

NOTICE

NOTICE is hereby given that the **NINETEENTH ANNUAL GENERAL MEETING** of the Members of GANESH POLYTEX LIMITED will be held on Thursday, the 4th day of September, 2008 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 Profit and Loss Account for the year ended 31st March, 2008, Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.
2. To confirm the payment of the Interim Dividend on Cumulative Redeemable Preference Shares (Series I and II).
3. To appoint a Director in place of Shri S.K. Kabra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri B. M. Agarwal, who retires by rotation, and to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

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

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 provisions of Section 269, 198, 309 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 appointment of Shri V.D. Khandelwal as Whole Time Director of the Company, designated as Executive Vice Chairman, for a period of five years with effect from 19th June, 2008 on the following terms and conditions as approved by the Remuneration Committee :-

A) SALARY :

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

B) PERQUISITES :

- I. The Executive Vice Chairman shall be entitled to the perquisites like furnished accommodation or House Rent Allowance in lieu thereof, together with reimbursement of expenses for utilisation 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 mediclaim and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors from time to time, subject however that the aggregate monetary value of the perquisites in any year shall not exceed Rs.6,00,000/- per annum without restriction to any sub limit on individual perquisite.

Explanation :

"Family" here means the spouse, dependent children and dependent parents of the Executive Vice Chairman.

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

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

- II. Gratuity payable as per the Rules of the Company and encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites to the extent the same are not taxable under the Income-Tax Act, 1961.

- III. The Executive Vice Chairman shall be entitled to reimbursement of entertainment and other expenses actually and properly incurred by him in connection with the business of the Company.

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

C) ADDITIONAL REMUNERATION :

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

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

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

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



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

"RESOLVED THAT pursuant to provisions of Section 269, 198, 309 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 appointment of Shri Rajesh Sharma as Whole Time Director of the Company, designated as Executive Director, for a period of five years with effect from 19th June, 2008 on the following terms and conditions as approved by the Remuneration Committee:-

A) SALARY :

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

B) PERQUISITES :

- I. The Executive Director shall be entitled to the perquisites like furnished accommodation or House Rent Allowance in lieu thereof, together with reimbursement of expenses for utilisation 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 medical claim and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors from time to time, subject however that the aggregate monetary value of the perquisites in any year shall not exceed Rs.6,00,000/- per annum without restriction to any sub limit on individual perquisite.

Explanation :

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

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

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

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

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

C) ADDITIONAL REMUNERATION :

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

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

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

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

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

"RESOLVED THAT in supersession of the Resolution passed by the Members at the Tenth Annual General Meeting of the Company held on 24th March, 1999 and pursuant to the provisions of Section 293(1)(d) 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 (hereinafter referred to as the 'Board' which term shall be deemed to include any committee thereof for the time being and from time to time, to which all or any of the powers hereby conferred on the Board by this resolution may have been delegated by the Board) to borrow from time to time any sum or sums of money not exceeding Rs. 200.00 crores (Rupees Two Hundred Crores Only) with or without security and on such other terms and conditions as the Board at its sole and absolute discretion may deem fit, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed at any time the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

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

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

"RESOLVED THAT pursuant to provisions of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the commencement of all or any of the businesses specified in sub-clause 1, 9 and 24 of Clause iii (C) of the Memorandum of Association of the Company, as reproduced hereunder, as and when deemed fit and considered most appropriate by the Board of Directors of the Company :

1. To carry on the business of running motor-lorries, motor-taxis, motor-minibuses and conveyance of all kinds and on such lines and routes as the Company may think fit, and to transport passengers and goods and generally do the business of common carriers.

NINETEENTH ANNUAL REPORT

9. To procure or develop and supply patents, inventories, models, designs, scientific or industrial formulas or processes in respect of textiles.
24. To carry on business as manufacturers of or dealers in or as stockists, importers and exporters of packing materials, cartons, containers, boxes and cases made of paper, boards, wood, glass, plastic, pulp, cellulose film, polyethylene, rubber, metals, foils, gelatin, tin flexible, treated, laminated or other material."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, consider necessary or desirable for such purpose and to settle all questions, difficulties or doubts that may arise in this regard and take all steps which are incidental or consequential thereto."

Registered Office :
Raipur (Rania), Kalpi Road,
Distt. Kanpur Dehat.
Date : 1st August, 2008

By Order of the Board

BHARAT KUMAR SAJNANI
Company Secretary

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxy in order to be effective must be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under Item Nos. 6 to 9 as set out above is annexed hereto.
3. The Register of Members and Share Transfer books of the Company shall remain closed from **Tuesday, 2nd September, 2008 to Thursday, 4th September, 2008** (both days inclusive).
4. Members holding Shares in identical order of names in more than one folio are requested to write to the Company, 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. 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 S. K. Kabra	Shri Rajesh Sharma	Shri V. D. Khandelwal
Date of Birth	4th April, 1944	15th January, 1969	6th March, 1949
Date of Appointment	19th July, 1994	19th June, 2008	30th October, 1987
Qualification	B.Com, LL.B, FCA	B. Com.	M. Com.
Expertise in specific functional area	40 years experience in textile industry. Had been Managing Director for 11 years in Shree Manufacturing Company Ltd.	Having 18 years experience in Plant administration and operations.	Having experience of over 35 years in trading of different kinds of Textile Yarns.
Chairman/ Director of other companies (excluding foreign companies)	• Astha Textile Company Pvt. Ltd. • Jyotisheel Textile Company Pvt. Ltd. • Sheelendra Industries Ltd.	Nil	Sandeep Yarns (P) Ltd.
Chairman/ Member of Committee of the Board of other companies of which he is a Director	Nil	Nil	Nil
Shareholding in Ganesh Polytex Ltd.	Nil	3,45,606 Equity Shares of Rs. 10/- each.	2,67,650 Equity Shares of Rs. 10/- each.

ANNEXURE TO NOTICE

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

Item No. 6 :

In view of the substantial increase in Company's operations and activities and the future expansion plans of the Company, the Board of Directors of the Company has appointed Shri V. D. Khandelwal as Whole-time Director of the Company designated as Executive Vice Chairman for a period of 5 years with effect from 19th June, 2008. Shri V. D. Khandelwal has been associated with the Company since 1987 as Non-Executive Director and is well acquainted with the Company's activities in all functional areas. Shri V. D. Khandelwal, 59, is a post-graduate in commerce and has experience spanning over 35 years in the field of trading of different kinds of Textile Yarns and the Board considered it appropriate to avail the benefit of his experience and expertise by entrusting upon him additional responsibilities as Whole-time Director of the Company. The terms and conditions of his appointment are in accordance with the provisions of Schedule XIII of the Companies Act, 1956 and have been approved by the Remuneration Committee.

The Board recommends the resolution for approval.

None of the Directors, except Shri V. D. Khandelwal himself and Shri Shyam S. Sharma, Chairman-cum-Managing 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 abstract of the terms of appointment and Memorandum of Interest within the meaning of Section 302 of the Companies Act, 1956.

Item No. 7 :

In view of the substantial increase in Company's operations and activities, especially after commissioning of Rudrapur unit, the Board of Directors of the Company has appointed Shri Rajesh Sharma as Whole-time Director of the Company designated as Executive Director for a period of 5 years with effect from 19th June, 2008. The terms and conditions of his appointment are in



GANESH POLYTEX LTD.

accordance with the provisions of Schedule XIII of the Companies Act, 1956 and have been approved by the Remuneration Committee.

Shri Rajesh Sharma, associated with the Company since long, is a commerce graduate and has rich experience spanning over 18 years in Plant administration and operations. The Board considered that his appointment as Executive Director will be of immense benefit to the Company and accordingly recommends the resolution for approval of the members.

None of the Directors of the Company, except Shri Rajesh Sharma himself, Shri Shyam S Sharma, Chairman-cum-Managing Director and Shri Sharad Sharma, Joint Managing 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 abstract of the terms of appointment and Memorandum of Interest within the meaning of Section 302 of the Companies Act, 1956.

Item No. 8 :

The Members at the Tenth Annual General Meeting of the Company held on 24th March, 1999, authorized the Board of Directors of the Company to exercise borrowings for the purposes of the Company upto an amount not exceeding Rs. 100.00 Crores. Keeping in view the Company's future plans, it has been considered desirable to increase the said borrowing limits from Rs. 100.00 Crores to Rs. 200.00 Crores.

In terms of the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company, shall not except with the consent of the Company in general meeting, borrow money, apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and its free reserves, that is to say, reserves not set apart for any specific purpose.

The Directors recommend this enabling resolution for Members' approval.

