive Directors in the Company as on 31.03.2010 is Nil.

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Composition:

The Shareholders' / Investors' Grievance Committee of the Board comprises of four Directors namely, Mr. Pradeep Kumar Goenka (Chairman), Mr. Shyam S. Sharma, Mr. V.D. Khandelwal and Mr. Sharad Sharma.

Terms of Reference:

The Shareholders'/ Investors' Grievance 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.

Meetings:

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.

Details of the attendance at the Meetings are as follows:

S. No.	Name of Director	Category	Meetings Held	Meetings Attended
1	Mr. Pradeep Kumar Goenka, Chairman	Non- Executive / Independent Director	36	36
2	Mr. Shyam S. Sharma	Promoter Executive Director	36	17
3	Mr. V.D. Khandelwal	Promoter Executive Director	36	24
4	Mr. Sharad Sharma	Promoter Executive Director	36	28

Investor Grievance Redressal:

Number of complaints received and resolved to the satisfaction of investors during the financial year ended 31st March, 2010, are as under:

Opening Balance	Received during the year	Resolved During the year	Closing Balance
0	5	5	0

As on 31st March, 2010, no request for transfer / transmission was pending for approval.

Compliance Officer:

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

6. SECURITIES ALLOTMENT AND CERTIFICATE ISSUANCE COMMITTEE

Composition:

The Securities Allotment and Certificate Issuance Committee of the Board consists of three Directors namely, Mr. Pradeep Kumar Goenka (Chairman), Mr. S.K. Kabra and Mr. Shyam S. Sharma.

Terms of Reference:

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.

Meetings:

During the financial year ended 31st March, 2010 three Securities Allotment and Certificate Issuance Committee meetings were held on 25.09.2009, 26.12.2009 and 20.03.2010.

7. GENERAL BODY MEETINGS

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

Annual General Meetings:

Year	Date of Meeting	Time	Place
2009	24 th September, 2009	12:15 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.
2008	4 th September, 2008	12:30 P.M.	
2007	24 th September, 2007	4:15 P.M.	

Extraordinary General Meetings:

Year	Date of Meeting	Time	Place
2010	22nd April, 2010	12:15 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.
2009	26th December, 2009	2:00 P.M.	
2007	24th March, 2007	12:30 P.M.	

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

Annual General Meetings:

Year	Date of Meeting	Particulars of Special Resolutions passed at the Meeting
2009	24th September, 2009	1) Consent for the issue of 5,15,000 convertible warrants on Preferential basis u/s 81(1A) of the Companies Act, 1956.
2008	4th September, 2008	1) Approval for commencement of allied business activities.
2007	24th 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.

Extraordinary General Meetings:

Year	Date of Meeting	Particulars of Special Resolutions passed at the Meeting
2010	22nd April, 2010	1) Consent for the issue of 30,00,000 convertible warrants on Preferential basis u/s 81(1A) of the Companies Act, 1956. 2) Consent to create, offer, issue, and allot by way of Public Issue, Rights Issue, Private Placement including Qualified Institutions Placement (QIP) or Preferential issue, Securities including Equity Shares and/ or instruments or Securities convertible into Equity Shares of the Company such as Global Depository Receipts (GDRs) and/ or American Depository Receipts (ADRs) and/ or Foreign Currency Convertible Bonds (FCCBs) and/ or convertible Preference Shares and/ or convertible Debentures or Bonds and/ or Non-convertible Debentures with warrants and/ or Securities with or without detachable/ non-detachable warrants.
2009	26th December, 2009	1) Consent for the issue of 30,00,000 convertible warrants on Preferential basis u/s 81(1A) of the Companies Act, 1956. 2) Consent to create, offer, issue, and allot by way of Public Issue, Rights Issue, Private Placement including Qualified Institutions Placement (QIP) or Preferential issue, Equity Shares and/ or Securities convertible into Equity Shares with or without detachable Share warrants.
2007	24th 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.

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 / Business Standard' (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.

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

10. GENERAL SHAREHOLDERS' INFORMATION

A. Annual General Meeting:

Date : 18th September, 2010
Time : 12:30 P.M.
Venue : Raipur (Rania), Kalpi Road,
Distt. Kanpur Dehat

B. Financial Year / Calendar:

- Results for First Quarter ending 30th June, 2010. On or before 14th August, 2010
- Results for Second Quarter ending 30th September, 2010. On or before 14th November, 2010
- Results for Third Quarter ending 31st December, 2010. On or before 14th February, 2011
- Results for Financial Year ending 31st March, 2011. On or before 30th May, 2011

C. Date of Book Closure:

From Tuesday, 14th September, 2010 to Saturday, 18th September, 2010 (both days inclusive).

D. Dividend Payment Date:

On and after 24th September, 2010

E. 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.

F. Stock Codes –Equity Shares:

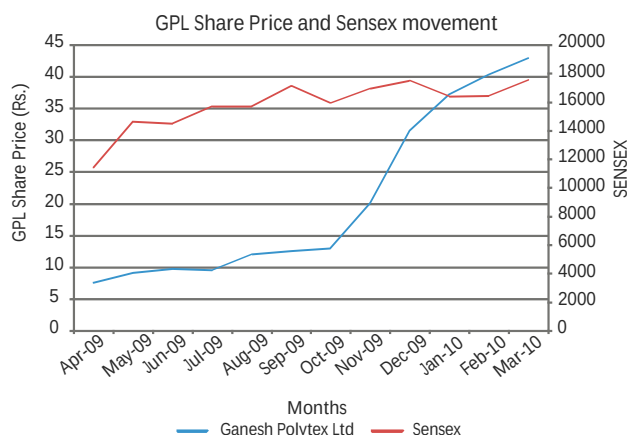
	(Physical Form)	(Demat Form)
Bombay Stock Exchange Ltd., Mumbai	14167	514167
The U.P. Stock Exchange Association Ltd., Kanpur	GANE	GANE

G. Stock Market Price Data for the year 2009-10:

Month	BSE PRICES		No. of Shares Traded	BSE SENSEX	
	High (Rs.)	Low (Rs.)		High	Low
April, 2009	8.03	6.20	75,147	11403.25	9901.99
May, 2009	9.48	7.20	1,36,588	14625.25	11682.99
June, 2009	10.20	8.10	81,376	15466.81	14265.53
July, 2009	10.85	7.60	1,09,770	15670.31	13400.32
August, 2009	12.80	9.31	2,02,821	15924.23	14784.92
September, 2009	13.75	10.10	1,57,946	17126.84	15398.33
October, 2009	15.40	9.95	1,47,147	17326.01	15896.28
November, 2009	20.20	11.15	7,14,197	17198.95	15404.94
December, 2009	31.90	19.75	15,91,636	17464.81	16601.20
January, 2010	43.75	31.50	32,28,335	17701.13	16289.82
February, 2010	44.50	37.15	17,63,915	16496.05	15790.93
March, 2010	45.35	36.00	13,81,148	17711.35	16772.56

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

Performance of the Share Price of the Company in comparison to the BSE Sensex:



H. Registrar and Transfer Agents:

Skyline Financial Services Pvt. Ltd.
D-153/A, First Floor,
Okhla Industrial Area, Phase-I,
New Delhi-110020
Tel: 011-26812682-84
Fax: 011-26812681
E-mail: admin@skylinerta.com

I. 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.

J. Distribution of Share Holding as on 31st March, 2010:

No. of Shares			Shareholders		Shareholding	
			Number	% of total	Number	% of total
Upto	500		12243	93.30	1911092	15.51
501	-	1000	490	3.73	420317	3.41
1001	-	2000	183	1.40	293798	2.38
2001	-	3000	42	0.32	110204	0.90
3001	-	4000	23	0.18	85374	0.69
4001	-	5000	38	0.29	186400	1.51
5001	-	10000	32	0.25	242087	1.97
10001	&	above	70	0.53	9070728	73.63
Total			13121	100.00	12320000	100.00

Shareholding Pattern as on 31st March, 2010:

S. No.	Category of Shareholder	Number of Shareholders	Total Number of Shares	As a Percentage of (A+B)
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian	12	5857696	47.55
(2)	Foreign	0	0	0
	Total Shareholding of Promoter and Promoter Group	12	5857696	47.55
(B)	Public Shareholding			
(1)	Institutions	8	6100	0.05
(2)	Non-Institutions	13101	6456204	52.40
	Total Public Shareholding	13109	6462304	52.45
	Total (A+B)	13121	12320000	100.00

K. Dematerialization of shares and liquidity:

ISIN Code- Equity Shares: INE 845 D01014

As on 31st March, 2010, 67.56% 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. 1st January, 2002 as per the notification issued by Securities and Exchange Board of India (SEBI).