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

Item No. 9 :

As the Members are aware, the Company is primarily engaged in the business of manufacture and processing of Yarn and Fibre.

With a view to make the activities of the Company more profitable, the Board of Directors of the Company is considering entering into allied business activities as covered under 'Other objects' clause of the Memorandum of Association of the Company. The consent of the Members of the Company is being sought in terms of the provisions of section 149(2A) of the Companies Act, 1956 by way of Special Resolution placed at item No. 9 of the Notice authorising the Board to undertake and carry on all or any of the activities as and when considered desirable in the interest of the Company.

The Directors, therefore, recommend this enabling resolution for Members' approval.

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 the 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 : 1st August, 2008

By Order of the Board

BHARAT KUMAR SAJNANI
Company Secretary

DIRECTORS' REPORT

TO THE MEMBERS OF GANESH POLYTEX LTD.

Your Directors take pleasure in presenting the Nineteenth Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2008.

FINANCIAL RESULTS

The summarized financial results of the Company for the year ended 31st March, 2008 as compared to the preceding year are as under:

	(Rs. in lacs)	
	Current Year (2007-2008)	Previous year (2006-2007)
Total Income	10579.97	6300.33
Profit before Interest and Depreciation	1235.09	700.62
Less: Interest and Finance expenses	378.83	223.19
Less: Depreciation	359.84	180.54
Profit before Tax	496.42	296.89
Provision for Tax	(99.85)	(32.60)
- Current Tax		
- Fringe Benefit Tax	(8.41)	(6.33)
- Deferred Tax (Net)	(12.81)	(101.63)
- MAT credit available for set off	—	32.60
Profit after Tax	375.35	188.93
Surplus brought forward from Previous year	401.16	229.46
MAT Credit recognized for Previous year	—	10.99
Taxation for earlier years	(0.26)	(1.14)
Balance available for appropriation	776.25	428.24
Appropriations:		
- Interim Dividend on Preference Shares	(24.17)	(23.75)
- Tax on Dividend	(4.10)	(3.33)
Surplus carried to Balance Sheet	747.98	401.16

DIVIDEND

With a view to conserve resources for general corporate purposes and ongoing expansion plans, your Directors considered it prudent not to recommend any dividend on Equity Shares for the year under review. However, the liability with respect to Dividend on 10% Cumulative Redeemable Preference Shares (both Series I and II) was partly discharged during the year.

OPERATIONS

The year under review, had been a landmark in the history of the Company, as it crossed turnover of Rs. 1 Billion. Gross turnover during the year rose to Rs. 10542.58 lacs as against Rs. 6268.25 lacs in the preceding year registering a substantial increase of 68.19% over the previous year. The Profit after Tax during the year was placed at Rs.375.35 lacs as against Rs. 188.93 lacs in the preceding year, recording an increase of 98.67%. The improvement in the performance of the Company has been mainly on account of better cost control and commencement of operations at Rudrapur unit. During the year under review, the Export sales also registered significant growth which stood at Rs. 2208.81 lacs as against Rs. 957.61 lacs (F.O.B. value) in the preceding year.

The performance of the Company during the Current Year continues to be encouraging and barring unforeseen circumstances, your Directors expect your Company to achieve even better results during the year.

PROJECTS

Your Directors are pleased to report that during the year under review the IInd production line, with an installed capacity of 14400 TPA, of your Company's new unit for manufacture of Recycled Polyester Staple Fibre (RPSF) at Pantnagar (Rudrapur), Uttarakhand, has commenced trial production. The Company is in the process of modernising the Polyester Staple Fibre plant at Kanpur and increasing its capacity from 10800 TPA to 18000 TPA during the current financial year.

FINANCE

During the year under review the Company has been sanctioned Rs. 13.80 crores as Term loans and Rs. 6.70 crores as working capital facilities from Banks for meeting the financial requirements of expansion project at Rudrapur and for meeting the requirements

of additional working capital for Kanpur unit. In addition, the Company has raised an amount of Rs. 73.50 lacs by issue of 4,90,000 Equity Shares of Rs. 10/- each (issued at a premium of Rs. 5/- each) against exercise of option attached to warrants allotted to the Promoters on preferential basis and proceeds of the issue have been utilized towards ongoing capital expenditure program.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis on matters relating to the business performance, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, is given as a separate statement forming part of this Report.

DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri S.K. Kabra and Shri B.M. Agarwal, Directors of the Company retire from the Board by rotation and Shri S.K. Kabra has offered himself for re-appointment.

The Board has appointed Shri Rajesh Sharma as Additional Director, who holds office up to the date of forthcoming Annual General Meeting and is eligible for appointment as Director of the Company.

In view of the substantial increase in Company's operations and activities, specially after commissioning of Rudrapur unit, and the expansion plans in pipeline, the Board of Directors of the Company entrusted upon Shri V.D.Khandelwal and Shri Rajesh Sharma, additional responsibility by appointing them as Executive Vice Chairman and Executive Director of the Company, respectively, w.e.f. 19th June, 2008 and the matter of their appointment is placed for your approval at the ensuing Annual General Meeting.

AUDITORS

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

AUDITORS' REPORT

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 the Company is regular in depositing statutory dues although there were some slight procedural delays in payment of such dues, which were subsequently made good.

The remark of the Auditors' in para (11) of the annexure to their report is self explanatory and therefore do not call for any further information or explanation.

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.

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, 2008, confirm that:-

- in preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgements 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;
- 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;
- they have prepared Annual Accounts on a going concern basis.

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



GANESH POLYTEX LTD.

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 : 19th June, 2008

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, 2008.

I. CONSERVATION OF ENERGY

(a) Energy conservation measures taken :

The Company has an in-house cell for undertaking periodical review of electrical systems in the plant and based upon their recommendations, steps are taken for effective conservation of energy. The Energy conservation measures taken by the Company are:

- Optimum utilization of Steam and Compressed air.
- Installation of variable frequency drive in phased manner.
- Optimisation of process to enhance production.
- Modernization of lighting system by using energy efficient lamps.
- Optimization of load factor.

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

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

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

The above measures have resulted in reduction in consumption of electricity with consequent 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 (2007-2008)	Previous year (2006-2007)
1. Electricity		
(a) Purchased		
Unit (KWH in lakhs)	115.68	23.44
Total amount (Rs. in lakhs)	405.53	85.43
Rate/ KWH (in Rs.)	3.51	3.64
(b) Own Generation		
(Through Diesel Generators)		
Unit (KWH in lakhs)	18.36	57.27
Unit per Litre of Diesel Oil	3.40	3.48
Cost/ unit (in Rs.)	8.55	8.55
2. Coal		
Quantity (in tonnes)	835.00	54.00
Total Cost (Rs. in lakhs)	23.47	2.32
Average rate (Cost per ton) (in Rs.)	2810.78	4296.30
3. Others (Rice Husk)		
Quantity (in tonnes)	8999.00	4695.00
Total Cost (Rs. in lakhs)	207.24	78.27
Average rate (Cost per ton) (in Rs.)	2302.92	1667.09

B. Consumption per unit of production :

Production of Polyester products (Kgs. in lakhs)	190.51	112.14
Electricity (in KWH)	0.70	0.72
Coal (in Kgs.)	0.04	0.01
Rice Husk (in Kgs.)	0.47	0.41

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.

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

- Improvement in process performance in terms of efficiency and quality.
- Improved productivity.
- Reduction in wastage.
- Provided the necessary inputs for product development.

3. Future plan of action:

The Company will continue with its activities in the field of R&D of new products and improvements in existing 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 is constantly upgrading and absorbing the technological improvements.

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

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

3. Technology Imported :

Details of technology imported during the last 5 years:

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

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

	Current year (2007-2008)	Previous year (2006-2007)
(Rs. in Lacs)		
A) Foreign Exchange earnings (F.O.B. Value)	2208.81	957.61
B) Foreign Exchange outgo :		
1. Import of		
(C.I.F. Value)		
– Raw Materials	333.40	135.61
– Capital Goods	669.83	377.20
– Stores & Spares	29.91	–
2. Expenditure on		
– Travelling	11.13	1.69
– Others	6.63	6.40

For and on behalf of the Board

Place : Kanpur
Date : 19th June, 2008

SHYAM S. SHARMA
Chairman and Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development :

The Indian Textile Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation and the export earnings of the country. Some of the key growth pointers showing positive trends of Indian Textile Industry are :

- A strong fibre raw material base with growing production.
- The all round growth of exports in cotton textiles, Man made fibres, silk and ready made garments
- Textile vision setting a target of over US \$ 50 billion by 2010.

Historically, cotton was the dominant fibre for mass consumption for centuries but now man-made fibres including polyester have become the preferred fibre in the textile industry. Globally, the demand for polyester grew by 7.5% during 2007. Of the total polyester demand, Polyester Staple Fibre (PSF) demand grew by 6% over the previous year. Polyester witnessed exciting demand growth in the domestic market at 17% over the previous year. PSF demand grew by 12%. The increased demand for polyester was driven by robust investments in the textile sector.

Polyester consumption is, thus, growing faster than that of any other fibre and due to inherent constraint in growth of cotton, polyester is likely to capture the maximum share of future growth. In the current global scenario, polyester consumption is being driven by Asia in general and China and India in particular.

Opportunities and Threats :

The Indian Economy has moved to a higher growth plane, with growth in GDP at market prices exceeding 8% in every year since 2003-04. In a country having a population of over 1.1 billion, where a large section of population is in the age group of 18 to 35 years, ample opportunities are available to almost all sectors. Manufacturing sector is doing extremely well and is expected to grow at the existing level at least for the next 4-5 years. Emergence of new applications and changing lifestyle remain supportive of growth in polyester consumption.

According to the findings of the "Associated Chambers of Commerce and Industry of India" (ASSOCHAM), domestic textile industry which is currently braving various odds, could achieve US\$ 55 billion of investments, create job opportunities for 65.4 million workforce and its CAGR (Compound Annual Growth Rate) could go up at 22% by 2010, provided reforms are initiated into it at a quicker speed.

Indian Government is also taking initiatives to recognize the Textile industry as a key thrust area. The Government reduced import duty on polyester from 10% to 7.5% and again to 5% in mid-year in November 2007. In the Union Budget 2008-09 general CENVAT rate on all goods has been reduced from 16% to 14% to give a stimulus to the manufacturing sector. The Government has extended Textile Up-gradation Fund in the 11th Five Year Plan. The benefits of this fund have also been extended to technical textiles, which is a rapidly growing segment for industrial and household polyester application.

Indiscriminate disposal of non- biodegradable Polyethylene tetra-phthalate (PET) bottles used in the packaging of soft drinks and drinking water is an emerging environmental problem. Recycling of the huge quantum of PET waste generated is the only solution for minimizing this environmental impact. Thus, Recycling is gaining momentum in the country. The Company is having significant presence in the recycled PSF market and will be major beneficiary with the growth of this segment.

The textile industry is also facing following major threats and challenges :

1. Continuing volatility in raw material prices due to hike in the international crude oil prices.
2. Cheaper imports from China.
3. Inter-fibre competition.

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

Segment-wise Performance :

Segment	Total Revenues		PBIT	
	2007-08	2006-07	2007-08	2006-07
Yarn	2558.10	2386.38	268.23	324.13
Fibre	7984.48	3881.87	1037.86	520.77

Outlook :

The expansion project of the Company at Rudrapur has added to scale and is becoming cost competitive through technology innovation and quality products. The Company is now in the process of expanding the capacity of Kanpur unit (PSF Division) by 7200 TPA during the current financial year.

Thus, in view of the growth opportunities available in the industry, the Management is cautiously optimistic about the improved performance of the Company in the coming years.

Risk and Concerns :

Currency appreciation has been of major concern for textile exporters in India. Last year the Indian Rupee has appreciated by 7.7% against US dollar. Textile exports being a highly competitive business, is adversely affected by an appreciating rupee. Hardening of interest rate is another area of concern. In addition unfavourable changes in government policies and the regulatory environment can adversely impact the performance of the Company. However, the Company aims to address all the above risks and concerns, through well timed strategy and business decisions.

Risk Management :

Risk Management is a comprehensive process that can help companies to identify the major risks facing the organizations and create consistent solutions for dealing with those risks. Risks in the Company are managed by the Company on regular basis through cross functional involvement and intense communication across business. The Risk Management commences with the preparation of the Long Term and Annual Business Plans and managing the performance of the business in conformity with the above plans.

Internal Control Systems and Their Adequacy :

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

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

Financial & Operational Performance:

Please refer the Directors' Report.

Human Resources :

The Company recognizes the importance and contribution of its Human Resources for its growth and development and is committed to the development of its people. 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 :

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



CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

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

The Board has an optimum combination of Executive and Non-Executive Directors as per the Corporate Governance requirements. The composition of the Board of Directors and other relevant details for the year 2007-08 are as under :

Name of Director	Category	No. of Board Meetings Attended	Whether present at the last Annual General Meeting	No. of Boards/ Committees of Public Limited Companies (including Ganesh Polytex Ltd.)		
				Director-ship	Committee (only Audit committee & Shareholders' Grievance committee)	
					Mem-ber	Chair-man
Mr. Shyam S. Sharma	Promoter Executive Director	7	Yes	1	1	Nil
Mr. Sharad Sharma	Promoter Executive Director	7	Yes	1	1	Nil
Mr. V.D. Khandelwal	Promoter Non-Executive Director	8	Yes	1	1	1
Mr. S.K. Kabra	Non-Executive/ Independent Director	3	No	2	1	Nil
Mr. Anoop Gupta	Non-Executive/ Independent Director	2	Yes	5	Nil	1
Mr. Brij Mohan Agarwal	Non-Executive/ Independent Director	8	Yes	2	2	Nil
Mr. Pradeep Kumar Goenka	Non-Executive/ Independent Director	8	Yes	6	4	2

B. Details of Board Meetings held during the year :

During the financial year 2007-2008, eight Board Meetings were held. The details of which are given hereunder :

Date of Board Meeting	Board Strength	No. of Directors present
09.06.2007	7	5
26.06.2007	7	6
31.07.2007	7	7
24.09.2007	7	6
12.10.2007	7	5
30.10.2007	7	6
25.01.2008	7	5
31.03.2008	7	3

3. AUDIT COMMITTEE

The Company has an Audit Committee consisting of five directors viz., Mr. Anoop Gupta, Mr. S.K. Kabra, Mr. V.D. Khandelwal, Mr. Pradeep Kumar Goenka and Mr. B.M. Agarwal. Mr. Anoop Gupta is the Chairman of the Audit Committee.

Mr. Anoop Gupta, Mr. S.K. Kabra and Mr. Pradeep Kumar Goenka are Senior Chartered Accountants. Mr. B.M. Agarwal has professional experience of over 46 years in engineering, finance and HRD and Mr. V.D. Khandelwal also has accounting and financial management experience.

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

Brief description of terms of reference:

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

During the financial year ended 31st March, 2008, Six Audit Committee Meetings were held on 27.05.2007, 26.06.2007, 31.07.2007, 30.10.2007, 25.01.2008 and 31.03.2008. Chief Finance Officer, Internal Auditors and the Statutory Auditors were invited to be present at the Audit Committee Meetings. The Cost Auditors appointed by the Company under Section 233B of the Companies Act, 1956 were also invited to attend the Audit Committee Meetings.

Details of the attendance at the Meetings are as follows:

S. No.	Name of Director	Meetings Attended
1.	Mr. Anoop Gupta	1
2.	Mr. S.K. Kabra	3
3.	Mr. V.D. Khandelwal	6
4.	Mr. Pradeep Kumar Goenka	6
5.	Mr. B.M. Agarwal	6

NINETEENTH ANNUAL REPORT

Mr. Anoop Gupta, Chairman of the Audit Committee was present at the last Annual General Meeting held on 24th September, 2007.

4. REMUNERATION COMMITTEE

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

The Committee consists of four directors viz. Mr. S.K. Kabra, Mr. V.D. Khandelwal, Mr. Anoop Gupta and Mr. Pradeep Kumar Goenka.

During the financial year ended 31st March, 2008, one Remuneration Committee Meeting was held on 31st July, 2007.

Details of attendance at the Meeting are as follows :

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

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 2007-08 :

i. Executive Directors :

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

Name of Director	Status	Salary	Perquisites & Allowances	Commission	Performance linked remuneration	Tenure
Mr. Shyam S. Sharma	Chairman & Managing Director	Rs. 6,00,000/-	Rs. 5,40,000/-	Rs. 5,40,048/-	Rs. 4,00,000/-	5 years (from 18th September, 2005)
Mr. Sharad Sharma	Joint Managing Director	Rs. 5,76,000/-	Rs. 24,000/-	Nil	Rs. 9,39,957/-	5 years (from 1st February, 2004)

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 judgement. 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 equal proportion for the year 2007-08 amongst the Independent Directors.