L. Outstanding GDRs/ ADRs/ Warrants or any convertible instruments:

GDRs/ ADRs: There were no outstanding GDRs/ ADRs, as on 31st March, 2010.

Warrants or any convertible instruments:

During the year under review, the Company has allotted 35,15,000 Convertible Warrants to the 'Promoters & Others' on preferential basis, out of which 5,15,000 Warrants were converted into equal number of Equity Shares of Rs. 10 each at a price of Rs. 11/- per share and 19,50,000 warrants were converted into equal number of Equity Shares of Rs. 10 each at a price of Rs. 20/- per share on 25.03.2010. As on 31st March, 2010, there were 10,50,000 outstanding warrants to be converted into Equity Shares.

With both the aforesaid allotments of Equity Shares, the total Paid-up Equity Share Capital of the Company has been enhanced from Rs. 9,85,50,000/- to Rs. 12,32,00,000/- divided into 1,23,20,000 Equity Shares of Rs. 10/- each.

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
D-153/A, First Floor,
Okhla Industrial Area, Phase-I,
New Delhi-110020
Tel: 011- 26812682-84
Fax: 011- 26812681
E-mail: 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: shrdept@gmail.com

O 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.

P. 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*.

Q. 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 2009-10.

Place : Kanpur
Date : 31st July, 2010

(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 31st March, 2010, 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.

FOR MEHROTRA RAKESH KUMAR & CO.
Chartered Accountants
Registration No. 002978C
DEEPAK SETH
Partner
Membership No. 073081

Place : Kanpur
Date : 31st July, 2010

A vibrant, multi-colored kite with a long, flowing tail is flying in a clear, bright blue sky. Below the sky is a lush green field. The overall scene is bright and cheerful, symbolizing nature and the future.

“WE ARE HELPING NATURE
PRESERVE ITS
BEAUTY AND
WILL CONTINUE
TO DO THE SAME
IN FUTURE”



FINANCIALS

AUDITORS' REPORT

TO,
THE MEMBERS OF
GANESH POLYTEX LTD.

We have audited the attached Balance Sheet of GANESH POLYTEX LIMITED as at 31st March, 2010 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 disclosures 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.

01 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.

02 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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 and 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, 2010;
 - (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
Registration No. 002978C

Place : Kanpur
Date : 28th May, 2010

DEEPAK SETH
Partner
Membership No. 073081

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 31ST MARCH, 2010.

- (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. 385.11 lakhs were taken as loan and the maximum amount involved during the year was Rs. 420.12 lakhs and the balance outstanding as on 31st March, 2010 is Rs. 211.27 Lakhs.
(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 including interest 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. We have not observed any major weakness in the internal control system during the course of the audit.
- (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 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, 2010 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 2010 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	10.29	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, 2010 and it has not incurred any cash losses during the financial year ended on 31st March, 2010 and in the immediately preceding financial year ended on 31st March, 2009.
- (11) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial 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 investment.
- (18) During the year, the Company has made preferential allotment of equity shares to the three directors and four other parties covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, prices at which, equity shares have been issued, are not prejudicial to the interest of the Company.
- (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 fraud on or by the Company has been noticed or reported during the course of our audit.

FOR MEHROTRA RAKESH KUMAR & CO.
Chartered Accountants
Registration No. 002978C

Place : Kanpur
Date : 28th May, 2010

DEEPAK SETH
Partner
Membership No. 073081

BALANCE SHEET AS AT 31ST MARCH, 2010

Particulars	Schedules	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a. Share Capital	1	168,200,000	143,550,000
b. Equity Share Warrants		21,000,000	-
c. Reserves & Surplus	2	230,006,791	141,249,034
		419,206,791	284,799,034
2. Loan Funds			
a. Secured Loans	3	539,975,636	547,070,539
b. Unsecured Loans	4	48,533,453	66,456,885
		588,509,089	613,527,424
3. Deferred Tax Liability (Net)		43,234,084	41,441,161
TOTAL		1,050,949,964	939,767,619
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a. Gross Block	5	885,064,441	852,903,542
b. Less : Depreciation / Amortisation		307,119,170	238,658,533
c. Net Block		577,945,271	614,245,009
d. Capital Work in Progress including Capital Advances		140,297,729	5,415,692
		718,243,000	619,660,701
2. Current Assets, Loans & Advances			
a. Inventories	6	243,987,083	297,963,265
b. Sundry Debtors	7	125,521,156	92,300,430
c. Cash & Bank Balances	8	43,360,726	11,003,345
d. Other Current Assets	9	1,279,348	1,065,545
e. Loans & Advances	10	57,207,272	37,887,159
		471,355,585	440,219,744
Less: Current Liabilities & Provisions:			
- Current Liabilities	11	119,209,715	111,138,394
- Provisions	12	19,438,906	8,974,432
		138,648,621	120,112,826
Net Current Assets		332,706,964	320,106,918
TOTAL		1,050,949,964	939,767,619
NOTES TO ACCOUNTS	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 : 28th May, 2010

For and on behalf of the Board

GOPAL AGARWAL
Chief Finance Officer

BHARAT KUMAR SAJNANI
Company Secretary

SHYAM S. SHARMA
Chairman and Managing Director

SHARAD SHARMA
Joint Managing Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars	Schedules		Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
INCOME				
Turnover			1,988,834,282	1,353,710,811
Other Income	13		3,402,403	2,938,879
Increase/ (Decrease) in Stocks	14		(95,574,000)	67,101,888
			1,896,662,685	1,423,751,578
EXPENDITURE				
Raw Material Consumed			1,131,539,368	894,203,502
Payments to & Provisions for Employees	15		75,510,405	57,824,287
Manufacturing, Administrative and Selling Expenses	16		446,606,166	298,662,968
Interest & Finance Expenses	17		78,536,539	63,950,867
			1,732,192,478	1,314,641,624
Profit before Depreciation			164,470,207	109,109,954
Depreciation / Amortisation			69,182,794	56,554,342
Profit before Exceptional Item			95,287,413	52,555,612
Exceptional Item (Refer Note 15)			-	2,099,152
Profit before Taxation			95,287,413	50,456,460
Provision For Taxation				
- Current Tax			(16,194,097)	(5,612,751)
- Fringe Benefit Tax			-	(917,616)
- Deferred Tax (Net)			(1,792,923)	(6,045,434)
- MAT Credit Available for set off			12,729,568	5,567,337
Profit For the year			90,029,961	43,447,996
Balance brought forward from previous year			112,547,619	74,798,062
Mat Credit recognised For Previous Year			45,414	-
Taxation for Earlier Years (Net)			(1,165,604)	(433,664)
Profit available for Appropriation			201,457,390	117,812,394
Appropriations:				
Interim Dividend on Preference Shares		(4,500,000)		(4,500,000)
Interim Dividend on Equity Shares		(4,927,500)		-
Dividend Distribution Tax on Above		(1,602,204)	(11,029,704)	(764,775)
Proposed Dividend on Preference Shares		(1,125,000)		-
Proposed Dividend on Equity Shares		(6,685,000)		-
Dividend Distribution Tax on Above		(1,327,310)	(9,137,310)	-
Surplus carried to the Balance Sheet			181,290,376	112,547,619
Earning Per Share of Rs.10/- each including exceptional items				
- Basic			8.45	3.83
- Diluted			8.19	3.83
Earning Per Share of Rs.10/- each excluding exceptional items (net of Tax)				
- Basic			8.45	4.35
- Diluted			8.19	4.35
NOTES TO ACCOUNTS	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 : 28th May, 2010