The details of sitting fee and commission to such directors for the year 2007-08 are as follows :

Name of Director	Sitting Fees	Commission
Mr. V. D. Khandelwal	Rs. 70,000/-	NIL
Mr. S. K. Kabra	Rs. 30,000/-	Rs.1,35,012/-
Mr. Anoop Gupta	Rs. 15,000/-	Rs.1,35,012/-
Mr. Pradeep Kumar Goenka	Rs. 70,000/-	Rs.1,35,012/-
Mr. B.M. Agarwal	Rs. 70,000/-	Rs.1,35,012/-

Details of Shares held by Non-Executive Directors as on 31st March, 2008 are as follows :

Name of Non-Executive Director(s)	No. of Shares held
Mr. V. D. Khandelwal	267650 Equity Shares of Rs. 10/- each
Mr. Pradeep Kumar Goenka	1000 Equity Shares of Rs. 10/- each

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Committee was reconstituted in the Board Meeting held on 25th January, 2008. As on 31.03.2008 the Committee consisted of four members, headed by Mr. V.D. Khandelwal, a Non-Executive Director. The Committee looks into all the matters relating to transfer of shares, issuance of duplicate share certificates and redressal of investors' grievances like non-receipt of annual reports, non-receipt of dividend warrants, etc. The Committee also oversees the working of Registrar and Transfer Agents of the Company. The Committee has been holding regular meetings to ensure compliance with the provisions of the Companies Act, 1956 and the Listing Guidelines and to ensure proper service to investors.

During the financial year ended 31st March, 2008, the Company has received 24 complaints from Shareholders. All the complaints were duly replied/redressed. Outstanding complaints as on 31st March, 2008 were Nil. As on 31st March, 2008, no request for transfer / transmission was pending for approval.

Compliance Officer :

During the year Compliance Officer of the Company : Mr. Gopal Agarwal, Chief Finance Officer.

6. GENERAL BODY MEETINGS

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

AGM/ EGM	Year	Date of Meeting	Time	Place
AGM	2007	24 th September, 2007	04:15 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.
EGM	2007	24 th March, 2007	12:30 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.
AGM	2006	26 th September, 2006	11:15 A.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.
AGM	2005	17 th September, 2005	2:15 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.



GANESH POLYTEX LTD.

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

AGM/EGM	Year	Date of Meeting	Particulars of Special Resolutions passed at the Meeting
AGM	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.
EGM	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.
AGM	2006	26th September, 2006	Nil
AGM	2005	17th September, 2005	1) Reappointment of Shri Rajesh Sharma as an Executive Director u/s 314 of the Companies Act, 1956. 2) Substitution of the existing clause V of the Memorandum of Association of the Company u/s 16 of the Companies Act, 1956. 3) Consent for Public/Right issue of Equity Shares u/s 81 & 81 (1A) of the Companies Act, 1956. 4) Consent for issuing warrants on Preferential basis u/s 81(1A) of the Companies Act, 1956. 5) Consent to issue Equity shares on Preferential basis u/s 81(1A) of the Companies Act, 1956.

Postal Ballot

At the last Annual General Meeting/Extraordinary 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.

7. 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.

8. MEANS OF COMMUNICATION

The quarterly results of the Company are submitted to the Stock Exchanges and published in 'Financial Express' (in English) and 'Amar Ujala'/'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.

9. GENERAL SHAREHOLDERS' INFORMATION

A. Annual General Meeting :

Date : 4th September, 2008
Time : 12:30 P.M.
Venue : Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.

B. Financial Year/Calendar :

• Results for First Quarter ending 30 th June, 2008	On or before 31 st July, 2008
• Results for Second Quarter ending 30 th September, 2008	On or before 31 st October, 2008
• Results for Third Quarter ending 31 st December, 2008	On or before 31 st January, 2009
• Results for Financial Year ending 31 st March, 2009	On or before 30 th June, 2009

C. Date of Book Closure

From Tuesday, 2nd September, 2008 to Thursday, 4th September, 2008 (both days inclusive).

D. Listing on Stock Exchanges :

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

E. Stock Codes – Equity Shares :

(Physical Form) (Demat Form)

Bombay Stock Exchange Ltd., Mumbai	14167	514167
The U.P. Stock Exchange Association Ltd., Kanpur	GANE	GANE

F. Stock Market Price Data for the year 2007-08 :

Month	BSE PRICES		BSE SENSEX	
	High (Rs.)	Low (Rs.)	High	Low
April, 2007	9.87	6.49	14228.88	12455.37
May, 2007	9.00	7.00	14544.46	13765.46
June, 2007	9.20	7.00	14650.51	14003.03
July, 2007	10.60	7.80	15794.92	14664.26
August, 2007	9.90	6.67	15318.60	13989.11
September, 2007	14.55	8.55	17291.10	15422.05
October, 2007	13.30	10.30	19977.67	17328.62
November, 2007	13.70	10.00	19976.23	18526.32
December, 2007	20.86	11.80	20375.87	19079.64
January, 2008	23.20	13.45	20873.33	16729.94
February, 2008	16.44	13.40	18663.16	16608.01
March, 2008	14.80	9.70	16677.88	14809.49

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

G. Registrar and Transfer Agents :

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

H. Share Transfer System:

Applications for transfer of shares in physical form are processed by the Company's Registrar and Transfer Agent, M/s. Skyline Financial Services Pvt. Ltd. The Share Transfer & Investor Grievance Committee, constituted for transfer/ transmission of shares, issue of duplicate share certificates 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.

NINETEENTH ANNUAL REPORT

I. Distribution of Share Holding as on 31st March, 2008 :

Shareholding of nominal value of		Shareholders		Share Amount	
Rs.	Rs.	Number	% of total	Rs.	% of total
Upto	5000	12723	92.30	20463480	20.77
5001 -	10000	596	4.33	5183280	5.26
10001 -	20000	230	1.67	3729590	3.78
20001 -	30000	64	0.46	1709490	1.73
30001 -	40000	31	0.22	1123680	1.14
40001 -	50000	35	0.25	1680820	1.71
50001 -	100000	45	0.33	3317610	3.37
100001 &	above	60	0.44	61342050 @	62.24
Total		13784	100.00	98550000 @	100.00

@ includes Equity Shares of Rs. 49,00,000/- allotted on Preferential basis to the Promoter Group of the Company but not yet listed.

J. Dematerialization of shares and liquidity:

ISIN Code- Equity Shares: INE 845 D01014

As on 31st March, 2008, 76.78% 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).

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

There are no GDRs/ ADRs/ Warrants or any convertible instruments outstanding for conversion as on 31st March, 2008.

L. Code of Conduct

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

M. Plant Location :

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

Rudrapur Unit :
Plot No. 6, Sector-2,
Integrated Industrial Estate,
Pantnagar, Uttarakhand.

N. Address for Correspondence :

With the Registrar and Transfer Agents :

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

With the Company :

Ganesh Polytex Limited
113/216-B, First Floor,
Swaroop Nagar, Kanpur- 208002.
Tel : 0512-2555504-06 • Fax : 0512-2555293
E-mail : shrdept@gmail.com, shdept@rediffmail.com

O. Non-mandatory Requirements :

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

P. Nomination facility :

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

DECLARATION

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, Shyam S. Sharma, Chairman and Managing Director of Ganesh Polytex Ltd., declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct for the financial year 2007-08.

Place : Kanpur

Date : 19th June, 2008

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, 2008, 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
DEEPAK SETH
Partner
Membership No. 73081

Place : Kanpur
Date : 19th June, 2008



AUDITORS' REPORT

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

We have audited the attached Balance Sheet of **GANESH POLYTEX LIMITED** as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- 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 (3 C) 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, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 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, 2008 ;
 - (ii) in the case of the Profit & Loss Account, of the Profit for the Year ended on that date ; and
 - (iii) in the case of the Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

For MEHROTRA RAKESH KUMAR & CO.
Chartered Accountants

DEEPAK SETH
Partner
Membership No. 73081

Place : Kanpur
Date : 19th June, 2008

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, 2008.