For and on behalf of the Board

GOPAL AGARWAL
Chief Finance Officer

BHARAT KUMAR SAJNANI
Company Secretary

SHYAM S. SHARMA
Chairman and Managing Director

SHARAD SHARMA
Joint Managing Director

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars		Year ended 2009-10 (Rs.)		Year ended 2008-09 (Rs.)
A: CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit before tax & Exceptional Item as per Profit and Loss Account		95,287,413		52,555,612
Adjusted for :				
Net Prior Period Adjustments	33,210		(66,170)	
Provision for Doubtful Debts/ Advances	33,000		1,820,476	
Provision for Doubtful Debts Written Back	(50,000)		(720,145)	
Loss on Fixed Assets Sold/Discarded	120,685		238,788	
Depreciation/ Amortization	69,182,794		56,554,342	
Unrealised Exchange Differences	-		2,656,154	
Interest Expenses (Net)	71,334,986	140,654,675	57,211,301	117,694,746
Operating Profit before Working Capital Changes		235,942,088		170,250,358
Adjusted for :				
Trade Receivables	(33,170,726)		(20,966,598)	
Inventories	53,976,182		(67,404,798)	
Trade Payable	10,262,270		37,692,992	
Movement of Loan & Advances	(6,766,467)	24,301,259	(6,408,372)	(57,086,776)
Cash Generated from Operations		260,243,347		113,163,582
Net Prior Period Adjustment		(33,210)		66,170
Direct Taxes Paid		(17,164,567)		(7,617,045)
Net Cash From Operating Activities		243,045,570		105,612,707
Deduct: Loss Due To Fire		-		(2099152)
Net Cash From Operating Activities after exceptional Items		243,045,570		103,513,555
B: CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets		(168,847,595)		(194,293,224)
Sale of Fixed Assets		961,817		1,893,656
Net Cash Used in Investing Activities		(167,885,778)		(192,399,568)
C: CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from/(Repayment) of Long Term Borrowings (Net)		(24,167,089)		88,432,472
Proceeds from/(Repayment) of Short Term Borrowings (Net)		(1,483,552)		54,997,115
Proceeds from Issue of Equity Share Capital		24,650,000		-
Proceeds from Equity Share Warrants		21,000,000		-
Proceeds from Share Premium on issue of Equity Shares		20,015,000		-
Interest Paid (Net)		(71,787,066)		(55,916,487)
Interim Dividend Paid on Preference Shares		(4,500,000)		(4,500,000)
Interim Dividend Paid on Equity Shares		(4,927,500)		-
Tax Paid on Interim Dividend		(1,602,204)		(764,775)
Net Cash Used in Financing Activities		(42,802,411)		82,248,325
Net Increase in Cash and Cash Equivalents		32,357,381		(6,637,688)
Opening Balance of Cash and Cash Equivalents		11,003,345		17,641,033
Closing Balance of Cash and Cash Equivalents		43,360,726		11,003,345

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 : 28th May, 2010

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 31.03.2010 Rs.		AS AT 31.03.2009 Rs.
SCHEDULE 1 : SHARE CAPITAL				
Authorised				
24,000,000 (Previous Year 24,000,000) Equity Shares of Rs. 10/- each	240,000,000		240,000,000	
450,000 (Previous Year 450,000) Preference Shares of Rs.100/- each	45,000,000	285,000,000	45,000,000	285,000,000
Issued and Subscribed				
12,320,000 (Previous Year 9,855,000) Equity Shares of Rs. 10/- each	123,200,000		98,550,000	
450,000 (Previous Year 450,000) 10% Cumulative Redeemable Preference Shares of Rs.100/- each	45,000,000	168,200,000	45,000,000	143,550,000
Paid up				
12,320,000 (Previous Year 9,855,000) Equity Shares of Rs. 10/- each fully paid up		123,200,000		98,550,000
400,000 (Previous Year 400,000) 10% Cumulative Redeemable Preference Share (Series II) of Rs.100/- each fully paid up (Redeemable at Par on 31.07.2012)		40,000,000		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)		5,000,000		5,000,000
TOTAL		168,200,000		143,550,000
SCHEDULE 2 : RESERVES AND SURPLUS				
a. Capital Reserve				
1. Central & State Investment Subsidy	6,500,000		6,500,000	
2. D. G. Set Subsidy	210,000		210,000	
3. Forfeited Shares Amount	978,028	7,688,028	978,028	7,688,028
b. Share Premium Account				
Opening Balance	16,444,699		16,444,699	
Add : Received During The Year	20,015,000	36,459,699	-	16,444,699
c. General Reserve		4,568,688		4,568,688
d. Surplus as per Profit & Loss Account		181,290,376		112,547,619
TOTAL		230,006,791		141,249,034

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

		AS AT 31.03.2010 Rs.		AS AT 31.03.2009 Rs.
SCHEDULE 3 : SECURED LOANS				
a. Term Loans:				
Buyer's Credit From Banks (Foreign Currency Loans)	46,063,558		-	
Rupee Term Loans from Banks & Companies	255,928,309	301,991,867	302,039,432	302,039,432
b. Working Capital Loans from Banks:				
Foreign Currency Loans	95,472,555		-	
Rupee Loans	142,511,214	237,983,769	245,031,107	245,031,107
TOTAL		539,975,636		547,070,539

- (i) Rupee Term Loans and Buyer's Credit from Banks 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		21,311,885		29,502,208
b. Loans from Directors		12,176,069		6,474,215
c. Fixed Deposits:				
From Directors	-		5,440,000	
From Others	15,045,499	15,045,499	25,040,462	30,480,462
TOTAL		48,533,453		66,456,885

SCHEDULE 5 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2009 Rs.	Additions during the year Rs.	Deductions/ Adjustments Rs.	As at 31.03.2010 Rs.	Up to 31.03.2009 Rs.	Provided during the year Rs.	Deductions/ Adjustments Rs.	Up to 31.03.2010 Rs.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Tangible Assets (A)										
Land & Site Development	22,831,745	4,349,715	-	27,181,460	-	-	-	-	27,181,460	22,831,745
Leasehold Land	9,817,381	-	-	9,817,381	398,373	109,082	-	507,455	9,309,926	9,419,008
Building	137,617,615	11,054,301	-	148,671,916	31,701,393	8,465,089	-	40,166,482	108,505,434	105,916,222
Plant & Machinery	648,122,905	13,971,132	976,007	661,118,030	190,333,187	56,481,879	85,919	246,729,147	414,388,883	457,789,718
Electric Installation	3,651,194	-	-	3,651,194	1,198,364	730,239	-	1,928,603	1,722,591	2,452,830
Furniture & Fixtures	6,250,429	1,645,874	63,709	7,832,594	3,943,202	620,556	61,378	4,502,380	3,330,214	2,307,227
Office Equipments	10,013,467	1,390,008	-	11,403,475	3,336,171	782,606	-	4,118,777	7,284,698	6,677,296
Vehicles	12,452,525	1,448,276	764,943	13,135,858	7,013,534	1,548,530	574,860	7,987,204	5,148,654	5,438,991
Sub Total (A)	850,757,261	33,859,306	1,804,659	882,811,908	237,924,224	68,737,981	722,157	305,940,048	576,871,860	612,833,037
Intangible Assets (B)										
Technical Knowhow	1,462,548	-	-	1,462,548	632,302	292,510	-	924,812	537,736	830,246
Computer Software	683,733	106,252	-	789,985	102,007	152,303	-	254,310	535,675	581,726
Sub Total (B)	2,146,281	106,252	-	2,252,533	734,309	444,813	-	1,179,122	1,073,411	1,411,972
Total (A + B)	852,903,542	33,965,558	1,804,659	885,064,441	238,658,533	69,182,794	722,157	307,119,170	577,945,271	614,245,009
Previous Year	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

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

		AS AT 31.03.2010 Rs.		AS AT 31.03.2009 Rs.
SCHEDULE 6 : INVENTORIES				
a. Raw-Materials		116,942,427		86,147,303
b. Stores and Spares		41,959,658		32,216,369
c. Goods under process		41,924,012		45,842,228
d. Finished Goods		42,882,416		132,951,222
e. Waste and Scrap		278,570		806,143
TOTAL		<u>243,987,083</u>		<u>297,963,265</u>
SCHEDULE 7 : SUNDRY DEBTORS (UNSECURED)				
a. Over Six Months				
Considered Good		5,890,967		6,153,344
Considered Doubtful		3,474,823		3,524,823
b. Other Debts (Considered Good)		119,630,189		86,147,086
		128,995,979		95,825,253
Less : Provision for Doubtful Debts		3,474,823		3,524,823
TOTAL		<u>125,521,156</u>		<u>92,300,430</u>
SCHEDULE 8 : CASH AND BANK BALANCES				
a. Cash in hand [including Cheques/Drafts in hand of Rs.42,17,304/- (Previous year Rs.22,71,353/-)]		6,380,136		3,400,539
b. Balances With Scheduled Banks in Current Accounts		10,139,533		3,530,712
c. Fixed Deposits With Scheduled Banks (Receipts pledged with Banks)		26,841,057		4,072,094
TOTAL		<u>43,360,726</u>		<u>11,003,345</u>
SCHEDULE 9 : OTHER CURRENT ASSETS				
a. Interest Receivable		1,191,791		1,065,545
b. Unamortised premium on Forward Exchange Contracts		87,557		-
TOTAL		<u>1,279,348</u>		<u>1,065,545</u>
SCHEDULE 10 : LOANS & ADVANCES (Unsecured, Considered good unless otherwise stated)				
a. Advances Recoverable in Cash or in Kind or for Value to be received	14,292,462		8,830,239	
Less: Considered Doubtful	(587,128)	13,705,334	(554,128)	8,276,111
b. Advance Payment of Taxes		107,851		1,518,525
c. Security and other Deposits		8,141,200		6,074,200
d. Export Incentive Receivable		16,910,568		16,450,986
e. MAT Credit Entitlement		18,342,319		5,567,337
TOTAL		<u>57,207,272</u>		<u>37,887,159</u>
SCHEDULE 11 : CURRENT LIABILITIES				
a. Sundry Creditors for Goods, Expenses and Services etc.				
- Due to Micro, Small and Medium Enterprises (Refer Note No 2)	-		-	
- Others	103,104,439	103,104,439	107,605,027	107,605,027
b. Deposit from Dealers		50,000		550,000
c. Other Liabilities		3,412,117		2,983,367
d. Investor Education and Protection Fund				
- Unclaimed Dividend (not due)		548,801		-
e. Forward Contract		12,036,500		-
f. Interest accrued but not due on loans		57,858		-
TOTAL		<u>119,209,715</u>		<u>111,138,394</u>

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

		AS AT 31.03.2010 Rs.		AS AT 31.03.2009 Rs.
SCHEDULE 6 : INVENTORIES				
a. Raw-Materials		116,942,427		86,147,303
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c. Goods under process		41,924,012		45,842,228
d. Finished Goods		42,882,416		132,951,222
e. Waste and Scrap		278,570		806,143
TOTAL		243,987,083		297,963,265
SCHEDULE 7 : SUNDRY DEBTORS (UNSECURED)				
a. Over Six Months				
Considered Good		5,890,967		6,153,344
Considered Doubtful		3,474,823		3,524,823
b. Other Debts (Considered Good)		119,630,189		86,147,086
		128,995,979		95,825,253
Less : Provision for Doubtful Debts		3,474,823		3,524,823
TOTAL		125,521,156		92,300,430
SCHEDULE 8 : CASH AND BANK BALANCES				
a. Cash in hand [including Cheques/Drafts in hand of Rs.42,17,304/- (Previous year Rs.22,71,353/-)]		6,380,136		3,400,539
b. Balances With Scheduled Banks in Current Accounts		10,139,533		3,530,712
c. Fixed Deposits With Scheduled Banks (Receipts pledged with Banks)		26,841,057		4,072,094
TOTAL		43,360,726		11,003,345
SCHEDULE 9 : OTHER CURRENT ASSETS				
a. Interest Receivable		1,191,791		1,065,545
b. Unamortised premium on Forward Exchange Contracts		87,557		-
TOTAL		1,279,348		1,065,545
SCHEDULE 10 : LOANS & ADVANCES (Unsecured, Considered good unless otherwise stated)				
a. Advances Recoverable in Cash or in Kind or for Value to be received	14,292,462		8,830,239	
Less: Considered Doubtful	(587,128)	13,705,334	(554,128)	8,276,111
b. Advance Payment of Taxes		107,851		1,518,525
c. Security and other Deposits		8,141,200		6,074,200
d. Export Incentive Receivable		16,910,568		16,450,986
e. MAT Credit Entitlement		18,342,319		5,567,337
TOTAL		57,207,272		37,887,159
SCHEDULE 11 : CURRENT LIABILITIES				
a. Sundry Creditors for Goods, Expenses and Services etc.				
- Due to Micro, Small and Medium Enterprises (Refer Note No 2)	-		-	
- Others	103,104,439	103,104,439	107,605,027	107,605,027
b. Deposit from Dealers		50,000		550,000
c. Other Liabilities		3,412,117		2,983,367
d. Investor Education and Protection Fund				
- Unclaimed Dividend (not due)		548,801		-
e. Forward Contract		12,036,500		-
f. Interest accrued but not due on loans		57,858		-
TOTAL		119,209,715		111,138,394