- (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 a Company, three directors and two other parties covered in the register maintained under section 301 of the Companies Act 1956. During the year Rs. 73.25 lakhs were taken as loan and the maximum amount involved during the year was Rs. 90.66 lakhs and the balance outstanding as on 31st March 2008 is Rs. 67.95 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 is repayable on demand and there are no stipulations as to the payment of principal amount & interest thereon. In respect of fixed deposits taken by the Company, payment of principal amount & interest are regular.
- (4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the Course of our audit, no major weakness has been noticed in the internal control systems in respect of these areas.
- (5) (i) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to

NINETEENTH ANNUAL REPORT

in section 301 of the Act that need to be entered into 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, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there have been a slight delay in a few cases.*
- (ii) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, sales tax, custom duty, excise duty, cess and other undisputed statutory dues were outstanding, as at 31st March, 2008 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, 2008 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 Lacs)* | 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 |
| Custom Act, 1962 | Custom Duty & Penalty | 5.79 | CESTAT, New Delhi |
| Income Tax Act, 1961 | Income Tax | 9.35 | Commissioner of Income Tax (Appeals), Kanpur |
- (10) The Company has no accumulated losses at the end of the financial year ended on 31st March, 2008 and it has not incurred any cash losses during the financial year ended on 31st March, 2008 and in the immediately preceding financial year ended on 31st March, 2007.
- (11) According to the practices followed by the bankers of the Company, term loan installments and interest are recovered by way of transfer from the working capital accounts of the Company maintained with them *and sometimes, these dues have been recovered with a slight delay from the due date.* In view of the above, and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
- (12) In our opinion and according to the information and explanations given to us the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) In our opinion, the Company is not a Chit fund or nidhi / mutual benefit fund/ society. Therefore clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (14) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (15) In our opinion and according to the information & explanations given to us, the Company has not given any guarantee for loans taken by others from Bank or financial institutions. Therefore clause 4(xv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (16) Based on information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.
- (17) According to the information & explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investments.
- (18) During the year the Company has made preferential allotment of Equity shares to the two directors covered in the Register maintained under section 301 of the Companies Act, 1956. Further, the Company has also made preferential allotment of Preference shares to the three directors & thirteen other parties covered in the Register maintained under section 301 of the Companies Act, 1956. In our opinion, prices at which 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

DEEPAK SETH
Partner

Place : Kanpur
Date : 19th June, 2008

Membership No. 73081

* Net of amount deposited under dispute.



GANESH POLYTEX LTD.

BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULES		As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a. Share Capital	1	143,550,000	98,650,000
b. Preference Share Application Money Pending Allotment		—	27,500,000
c. Reserves & Surplus	2	103,499,477	66,395,006
		<u>247,049,477</u>	<u>192,545,006</u>
2. Loan Funds			
a. Secured Loans	3	424,943,523	244,992,109
b. Unsecured Loans	4	41,072,901	34,157,166
		<u>466,016,424</u>	<u>279,149,275</u>
3. Deferred Tax Liability (Net)		<u>35,395,727</u>	<u>34,114,576</u>
TOTAL		<u><u>748,461,628</u></u>	<u><u>505,808,857</u></u>
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a. Gross Block	5	518,922,495	461,952,848
b. Less : Depreciation		<u>185,643,078</u>	<u>157,871,286</u>
c. Net Block		333,279,417	304,081,562
d. Capital Work in Progress		<u>150,774,846</u>	<u>10,891,454</u>
		<u>484,054,263</u>	<u>314,973,016</u>
2. Current Assets, Loans & Advances			
a. Inventories	6	230,558,467	154,761,395
b. Sundry Debtors	7	71,880,035	71,721,302
c. Cash & Bank Balances	8	17,641,033	11,107,584
d. Other Current Assets	9	1,536,230	958,135
e. Loans & Advances	10	25,977,677	27,403,025
		<u>347,593,442</u>	<u>265,951,441</u>
Less : Current Liabilities & Provisions :			
— Current Liabilities	11	74,506,060	68,364,094
— Provisions	12	<u>8,680,017</u>	<u>6,922,876</u>
		<u>83,186,077</u>	<u>75,286,970</u>
Net Current Assets		<u>264,407,365</u>	<u>190,664,471</u>
3. Miscellaneous Expenditure			
(To the extent not Written off or adjusted)	13	—	171,370
TOTAL		<u><u>748,461,628</u></u>	<u><u>505,808,857</u></u>
NOTES TO ACCOUNTS	19		

In terms of our annexed report of even date.

For MEHROTRA RAKESH KUMAR & CO.

Chartered Accountants

DEEPAK SETH

Partner

Membership No. 73081

Place : Kanpur

Dated : 19th June, 2008

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

NINETEENTH ANNUAL REPORT

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	SCHEDULES	Year ended 31.03.2008 Rs.	Year ended 31.03.2007 Rs.
INCOME			
Gross Turnover		1,054,258,063	626,825,223
Less : Excise Duty		62,707	81,346
Net Turnover		1,054,195,356	626,743,877
Other Income	14	3,802,344	3,288,819
Increase in Stocks	15	1,570,265	12,605,360
		1,059,567,965	642,638,056
EXPENDITURE			
Raw Material Consumed		709,495,299	428,050,072
Payments to & Provisions for Employees	16	45,432,056	23,523,639
Manufacturing, Administrative and			
Selling Expenses	17	181,131,282	121,001,839
Interest & Finance Expenses	18	37,883,036	22,318,868
		973,941,673	594,894,418
Profit before Depreciation		85,626,292	47,743,638
Depreciation		35,983,710	18,054,125
Profit before Taxation		49,642,582	29,689,513
Provision For Taxation			
– Current Tax		(9,985,352)	(3,260,092)
– Fringe Benefit Tax		(841,456)	(633,437)
– Deferred Tax (Net)		(1,281,151)	(10,163,401)
– MAT Credit available for set off		–	3,260,092
Profit For the year		37,534,623	18,892,675
Balance brought forward from previous year		40,116,549	22,946,308
MAT Credit recognised for previous year		–	1,099,336
Taxation for Earlier Years		(25,730)	(113,676)
Profit available for Appropriation		77,625,442	42,824,643
Appropriations :			
Interim Dividend on Preference Shares		(2,416,667)	(2,375,000)
Tax on Dividend		(410,713)	(333,094)
Surplus carried to the Balance Sheet		74,798,062	40,116,549
Basic & Diluted Earning Per Share of Rs.10/- each (In Rs.)		3.62	2.03
NOTES TO ACCOUNTS	19		

In terms of our annexed report of even date.

For MEHROTRA RAKESH KUMAR & CO.

Chartered Accountants

DEEPAK SETH

Partner

Membership No. 73081

Place : Kanpur

Dated : 19th June, 2008

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



GANESH POLYTEX LTD.

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2008

	2007-08 Rs.	2006-07 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax as per Profit and Loss Account	49,642,582	29,689,513
Adjusted for :		
Deferred Revenue Expenses written off	171,370	693,069
Net Prior Period Adjustments	195,232	(15,275)
Provision for Doubtful Debts	887,904	192,944
Provision for Doubtful Debts Written Back	(2,958,320)	(83,927)
Loss on Fixed Assets Sold/Discarded	2,017,532	576,441
Depreciation	35,983,710	18,054,125
Unrealised Exchange Differences	(1,690,992)	(405,600)
Interest Expenses (Net)	33,014,345	17,432,068
Operating Profit before Working Capital Changes	117,263,363	66,133,358
Adjusted for :		
Trade Receivables	1,911,683	(21,277,431)
Inventories	(75,797,072)	(41,458,130)
Trade Payables	7,105,326	19,758,004
Movement in Loans & Advances	(3,512,175)	(11,824,268)
Cash Generated from Operations	46,971,125	11,331,533
Net Prior Period Adjustment	(195,232)	15,275
Direct Taxes Paid	(5,793,049)	(3,066,824)
Net Cash From Operating Activities	40,982,844	8,279,984
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(209,033,160)	(151,278,069)
Sale of Fixed Assets	1,950,671	211,500
Net Cash Used in Investing Activities	(207,082,489)	(151,066,569)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from/(Repayment) of Long Term Borrowings (Net)	119,418,077	100,608,213
Proceeds from/(Repayment) of Short Term Borrowings (Net)	67,845,790	37,490,409
Proceeds from issue of Equity Share Capital	4,900,000	—
Proceeds from issue of Preference Share Capital	12,500,000	—
Proceeds from Preference Share Application Money Pending Allotment	—	27,500,000
Proceeds from Share Premium on issue of Equity Shares	2,450,000	—
Interest Paid (Net)	(31,653,393)	(16,785,956)
Dividend Paid on Preference Shares	(2,416,667)	(2,375,000)
Tax Paid on Dividend	(410,713)	(333,094)
Net Cash Used in Financing Activities	172,633,094	146,104,572
Net Increase in Cash and Cash Equivalents	6,533,449	3,317,987
Opening Balance of Cash and Cash Equivalents	11,107,584	7,789,597
Closing Balance of Cash and Cash Equivalents	17,641,033	11,107,584

As per our annexed Report of even date.

For MEHROTRA RAKESH KUMAR & CO.