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

		Year Ended 31.03.2010 Rs.		Year Ended 31.03.2009 Rs.
SCHEDULE 16 : MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES				
A. MANUFACTURING EXPENSES:				
Purchase of goods		15,909,491		7,700,516
Processing Charges		42,087,388		1,920,938
Stores and Spares consumed		74,688,810		36,721,708
Power and Fuel		161,521,035		119,980,749
REPAIRS AND MAINTENANCE:				
Machinery	16,875,301		8,033,022	
Building	4,470,856		2,930,363	
Others	978,608	22,324,765	622,945	11,586,330
TOTAL (A)		316,531,489		177,910,241
B. ADMINISTRATIVE EXPENSES :				
Rent		1,564,736		1,288,545
Insurance		2,761,884		1,793,932
Rates and Taxes		557,921		516,604
Travelling and Conveyance [Including for Directors Rs.269998/- (Previous year Rs.289483/-)]		4,637,148		3,964,226
Printing and Stationery		1,661,796		1,123,616
Postage and Telephones		3,924,993		3,251,163
Auditors' Remuneration:				
Audit Fee	137,875		110,300	
For Tax/Vat Audit	44,122		18,530	
For Certification	46,555		21,100	
For Expenses	4,412	232,964	4,000	153,930
Managerial Remuneration		6,782,940		6,418,387
Cost Auditors' Remuneration:				
Audit Fee	16,545		16,545	
For Expenses	3,000	19,545	3,000	19,545
Listing Fees		30,695		86,806
Directors' Sitting Fee		120,000		135,000
Vehicle Running and Maintenance		4,125,943		3,523,178
Legal and Professional Charges		2,005,565		1,419,978
Filing Fees		8,786		19,543
Miscellaneous Expenses		2,786,854		1,791,913
Premium on Forward Exchange Contract amortised		2,296,943		938,092
Loss on Fixed Assets Sold / Discarded (Net)		120,685		238,788
Prior period items (Net)		33,210		(66,170)
Provision for Doubtful Debts / Advances		33,000		1,820,476
Provision for Doubtful Debts Written back		(50,000)		(720,145)
Exchange Rate Differences (Net)		(2,431,237)		24,648,897
Lease Rent		84,381		86,744
TOTAL (B)		31,308,752		52,453,048
C. SELLING EXPENSES :				
Commission & Brokerage		10,133,728		3,843,860
Freight and Forwarding charges		88,102,459		63,668,471
Other Selling Expenses		529,738		787,348
TOTAL (C)		98,765,925		68,299,679
TOTAL (A+B+C)		446,606,166		298,662,968
SCHEDULE 17 : INTEREST AND FINANCE EXPENSES				
Interest :				
-On Fixed Loans	31,824,892		18,489,298	
-On Others (Net)	39,510,094	71,334,986	38,722,003	57,211,301
Other Financial Expenses		7,201,553		6,739,566
TOTAL		78,536,539		63,950,867

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 been 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 to assess if 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 plants 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 fully 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 1st 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 1st 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 31st March, 2010 (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.

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

	2009-10 Rs.	2008-09 Rs.
Salary & Allowances	4,620,000	3,495,000
Perquisites	540,000	540,000
Performance linked remuneration to Executive Directors	600,000	1,216,407
Commission to Managing Director	–	583,490
Commission to Non Executive Directors	1,022,940	583,490
Total	6,782,940	6,418,387

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

	2009-10 Rs.	2008-09 Rs.
Profit before Taxation	95,287,413	50,456,460
Add: Depreciation as per accounts	69,182,794	56,554,342
Loss on Fixed Assets sold/ discarded (net)	120,685	238,788
Managerial Remuneration	5,760,000	5,834,897
Commission to Non Executive Directors	1,022,940	583,490
Directors' Sitting Fees	120,000	135,000
Provisions for Doubtful debts & advances	33,000	1,820,476
	171,526,832	115,623,453
Less: Depreciation as per Section 350 of Companies Act, 1956	69,182,794	56,554,342
Excess Provision for Doubtful Debts written back	50,000	720,145
Net Profit for the year	102,294,038	58,348,966
Eligible remuneration to the Executive Directors @ 10% on above profits	10,229,404	5,834,897
Out of the above:		
a) Salary, Allowances & Perquisites paid to Executive Directors	5,160,000	4,035,000
b) Commission payable to Managing Director (@ 1% of above Profits)	-	583,490
c) Performance Linked Remuneration as determined by the Board of Directors	600,000	1,216,407
Commission payable to Non Executive Directors (@ 1% on above Profits)	1,022,940	583,490

4. FINANCIAL & DERIVATIVES INSTRUMENTS:

Nominal value of Forward Contracts (USD/INR & EURO/INR) entered into by the Company for hedging Currency Risks and outstanding as on 31st March, 2010 amounting to Rs.1239.30 lacs.(Previous Year Rs. Nil)

Un-hedged Foreign Currency exposure that are not hedged by derivative instruments or Forward Contracts as at 31st March, 2010 amounting to Rs. 334.16 lacs (Previous Year Rs. 114.75 Lacs).

5. RELATED PARTY DISCLOSURES:

I. Names of related parties & description of relationship:

A. Key Management Personnel:

- | | |
|--------------------------------|--------------------------------|
| 1. Shri Shyam S. Sharma | Chairman cum Managing Director |
| 2. Shri Vishnu Dutt Khandelwal | Executive Vice Chairman |
| 3. Shri Sharad Sharma | Joint Managing Director |
| 4. Shri Rajesh Sharma | Executive Director |

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:

1. Sandeep Yarns Pvt. Ltd.
2. GPL Finance Limited.

II. SUMMARY OF TRANSACTIONS:

(Rs. in Lacs)

PARTICULARS	Key Management Personnel	Relatives of Key Management Personnel	Companies Controlled by Key Management Personnel/Relatives
i) Transactions during the year			
Managerial Remuneration	57.60 (58.35)	- (-)	- (-)
Salary	- (-)	5.40 (6.49)	- (-)
Reimbursement of Expenses	1.98 (1.76)	0.52 (0.44)	- (-)
Directors' Sitting Fee	- (-)	- (0.05)	- (-)
Interest	12.95 (4.72)	1.66 (0.49)	0.85 (0.17)
Unsecured Loan/Fixed Deposit Accepted	276.75 (134.40)	4.52 (19.40)	93.58 (8.92)
Unsecured Loan/Fixed Deposit Repaid	275.51 (80.39)	19.20 (0.45)	64.55 (2.16)
Receipt of Application money on Equity Warrants/ Shares and Allotment money on Equity Share Capital issued	52.25 (-)	61.00 (-)	33.25 (-)
Share Premium amount received	52.25 (-)	14.65 (-)	33.25 (-)
Receipt of Equity Share Warrants Money	115.50 (-)	21.00 (-)	73.50 (-)
ii) Amount Outstanding at Balance Sheet Date			
Unsecured Loan/Fixed Deposit Outstanding	119.34 (118.10)	5.97 (20.65)	37.95 (8.92)
Amounts Payable	8.50 (4.75)	0.85 (0.48)	0.07 (0.10)

Notes:

1. 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).
2. The Company has not given/provided any guarantee/collaterals for and on behalf of the aforementioned related parties.

6. DEFERRED TAXATION:

(I) Deferred Tax (net) for the Current Financial Year of Rs. 17.93 Lacs (Previous Year Rs. 60.45 Lacs) has been charged to the Profit & Loss Account.

(ii) Breakup of Deferred Tax Assets & Liabilities is as under - (Rs.in Lacs)

		As at 31.03.10		As at 31.03.09
a) Deferred Tax Liabilities				
Related to Fixed Assets		(484.36)		(479.73)
b) Deferred Tax Assets				
-Expenditure allowable on actual payment	37.28		4.23	
-Unabsorbed loss & Depreciation	0.93		18.71	
-Others	13.81	52.02	42.38	65.32
Net Deferred Tax (Liability)/Asset		(432.34)		(414.41)

7. SEGMENT INFORMATION:

a) 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. Since Company's business activity falls within a single geographical and business segment (Synthetic textile), hence it has no other primary reportable segments.

b) Secondary Segment (Geographical demarcation): (Rs.in lacs)

Segment Revenue	2009-10	2008-09
Turnover:	19888.34	13537.11
Domestic (within India)	16662.05	9859.67
Export	3226.29	3677.44

8. EARNING PER SHARE:

(Rs.in Lacs)

	2009-10	2008-09
Profit attributable to Equity Shareholders for Basic & Diluted EPS	855.30	389.48
Less: Tax for Earlier Years	11.65	4.34
Tax paid on Preference Dividend (Interim)	7.65	7.65
Add: MAT credit recognized for previous year	0.45	-
Net profit including Exceptional/Prior Period items	836.45	377.49
Exceptional/Prior period Items (net of taxes)	-	50.79
Net profit excluding Exceptional/Prior Period items (net of taxes)	836.45	428.28
Weighted average number of Equity Shares		
for Basic Earning per share (EPS)	9902274	9855000
Add: Potential Equity Shares on conversion of Warrants	306637	-
Weighted average number of Equity Shares		
for Diluted Earning per share (EPS)	10208911	9855000
Nominal Value per Equity Share (Rs.)	10.00	10.00
Earning Per Share (Rs.):		
- Basic	8.45	3.83
- Diluted	8.19	3.83
Earning (before exceptional/Prior Period Items)Per Share (Rs.):		
- Basic	8.45	4.35
- Diluted	8.19	4.35

9. Preoperative Expenses:

(In respect of Projects up to 31st March, 2010, included under the head Capital Work in Progress)

Particulars		2009-10 (Rs.)		2008-09 (Rs.)
Opening Balance		32,439		15,781,853
Add: Expenditure during construction period:				
(a) Raw Material Consumed	1,485,552		208,320,142	
(b) Payments to & Provision for Employees	611,051		13,473,013	
(c) Manufacturing, Administrative & Selling Expenses	2,595,971		52,561,844	
(d) Interest & Finance Expenses	2,610,010	7,302,584	23,546,317	297,901,316
		7,335,023		313,683,169
Less:				
(a) Sale of Finished Goods	815,631		257,788,643*	
(b) Stock of Finished Goods	1,059,405	1,875,036	20,898,144	278,686,787
Less: Allocation to Fixed Assets		32,439		34,963,943
Closing Balance		5,427,548		32,439

* include inter-unit transfer of Rs. Nil (Previous Year Rs.15,847,215).

10- Disclosures in accordance with Accounting Standard-15 on Employee Benefits

a) Defined Contribution Plans

The Company has recognized an expense of Rs. 39.00 lacs (Previous year Rs. 27.98 lacs) towards the defined contribution plans.

b) Defined benefit Plans (all figures are in Rs.)

As per Actuarial Valuation on 31st March, 2010

i) Expenses recognized in Profit & Loss A/c for the year ended 31st March 2010:

Particulars	Gratuity		Leave Encashment	
	2009-10	2008-09	2009-10	2008-09
1. Current Service Cost	1,230,349	1,144,538	217,772	288,051
2. Interest Cost	496,768	491,050	69,087	72,116
3. Expected Return on Plan Assets	-	-	-	-
4. Net Actuarial (Gain)/Losses recognized	(497,912)	491,044	102,801	(150,454)
5. Past Service Cost	-	-	-	-
6. Curtailment Cost/Settlement Cost	-	-	-	-
7. Total Expense	1,229,205	2,126,632	389,660	209,713

ii) Net Asset/(Liability) recognized in Balance Sheet as at 31st March, 2010

Particulars	Gratuity		Leave Encashment	
	2009-10	2008-09	2009-10	2008-09
1. Present value of Defined Benefit Obligation on 31.03.2010	7,776,826	6,996,735	1,299,525	973,053
2. Fair value of Plan Assets on 31.03.2010	-	-	-	-
3. Funded Status [Surplus/(Deficit)]	(7,776,826)	(6,996,735)	(1,299,525)	(973,053)
4. Net Asset/(Liability) recognized in Balance Sheet on 31.03.2010	7,776,826	6,996,735	1,299,525	973,053

iii) Change in Present value of Obligation during the year ended 31st March, 2010

Particulars	Gratuity		Leave Encashment	
	2009-10	2008-09	2009-10	2008-09
1. Present value of obligation at the beginning of the year	6,996,735	6,138,130	973,053	901,445
2. Interest cost	496,768	491,050	69,087	72,116
3. Past Service Cost	-	-	-	-
4. Current Service Cost	1,230,349	1,144,538	217,772	288,051
5. Curtailment/Settlement cost	-	-	-	-
6. Benefit payments	(449,114)	(1,268,027)	(63,188)	(138,105)
7. Actuarial (Gain)/Loss on obligation	(497,912)	491,044	102,801	(150,454)
8. Present value of obligation at the end of the year	7,776,826	6,996,735	1,299,525	973,053

iv) Fair value & changes in fair value of Plan Assets during the year ended 31st March 2010:

Gratuity & Leave encashment obligations are not funded.

v) <u>Actuarial Assumption</u>	<u>As on 31st March 10</u>	<u>As on 31st March 09</u>
Discount Rate	7.50%	7.10%
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.

11. CONTINGENT LIABILITY NOT PROVIDED FOR IN RESPECT OF:

(Rs. in Lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
(I) Bills discounted with Banks & remaining outstanding	Nil	420.48
(ii) Bills negotiated under Letter of Credit and outstanding	630.71	543.19
(iii) Claims against the company not acknowledged as debts	14.70	15.81
(iv) Disputed Tax matters under appeal:		
- Customs Duty demand	7.79	7.79
- Sales Tax/ Trade Tax Liabilities	6.06	6.06
- Entry Tax Liability	27.88	27.88
- RTO Tax liability in respect of company's old vehicle	5.53	Nil
(v) Arrear of Dividend payable on 10 % Cumulative Redeemable Preference Shares	Nil	11.25
(vi) Appeal filed against the Company before Hon'ble Supreme Court by the opposite party in respect of amount received by the Company under an award decided in favour of the Company.	80.98	80.98
(vii) Service tax refund, once received by the Company under an appeal, disputed by the Service Tax Department in CEGAT	2.28	2.28
(viii) Differential amount of custom duty in respect of imports made under EPCG Scheme (net of obligations fulfilled)	253.97	48.97

12. Estimated amount of Contracts remaining to be executed on capital accounts and not provided for Rs. Nil (Previous Year Rs. Nil).
13. Additional Security Deposit demands of Rs. 121.58 lacs raised by Electricity Distribution Authorities of U.P. and Uttarakhand, which were stayed by Hon'ble Allahabad and Nainital High Courts against Writ petitions filed by the Company (Previous year Nil).
14. The Income Tax Assessments of the Company have been completed up to Assessment Year 2007-08 and there are no pending demands (Previous year Rs.13.35 Lacs).
15. Exceptional item represents loss of stock of Rs. Nil (Previous Year Rs. 20.99 lacs) due to fire at factory premises.
16. During the year, the Company has allotted 35,15,000 Warrants to 'Promoters & Others' on preferential basis, out of which 5,15,000 Warrants were converted into equal number of Equity Shares of Rs. 10 each at a price of Rs. 11/- per share and 19,50,000 warrants were converted into equal number of Equity Shares of Rs. 10 each at a price of Rs. 20/- per share (pricing determined in accordance with applicable provisions of SEBI (ICDR) Regulations, 2009).
17. Sundry Debtors outstanding for more than six months & considered good include Rs. 11.40 lacs (Previous Year Nil) for which legal action has been taken for recovery. However, the same are classified as good for recovery.
18. Previous Year figures have been reworked, regrouped, reclassified and/or rearranged wherever considered necessary.