Chartered Accountants

DEEPAK SETH

Partner

Membership No. 73081

Place : Kanpur

Dated : 19th June, 2008

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 31.03.2008 Rs.		As at 31.03.2007 Rs.
SCHEDULE 1 : SHARE CAPITAL				
Authorised				
240,00,000 (Previous Year 240,00,000) Equity Shares of Rs. 10/- each	240,000,000		240,000,000	
4,50,000 (Previous Year 4,50,000) Preference Shares of Rs.100/- each	45,000,000	285,000,000	45,000,000	285,000,000
Issued and Subscribed				
98,55,000 (Previous Year 93,65,000) Equity Shares of Rs. 10/- each	98,550,000		93,650,000	
4,50,000 (Previous Year 50,000) 10% Cumulative Redeemable Preference Shares of Rs.100/- each	45,000,000	143,550,000	5,000,000	98,650,000
Paid up				
98,55,000 (Previous Year 93,65,000) Equity Shares of Rs. 10/- each fully paid up		98,550,000		93,650,000
4,00,000 (Previous Year Nil) 10% Cumulative Redeemable Preference Shares (Series-II) of Rs.100/- each fully paid up (Redeemable at Par on 31.07.2012)		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		143,550,000		98,650,000
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	13,994,699		13,994,699	
Add : Received During The Year	2,450,000	16,444,699	—	13,994,699
c. General Reserve				
Opening Balance	4,595,730		4,595,730	
Less : Adjustment for Employees benefits	(27,042)	4,568,688	—	4,595,730
d. Surplus as per Profit & Loss Account				
		74,798,062		40,116,549
TOTAL		103,499,477		66,395,006



GANESH POLYTEX LTD.

SCHEDULE 3 : SECURED LOANS

a. Term Loans :

Foreign Currency Term Loans from Banks	22,329,910		27,585,833	
Rupee Term Loans from Banks & Companies	212,618,407	234,948,317	89,418,860	117,004,693

b. Working Capital Loans from Banks:

Foreign Currency Loans	61,887,092		60,402,600	
Rupee Loans	128,108,114	189,995,206	67,584,816	127,987,416

TOTAL

As at
31.03.2008
Rs.

As at
31.03.2007
Rs.

424,943,523

244,992,109

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

SCHEDULE 4 : UNSECURED LOANS

a. Inter Corporate Deposits

22,969,992

22,130,040

b. Loans from Directors

6,466,351

579,050

c. Fixed Deposits

11,636,558

11,448,076

TOTAL

41,072,901

34,157,166

SCHEDULE 5 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2007	Additions during the year	Deductions/ Adjustment	As at 31.03.2008	Upto 31.03.2007	Provided during the year	Deductions/ Adjustment	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Tangible Assets (A)										
Land & Site Development	10,649,892	771,634	—	11,421,526	—	—	—	—	11,421,526	10,649,892
Leasehold Land	9,817,381	—	—	9,817,381	180,209	109,082	—	289,291	9,528,090	9,637,172
Building	93,949,960	1,223,516	—	95,173,476	19,429,647	5,662,381	—	25,092,028	70,081,448	74,520,313
Plant & Machinery	320,653,018	59,577,474	11,017,840	369,212,652	130,096,565	26,762,033	7,574,172	149,284,426	219,928,226	190,556,453
Electric Installation	455,418	1,762,096	—	2,217,514	88,838	385,571	—	474,409	1,743,105	366,580
Furniture & Fixtures	4,502,363	691,536	33,181	5,160,718	2,984,096	494,128	27,925	3,450,299	1,710,419	1,518,267
Office Equipments	5,911,491	2,585,082	69,000	8,427,573	1,939,484	689,844	41,782	2,587,546	5,840,027	3,972,007
Vehicles	14,550,777	2,457,102	1,060,100	15,947,779	3,105,165	1,581,953	568,039	4,119,079	11,828,700	11,445,612
Sub Total (A)	460,490,300	69,068,440	12,180,121	517,378,619	157,824,004	35,684,992	8,211,918	185,297,078	332,081,541	302,666,296
Intangible Assets (B)										
Technical Knowhow	1,462,548	—	—	1,462,548	47,282	292,510	—	339,792	1,122,756	1,415,266
Computer Software	—	81,328	—	81,328	—	6,208	—	6,208	75,120	—
Sub Total (B)	1,462,548	81,328	—	1,543,876	47,282	298,718	—	346,000	1,197,876	1,415,266
Total (A+B)	461,952,848	69,149,768	12,180,121	518,922,495	157,871,286	35,983,710	8,211,918	185,643,078	333,279,417	304,081,562
Previous Year	304,309,060	159,599,786	1,955,998	461,952,848	140,985,218	18,054,125	1,168,057	157,871,286	304,081,562	163,323,842

NINETEENTH ANNUAL REPORT

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
SCHEDULE 6 : INVENTORIES		
a. Raw-Materials	112,442,401	66,481,470
b. Stores and Spares	26,516,505	20,395,925
c. Goods under process	37,816,124	24,704,463
d. Finished Goods	53,542,287	42,401,007
e. Waste and Scrap	241,150	778,530
TOTAL	230,558,467	154,761,395
SCHEDULE 7 : SUNDRY DEBTORS (UNSECURED)		
a. Over Six Months -		
Considered Good	8,487,753	8,983,007
Considered Doubtful	3,340,181	6,503,218
b. Other Debts (Considered Good)	63,392,282	62,738,295
	75,220,216	78,224,520
Less : Provision for Doubtful Debts	3,340,181	6,503,218
TOTAL	71,880,035	71,721,302
SCHEDULE 8 : CASH AND BANK BALANCES		
a. Cash in hand [including Cheques/Drafts in hand of Rs. 6,064/- (Previous year Rs.17,38,422/-)]	2,107,582	4,581,941
b. Balances With Scheduled Banks in Current Accounts	3,690,357	2,506,291
c. Fixed Deposits With Scheduled Banks (Receipts pledged with Banks)	11,843,094	4,019,352
TOTAL	17,641,033	11,107,584
SCHEDULE 9 : OTHER CURRENT ASSETS		
a. Interest Receivable	589,428	215,737
b. Unamortised Premium on Forward Contract	946,802	742,398
TOTAL	1,536,230	958,135
SCHEDULE 10 : LOANS & ADVANCES (Unsecured, Considered good)		
a. Advances Recoverable in Cash or in Kind or for Value to be received	6,276,455	6,139,044
b. Advance Payment of Taxes	501,313	101,313
c. Security and other Deposits	4,518,950	3,299,950
d. Export Incentive Receivable	14,680,959	13,503,290
e. MAT Credit Entitlement	-	4,359,428
TOTAL	25,977,677	27,403,025
SCHEDULE 11 : CURRENT LIABILITIES		
a. Sundry Creditors for Goods, Expenses and Services etc.		
- Due to Micro, Small and Medium Enterprises (Refer Note 2)	-	-
- Others	70,486,757	63,610,981
b. Deposit from Dealers	50,000	100,000
c. Other Liabilities	2,766,178	2,684,176
d. Forward Contract	1,203,125	1,968,937
TOTAL	74,506,060	68,364,094



GANESH POLYTEX LTD.

SCHEDULE 12 : PROVISIONS

		As at 31.03.2008 Rs.		As at 31.03.2007 Rs.
a. Provisions for Gratuity & Leave Encashment		7,039,575		5,982,495
b. Provision for Income Tax (Net of Advance Tax)	5,908,414		906,944	
Less: MAT Credit Availed	4,359,428	1,548,986	—	906,944
c. Provision for Fringe Benefit Tax (Net of Advance Tax)		91,456		33,437
TOTAL		8,680,017		6,922,876

SCHEDULE 13 : MISCELLANEOUS EXPENDITURE

Deferred Revenue Expenditure :				
Opening Balance		171,370		864,439
Less : Written off		171,370		693,069
TOTAL		—		171,370

SCHEDULE 14 : OTHER INCOME

		Year Ended 31.03.2008 Rs.		Year Ended 31.03.2007 Rs.
Job Work Receipts		3,008,096		3,055,805
Miscellaneous Receipts		794,248		233,014
TOTAL		3,802,344		3,288,819

SCHEDULE 15 : INCREASE IN STOCK

Closing Stock :				
Finished Goods	53,542,287		42,401,007	
Goods under Process	37,816,124		24,704,463	
Waste and Scrap	241,150	91,599,561	778,530	67,884,000
Less : Opening Stock (Including Trial Run Stocks) :				
Finished goods	60,087,851		35,616,931	
Goods under process	29,162,915		19,060,749	
Waste and Scrap	778,530	90,029,296	600,960	55,278,640
Increase in Stock		1,570,265		12,605,360

SCHEDULE 16 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

Salaries, Wages and Allowances		38,533,255		18,666,623
Staff and Labour Welfare Expenses		1,576,306		1,016,720
Contribution to Provident Fund & ESI		2,627,883		1,471,293
Gratuity		1,552,565		1,751,411
Bonus		1,452,445		617,592
Excess Provision of Gratuity as on 01.04.2007 Written back as per Accounting Standard - 15		(310,398)		—
TOTAL		45,432,056		23,523,639

NINETEENTH ANNUAL REPORT

SCHEDULE 17 : MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES

A. MANUFACTURING EXPENSES :

	Year ended 31.03.2008 Rs.	Year ended 31.03.2007 Rs.
Purchase of goods	2,775,878	2,664,037
Processing Charges	1,153,802	1,558
Stores and Spares consumed	28,604,928	14,446,350
Power and Fuel	71,932,426	62,091,846
Repairs and Maintenance :		
Machinery	4,271,746	4,695,160
Building	902,718	260,460
Others	650,691	422,970
	<u>5,825,155</u>	<u>5,378,590</u>

TOTAL (A)

110,292,189 84,582,381

B. ADMINISTRATIVE EXPENSES :

Rent	1,234,975	633,354
Insurance	1,693,659	1,613,310
Rates and Taxes	305,270	107,125
Travelling and Conveyance [Including for Directors Rs. 422,597/- (Previous year Rs. 303,201/-)]	4,269,160	3,015,566
Printing and Stationery	1,208,607	857,711
Postage and Telephones	4,004,686	2,501,923
Auditors' Remuneration:		
Audit Fee	100,000	50,000
For Tax Audit	10,000	10,000
For Certification	14,850	15,379
For Expenses	4,000	4,000
	<u>128,850</u>	<u>79,379</u>
Managerial Remuneration	4,160,053	2,064,979
Cost Auditors' Remuneration:		
Audit Fee	16,854	16,836
For Expenses	3,000	3,000
	<u>19,854</u>	<u>19,836</u>
Listing Fees	29,000	29,900
Directors' Sitting Fee	255,000	167,000
Vehicle Running and Maintenance	3,160,210	2,275,443
Legal and Professional Charges	883,670	513,768
Filing Fees	87,678	12,000
Miscellaneous Expenses	1,935,207	1,341,132
Premium on Forward Exchange contract amortised	51,073	344,322
Deferred Revenue Expenses Written Off	171,370	693,069
Loss on Fixed Assets Sold / Discarded (Net)	2,017,532	576,441
Prior period items (Net)	195,232	(15,275)
Provision for Doubtful Debts	887,904	192,944
Provision for Doubtful Debts Written back	(2,958,320)	(83,927)
Exchange Rate Differences(Net)	(7,161,763)	(1,077,264)
Lease Rent	76,709	76,502
Bad Debts & Advances Written Off (Net)	784,438	-

TOTAL (B)

17,440,054 15,939,238

C. SELLING EXPENSES :

Commission & Brokerage	2,796,987	1,125,786
Freight and Forwarding charges	49,959,263	18,929,641
Other Selling Expenses	642,789	424,793

TOTAL (C)

53,399,039 20,480,220

TOTAL (A+B+C)

181,131,282 121,001,839

SCHEDULE 18 : INTEREST AND FINANCE EXPENSES

Interest :

On Fixed Loans	13,627,890	2,326,208
On Others (Net)	19,386,455	15,105,860
	<u>33,014,345</u>	<u>17,432,068</u>

Other Financial Expenses

4,886,691 4,886,800

TOTAL

37,883,036 22,318,868



SCHEDULE 19 : NOTES TO 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 trade tax/Value Added Tax, when the significant risks and rewards of ownership of goods have passed to the buyer, which generally coincides with delivery.

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

c. Fixed Assets :

Fixed assets are stated at cost comprising of its purchase price (net of CENVAT/Value Added Tax wherever applicable) and directly attributable cost of bringing the asset to working condition for its intended use less accumulated depreciation and amortization.

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

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

d. Intangible Assets:

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

e. Depreciation/Amortisation :

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 fixed assets of Rudrapur Unit where depreciation is provided on written down value method (WDV); in respect of power line payments made to Electricity Authorities, useful life has been estimated as five years. Continuous process plant as defined therein have been taken on technical assessment and depreciation is provided accordingly. Individual assets, whose actual cost does not exceed Rs. 5000.00 are depreciated within the year of acquisition. Cost of Leasehold land is amortised over the period of the Lease.

f. Valuation of Inventories :

- i) Raw Materials are valued at cost determined by weighted average method or net realisable value, whichever is lower.
- ii) Stores & Spares are valued at cost determined by weighted average method or net realisable value, whichever is lower.
- iii) Goods under process are valued at cost (full absorption cost) or net realisable value, whichever is lower.
- iv) Finished Goods are valued at Cost (full absorption cost) or net realisable value, whichever is lower.
- v) Waste & Scrap are valued at net realisable value.

g. Miscellaneous Expenditure :

Deferred Revenue Expenditure are amortised over the period of estimated future benefits to be received there from.

h. Lease Rentals :

Rental charges in respect of assets acquired under finance leases prior to 1st April, 2001 are amortised 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.

i. Foreign Currency Transactions :

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transaction.

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/expense in the Profit & Loss Account of the period.

j. 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 employees 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.

k. 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.

l. 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.

m. 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.

NINETEENTH ANNUAL REPORT

2. Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below :

Particulars	2007-08	2006-07
a) Principal Amount and Interest due thereon, remaining unpaid as on 31 st March	0.00	0.00
b) Interest paid during the year	0.00	0.00
c) Interest due and payable for the period of delay in making payment (on the amount which have been paid beyond the appointed day during the year)	0.00	0.00
d) Interest accrued and remaining unpaid as at 31 st March	0.00	0.00
e) Interest due of the previous year	0.00	0.00

3. (a) The Profit & Loss Account includes payment to & provisions for Managerial remuneration (excluding sitting fees) payable to Managing Director, Joint Managing Director and Non-Executive Directors as under :

	2007-08 Rs.	2006-07 Rs.
Salary & Allowance	1,200,000	1,200,000
Perquisites	540,000	540,000
Performance linked remuneration	1,339,957	—
Commission to Managing Director	540,048	324,979
Commission to Non-Executive Directors	540,048	—
Total	4,160,053	2,064,979

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

	2007-08 Rs.	2006-07 Rs.
Profit before Taxation	49,642,582	29,689,513
Add: Depreciation as per accounts	35,983,710	18,054,125
Loss on Fixed Assets sold/ discarded (net)	2,017,532	576,441
Managerial Remuneration	3,620,005	2,064,979
Commission to Non Executive Directors	540,048	—
Directors' Sitting Fees	255,000	167,000
	92,058,877	50,552,058
Less: Depreciation as per Section 350 of Companies Act, 1956	35,983,710	18,054,125
Excess Provision for Doubtful Debts written back (net of provisions made)	2,070,416	—
Net Profit for the year	54,004,751	32,497,933

Eligible Remuneration to the Managing & Joint Managing Director (@ 10% on above profits for the year 2007-08)

Out of above :

a) Salary, Allowances & Perquisites paid to Managing Director & Joint Managing Director	1,740,000	1,740,000
b) Commission payable to Managing Director (@ 1% of above Profits)	540,048	324,979
c) Performance Linked Remuneration as determined by Board of Directors	1,339,957	N.A.
Commission payable to Non-Executive Directors (@ 1% on above Profits)	540,048	N.A.

4. FINANCIAL & DERIVATIVES INSTRUMENTS:

Nominal value of Forward Contracts (USD/INR) entered into by the Company for hedging Currency Risks and outstanding as on 31st March, 2008 amount to Rs. 619.59 lacs (Previous Year Rs. 497.67 lacs)

Un-hedged Foreign Currency exposure that are not hedged by derivative instruments or Forward Contracts as at 31st March, 2008 amount to Rs. 470.07 lacs (Previous Year Rs. 530.81 Lacs).