19. 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 \$ (P.A.)	Opening Stock		Production Qty	Purchase Qty	Turnover		Closing Stock	
				Qty.	Value(Rs.)			Qty	Value(Rs.)	Qty	Value(Rs.)
1. Texturised/ Twisted Grey & Dyed Yarn , & Fibre	Kgs.	N.A.	2,400,000 (2,400,000)	98,512 (47,736)	10,864,282 (5,678,629)	2,141,010 (2,125,660)	- (-)	2,174,018 (2,074,884)	267,979,474 (256,414,510)	65,504 (98,512)	7,294,389 (10,864,282)
2. Spun Yarn	Kgs.	N.A.	N.A.	- (-)	- (-)	* 1,436,863 (-)	-	1,370,477 (-)	132,561,801 (-)	66,386 (-)	3,068,487 (-)
3. Polyester Staple Fibre	Kgs.	N.A.	57,600,000 (39,600,000)	2,724,381 (1,025,408)	122,085,661 (47,862,379)	28,136,833 (26,391,529)	156,364 (146,530)	30,296,339 (24,839,086)	1,582,290,031 (1,351,005,561)	721,239 (2,724,381)	32,519,540 (122,085,661)
4. Scrap & Waste	Kgs.	N.A.	N.A (N.A)	- (-)	806,143 (241,150)	- (-)	- (-)	- (-)	3,618,438 (4,079,383)	- (-)	278,570 (806,143)
5. Store & Spares		N.A.	N.A	- (-)	- (-)	- (-)	- (-)	- (-)	3,197,349 (-)	- (-)	- (-)
6. Non Woven Fabrics	Mtr.	N.A.	N.A (N.A)	2,200 (2,200)	1,279 (1,279)	- (-)	- (-)	2,200 (-)	1,320 (-)	- (2,200)	- (1,279)
7. Pillows/Cushions & Stuffed products	Nos	N.A.	4,500,000 (N.A)	- (-)	- (-)	50 (-)	- (-)	50 (-)	1,500 (-)	- (-)	- (-)

Notes:

1. Excludes 25293.510 Kgs for Rs.624,406/- (Previous Year 40475.24 Kgs. for Rs. 1,136,558/-) dyed on Job Basis for outside parties.

2. The Quantities include hard waste generated and sold during the year.

\$ Installed Capacity is as certified by the Management.

* Processed by outside party on Job basis.

B) Raw Material Consumed (including Trial Run Consumption)

Particulars	Qty.(Kgs.)	Value (Rs.)
1. POY/ Texturised /Twisted Yarn	1,895,568	176,783,773
	(1,827,747)	(166,142,421)
2. Polyester Waste	30,602,320	726,508,640
	(28,445,600)	(804,764,350)
3.Fibre & Fibre waste (for Job Spinning)	1,492,040	88,594,459
	(-)	(-)
4. Colour & Chemical	-	114,627,974
	(-)	(106,061,970)
5.Packing Material	-	26,510,074
	(-)	(25,554,903)

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

	Current Year (Value in Rs.)	%	Previous Year (Value in Rs.)	%
1. Raw Material				
Imported	26,505,252	2.34	83,122,512	7.54
Indigeneous	1,106,519,668	97.66	1,019,401,132	92.46
	1,133,024,920	100.00	1,102,523,644	100.00
2. Stores & Spares				
Imported	5,532,477	7.41	6,365,281	14.65
Indigeneous	69,156,333	92.59	37,085,434	85.35
	74,688,810	100.00	43,450,715	100.00

(D) CIF Value of Imports				
Raw Materials	25,265,800	N.A.	68,461,907	N.A.
Stores & Spares	6,266,745	N.A.	5,658,487	N.A.
Capital Goods	92,084,253	N.A.	53,687,481	N.A.

(E) Expenditure in Foreign Currency				
Travelling Expenses	1,035,103	N.A.	613,621	N.A.
Commission	654,919	N.A.	548,001	N.A.
Miscellaneous Expenses	3,576	N.A.	-	N.A.
Telephone Expenses	-	N.A.	4,410	N.A.

(F) Earning in Foreign Currency				
F.O.B. Value of Exports	308,068,732	N.A.	331,328,126	N.A.

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 : 28th May, 2010

For and on behalf of the Board

GOPAL AGARWAL
Chief Finance Officer

BHARAT KUMAR SAJNANI
Company Secretary

SHYAM S. SHARMA
Chairman and Managing Director

SHARAD SHARMA
Joint Managing Director

BALANCE SHEET ABSTRACT AND COMPANY'S PROFILE FOR THE YEAR ENDED 31.03.2010

I. Registration Details:			
Registration No.	9090	State Code	20
Balance Sheet Date	31.03.2010		
II. Capital Raised During the Year (Amount in Rs. Thousands)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	24,650
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
Total Liabilities	11,89,599	Total Assets	11,89,599
Source of Funds:			
Paid-up Capital	1,68,200	Reserve and Surplus	2,30,007
Secured Loans	5,39,976	Unsecured Loans	48,533
Equity Share Warrants	21,000	Deferred Tax Liability	43,234
Application of Funds:			
Net Fixed Assets	7,18,243	Investments	Nil
Net Current Assets	3,32,707	Miscellaneous Expenses	Nil
Accumulated Losses	Nil		
IV. Performance of Company (Amount in Rs. Thousands)			
Turnover	19,88,834	Total Expenditure	18,93,547
Profit before Tax	95,287	Profit after Tax	90,030
		Dividend Rate %	10%
Basic EPS (in Rs.)	8.45	Diluted EPS (in Rs.)	8.19
V. Generic Names of the Products of the Company			
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 : 28th May, 2010

BHARAT KUMAR SAJNANI
Company Secretary

SHARAD SHARMA
Joint Managing Director

NOTICE

NOTICE is hereby given that the TWENTY FIRST ANNUAL GENERAL MEETING of the Members of GANESH POLYTEX LIMITED will be held on Saturday, the 18th day of September, 2010 at 12:30 P.M. at the Registered Office of the Company at Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 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 and to declare Final Dividend on Equity Shares and Cumulative Redeemable Preference Shares (Series I and II).
3. To appoint a Director in place of Shri Rajesh Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.K. Kabra, 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 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 Shyam S. Sharma as Managing Director of the Company, for a period of five years with effect from 18th September, 2010 on the following terms and conditions as approved by the Remuneration Committee:-

A) SALARY:

Rs. 1,25,000/- (Rupees One Lakh Twenty Five Thousand only) per month.

B) COMMISSION:

The Managing Director shall be entitled to Commission @1% of the Net Profits of the Company in the year(s) of adequate profits.

C) PERQUISITES:

- I. The 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/- without restriction to any sub limit on individual perquisite.

Explanation:-

"Family" here means the spouse and dependent children of the 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.

Apart from the reimbursement of medical expenses as stated in Para I above, in case of medical expenses of exceptional nature incurred on the treatment of the Managing Director and his family, the Board of Directors shall have the discretion to reimburse the actual expenses incurred by him including on travel, notwithstanding that the total perquisites may exceed the limit of Rs. 6,00,000/- (Rupees Six Lacs only) in any financial year subject, however, to necessary approvals.

- II. The 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.

D) ADDITIONAL REMUNERATION:

In addition to the Salary, Commission and Perquisites, as specified supra, the Managing Director shall be entitled to receive additional remuneration based upon the quarterly 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 Managing Director, subject to the condition that adhoc monthly payment of such additional remuneration shall not exceed a sum of Rs. 75,000/- with final adjustment thereof within the overall ceiling limits mentioned as above, at the end of the financial year."

"RESOLVED FURTHER THAT where in any financial year during the currency of term of Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay to Managing Director, remuneration by way of Salary and Perquisites as specified above as minimum remuneration, subject however to the provisions of Schedule XIII to 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 and modify the terms and conditions of appointment of Shri Shyam S. Sharma from time to time during the tenure of his appointment as Managing Director of the Company including salary, commission, perquisites and additional remuneration, provided however that the total remuneration payable to him shall not at any time exceed the limit prescribed under Section 198, 309 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."

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

"RESOLVED THAT pursuant to the provisions of Section 314 read with Director's Relatives (Office or Place of Profit) Rules, 2003, and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such approvals or sanctions as may be necessary, the consent of the Company be and is hereby accorded for increase in remuneration payable to Shri Sandeep Khandelwal, Vice President (Projects) of the Company, a relative of Director of the Company, for the remainder term of his office, with effect from 1st October, 2010, as under:

Basic Salary	: Rs. 44,500/- p.m.
Conveyance Allowance	: Rs. 2,500/- p.m.
Children Education Allowance	: <u>Rs. 2,500/- p.m.</u>
Total	: <u>Rs. 49,500/- p.m..”</u>

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter, vary and modify the terms and conditions of appointment of Shri Sandeep Khandelwal from time to time, within the overall remuneration fixed herein as above, during the tenure of his appointment as Vice President (Projects) subject however, to the compliance with the applicable provisions of the Companies Act, 1956 and the Rules made thereunder.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to complete all the necessary formalities and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to 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, hypothecating and / or charging, on such terms and conditions, at such time or times and in such form and manner as it may think fit, of all or any of the assets or properties of the Company, movable or immovable, both present and future including the whole or substantially the whole of the undertaking(s) of the Company in favour of Banks, Financial Institutions, Corporate Bodies and other entities for securing the Loans or other Borrowings obtained or to be obtained by the Company upto an amount not exceeding in aggregate a sum of Rs. 200.00 Crores together with interest, cost, charges, expenses and any other money payable by the Company to the said Banks, Financial Institutions, Corporate Bodies or entities.”

“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 the matters incidental and consequential thereto 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.”

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

By Order of the Board

BHARAT KUMAR SAJNANI
Company Secretary

Date: 31st July, 2010.

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.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under Item Nos. 6 to 8 as set out above is annexed hereto.
3. The Register of Members and Share Transfer books of the Company shall remain closed from Tuesday, 14th September, 2010 to Saturday, 18th September, 2010 (both days inclusive). The Final Dividend on Equity Shares and Preference Shares, as recommended by Board of Directors, subject to the provisions of Section 206A of the Companies Act, 1956, if approved by the Members at the Annual General Meeting, will be paid to the Members or their mandates whose names

appear on the Company's Register of Members at the close of business hours on 13th September, 2010 in respect of physical shares. In respect of Equity Shares in Dematerialised Form, the dividend will be payable to the "Beneficial Owners" of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on 13th September, 2010.

4. 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.
5. 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.
6. Members holding Shares in electronic form are requested to provide their Client-Id and DP-Id numbers at the Meeting for easy identification.
7. 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.
8. 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.
9. Members are advised to submit their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Members holding shares in physical form may obtain and send the ECS mandate form to Registrar and Share Transfer Agent (RTA) of the Company i.e. M/s Skyline Financial Services Private Limited, D-153/A, First Floor, Okhla Industrial Area, Phase I, New Delhi-20, India. Members holding shares in Electronic Form may obtain and send the ECS Mandate Form directly to their Depository Participant (DP). Members who have already furnished the ECS Mandate Form to the Company/ Registrar and Share Transfer Agent/ DP with complete details need not send it again.

The Members who do not wish to opt for ECS facility may please mail their banker's name, branch address and account number to M/s Skyline Financial Services Private Limited, Registrar and Share Transfer Agent of the Company to enable them to print these details on the dividend warrant.

10. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/ unclaimed for a period of seven years are required to be transferred to the Investors Education & Protection Fund of the Central Government. After such transfer, there remains no claim of the Members whatsoever on the said amount. Therefore, Members are advised to encash their dividend warrants immediately.
11. The relevant details in respect of Item Nos. 3, 4 and 6 pursuant to Clause 49 of the Listing Agreement are as below:

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT/ RE- APPOINTMENT:

Particulars	Shri Rajesh Sharma	Shri S.K. Kabra	Shri Shyam S. Sharma
Date of Birth	15 th January, 1969	4 th April, 1944	8 th July, 1942
Date of Appointment	19 th June, 2008	19 th July, 1994	19 th June, 1989
Qualification	B.Com.	B.Com, LL.B, FCA	M.Com.
Expertise in specific functional area	Having 20 Years experience in Plant administration and operations.	Having 42 years experience in textile industry. Had been Managing Director for 11 years in Shree Manufacturing Company Ltd.	Textile technocrat having management experience of over 46 years.
Chairman/ Director of other Companies (excluding foreign Companies)	NIL		Sandeep Yarns (P) Ltd.
Chairman/ Member of the Committee of the Board of other Companies of which he is a Director	NIL		NIL
Shareholding in the Company	☒ 7,83,228 Equity Shares of Rs.10/- each. ☒ 500 Cumulative Redeemable Preference Shares (Series I) of Rs. 100 each. ☒ 4,500 Cumulative Redeemable Preference Shares (Series II) of Rs. 100 each.		☒ 17,71,377 Equity Shares of Rs.10/- each. ☒ 17,550 Cumulative Redeemable Preference Shares (Series II) of Rs. 100 each.

Shri Rajesh Sharma is son of Shri Shyam S. Sharma.

ANNEXURE TO NOTICE

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

Item No. 6:

The Members at the 16th Annual General Meeting of the Company held on 17th September, 2005, approved the appointment of Shri Shyam S. Sharma as Managing Director of the Company for a period of five years with effect from 18th September, 2005 and his term of appointment expires on 17th September, 2010. Considering the experience and valuable contribution made by Shri Shyam S. Sharma, the Board of Directors of the Company at its meeting held on 31st July, 2010, re-appointed Shri Shyam S. Sharma as Managing Director of the Company for a further period of five years w.e.f. 18th September, 2010 on the revised terms and conditions which are in accordance with the provisions of Schedule XIII and other applicable provisions of the Companies Act, 1956 and have also 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 Shyam S. Sharma himself, Shri V.D. Khandelwal, Executive Vice-Chairman, Shri Sharad Sharma, Joint 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 appointment and Memorandum of Interest within the meaning of Section 302 of the Companies Act, 1956.

Item No. 7:

The Members at the 18th Annual General Meeting of the Company held on 24th September, 2007, approved the appointment of Shri Sandeep Khandelwal, a relative of Shri V.D. Khandelwal, Executive Vice-Chairman of the Company, as Vice President (Projects), for a period of five years with effect from 9th June, 2007.

In view of ongoing and future projects/ expansion plans of the Company and considering the valuable contribution made by Shri Sandeep Khandelwal and the enhanced responsibilities he has to shoulder, it is proposed to revise his total remuneration from Rs. 45,000/- p.m. to Rs. 49,500/- p.m., as set out in the resolution which is in accordance with the provisions of Section 314 of the Companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2003. The Special resolution as set out in the accompanying Notice is intended to obtain the approval of the Members as required under the law. The Board recommends the Special Resolution for approval of the Members.

None of the Directors of the Company except Shri V.D. Khandelwal, Executive Vice-Chairman, may be considered as concerned or interested in the resolution.

Item No. 8:

With a view to empower the Board of Directors of the Company to raise additional resources to match the business plans and for the purpose to provide such Securities by creation of charge and/ or mortgage on the movable / immovable assets / properties and undertaking(s) of the Company, it is proposed to have enabling approval from the Members for the creation of security on the Assets of the Company upto an amount not exceeding Rs. 200.00 Crores in terms of the provisions of Section 293(1)(a) of the Companies Act, 1956. The Board recommends the proposed resolution for acceptance by the Members.

None of the Directors of the Company may be considered as 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: 31st July, 2010.

By Order of the Board

BHARAT KUMAR SAJNANI
Company Secretary

CONTACT DETAILS

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Thane (M.S.) – 401101
Mumbai - India

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Panipat:

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Plot No. - 104, Sector -29, Huda Part-1,
Panipat ,Haryana - India

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Jaipur:

Ganesh Polytex Limited
S-758-C, Road No. 9-F-1,
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Rajasthan – India

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then success takes care of itself ”

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