5. RELATED PARTY DISCLOSURES:

I. Names of related parties & description of relationship:

A. Key Management Personnel:

Shri Shyam S. Sharma	Chairman cum Managing Director
Shri Sharad Sharma	Joint Managing Director

B. Relatives of Key Management Personnel:

1. Shri V.D. Khandelwal	Brother of Shri Shyam S. Sharma
2. Shri Rajesh Sharma	Son of Shri Shyam S. Sharma
3. Smt. Vimal Sharma	Wife of Shri Shyam S. Sharma
4. Smt. Seema Sharma	Wife of Shri Sharad Sharma

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

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

II. Summary of Transactions :

(Rs. in Lacs)

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Companies & Concerns Controlled by Key Management personnel/Relatives
i) Transactions during the year			
Managerial Remuneration	36.20 (20.65)	— (—)	— (—)
Salary	— (—)	5.04 (5.04)	— (—)
Reimbursement of Expenses	2.96 (0.58)	0.62 (0.96)	— (—)
Directors' Sitting Fee	— (—)	0.70 (0.55)	— (—)
Interest	0.59 (16.34)	0.39 (2.89)	0.35 (4.57)
Unsecured Loan/Fixed Deposit accepted during the year	65.00 (217.26)	6.25 (3.65)	2.00 (15.58)
Unsecured Loan/Fixed Deposit repaid during the year	11.62 (233.50)	0.40 (62.14)	19.60 (128.13)
Equity Share Capital issued and money received during the year	49.00 (—)	— (—)	— (—)
Share Premium amount received during the year	24.50 (—)	— (—)	— (—)
Preference Share Application money received during the year	— (93.00)	— (103.00)	— (—)
Preference Share Capital issued during the year	93.00 (—)	111.50 (—)	19.60 (—)
ii) Amount Outstanding at Balance Sheet date			
Unsecured Loan/Fixed Deposit outstanding	59.09 (5.71)	6.70 (0.85)	2.16 (19.76)
Amounts Payable	13.21 (3.92)	2.00 (0.27)	— (0.18)

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.



GANESH POLYTEX LTD.

6. DEFERRED TAXATION :

- (i) Deferred Tax (net) for the Current Financial Year of Rs. 12.81 Lacs (Previous Year Rs. 101.63 Lacs) has been charged to the Profit & Loss Account.
- (ii) Breakup of Deferred Tax Assets & Liabilities is as under :

		As at 31.03.2008	As at 31.03.2007
(a) Deferred Tax Liabilities			
Related to Fixed Assets		(400.05)	(406.39)
(b) Deferred Tax Assets			
– Expenditure allowable on actual payment	3.71		4.35
– Unabsorbed Loss & Depreciation	7.11		21.40
– Others	35.28	46.10	39.50
(c) Net Deferred Tax (Liability)/Asset		(353.95)	(341.14)

7. SEGMENT INFORMATION :

- (i) Primary Segment Information–Business Segment (Rs. in Lacs)

Particulars	Yarn		Fibre		Total	
	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007
1. Segment Revenue						
- External Turnover	2558.10	2386.38	7984.48	3881.87	10542.58	6268.25
- Inter Segment Turnover	–	–	–	–	–	–
- Total Revenue	2558.10	2386.38	7984.48	3881.87	10542.58	6268.25
2. Segment Result before Interest and taxes	268.23	324.13	1037.86	520.77	1306.09	844.90
Less: Un-allocated Expenses					(430.83)	(324.81)
Operating Profit					875.26	520.09
Less: Interest expenses(Net)					(378.83)	(223.19)
Profit Before Tax					496.43	296.90
Less: Current Tax					(99.86)	(32.60)
Fringe Benefit Tax					(8.41)	(6.34)
Deferred Tax (Net)					(12.81)	(101.63)
Add : MAT Credit available for set-off					–	32.60
Profit After Tax					375.35	188.93
3. Other Information						
(i) Segment Assets	850.06	938.68	7060.84	4512.03	7910.90	5450.71
(ii) Unallocated Assets					405.58	360.25
(iii) Total Assets					8316.48	5810.96
(iv) Segment Liabilities	104.34	208.28	339.62	258.57	443.96	466.85
(v) Unallocated Liabilities					387.90	286.02
(vi) Total liabilities					831.86	752.87
(vii) Capital Expenditure	147.69	56.08	509.39	1476.70	657.08	1532.78
(viii) Unallocable Capital Expenditure					34.41	63.22
(ix) Total Capital Expenditure					691.49	1596.00
(x) Depreciation	48.37	44.80	292.73	120.22	341.10	165.02
(xi) Unallocable Depreciation					18.74	15.52
(xii) Total Depreciation					359.84	180.54
(xiii) Non-Cash Expenditure other than Depreciation	–	–	(12.86)	1.09	(12.86)	1.09

- (ii) Revenues and Expenses which are not allocable to a segment on reasonable basis have been disclosed "Un-allocable".

- (iii) Segment Assets include operating assets used by a segment and mainly consist of Sundry Debtors, Inventories and Fixed Assets. Segment Liabilities include all operating liabilities and consist principally of Sundry Creditors and accrued liabilities.

- (iv) Secondary Segment information-Geographical Segment

	2007-2008	2006-2007
Segment Revenue		
Turnover:	10542.58	6268.25
Domestic (within India)	8188.08	5274.00
Export	2354.50	994.25

NINETEENTH ANNUAL REPORT

8. EARNING PER SHARE :

(Rs. in Lacs)

	2007-2008	2006-2007
Net Profit after Taxes [after adjusting Dividend on Preference Shares for the year amounting to Rs. 31.67 Lacs (Previous Year Rs. 5.00 Lacs)]	343.68	183.93
Less : Tax for Earlier Years	0.26	1.14
Tax paid on Preference Dividend (Interim)	4.11	3.33
	339.31	179.46
Add : MAT Credit recognized for Previous Year	-	10.99
Net profit available for Equity Shareholders	339.31	190.45
Weighted average number of Equity Shares (Number)	93,66,339	93,65,000
Nominal Value per Equity Share (Rs.)	10.00	10.00
Basic & Diluted Earning Per Share (Rs.)	3.62	2.03

9. Sundry Debtors Outstanding for more than six months & considered good include Rs. 11.21 Lacs (Previous year Rs. 34.08 Lacs) for which Legal Action has been taken for recovery. However, the same are classified as good for recovery.

10. PREOPERATIVE EXPENSES :

(In respect of Projects upto 31st March 2008, included under the head Capital Work in Progress)

Particulars	2007-08 Rs.	2006-07 Rs.
Opening Balance	823,471	3,928,484
Add : Expenditure during construction period:		
(a) Raw Material Consumed	34,722,442	22,270,772
(b) Payments to & Provision for Employees	5,990,304	3,752,362
(c) Manufacturing, Administrative & Selling Expenses	11,339,563	7,654,343
(d) Interest & Finance Expenses	12,702,090	64,754,399
	65,577,870	9,436,061
		43,113,538
		47,042,022
Less: (a) Sale of Finished Goods	24,862,020*	13,226,995
(b) Stock of Finished Goods	17,686,844	10,479,010
(c) Stock of Goods Under Process	4,458,452	47,007,316
		543,484
		24,249,489
		18,570,554
		22,792,533
Less : Allocation to Fixed Assets	2,788,701	21,969,062
Closing Balance	15,781,853	823,471

(*Includes inter-unit transfers of Rs. 36,42,349.00)

11. Disclosures in accordance with Revised Accounting Standard-15 on Employee Benefits

- a) The Accounting Standard-15 (Revised 2005) on Employee Benefits issued by the Institute of Chartered Accountants of India has been adopted by the Company effective from April 1, 2007.

b) Defined Contribution Plans

The Company has recognized an expense of Rs. 26.28 lacs (Previous year Rs. 14.71 lacs) towards the defined contribution plans.

c) Defined benefit Plans

As per Actuarial Valuation on 31st March, 2008

- i) Expenses recognized in Profit & Loss A/c for the year ended 31st March, 2008 :

Particulars	Gratuity Rs.	Leave Encashment Rs.
1. Current Service Cost	882,970	182,587
2. Interest Cost	384,486	53,449
3. Expected Return on Plan Assets	-	-
4. Net Actuarial (Gain)/Losses recognised	285,109	23,589
5. Past Service Cost	-	-
6. Curtailment Cost/Settlement Cost	-	-
7. Total Expense	1,552,565	259,625

- ii) Net Asset/(Liability) recognized in Balance Sheet as at 31st March, 2008 :

Particulars	Gratuity Rs.	Leave Encashment Rs.
1. Present value of Defined Benefit Obligation on 31.03.2008	6,138,130	901,445
2. Fair value of Plan Assets on 31.03.2008	-	-
3. Funded Status [Surplus/(Deficit)]	(6,138,130)	(901,445)
4. Net Asset/(Liability) recognized in Balance Sheet on 31.03.2008	6,138,130	901,445

- iii) Change in Present value of Obligation during the year ended 31st March, 2008 :

Particulars	Gratuity Rs.	Leave Encashment Rs.
1. Present value of obligation at the beginning of the year	4,806,070	668,109
2. Interest cost	384,486	53,449
3. Past Service Cost	-	-
4. Current Service Cost	882,970	182,587
5. Curtailment/settlement cost	-	-
6. Benefit payments	(220,505)	(26,289)
7. Actuarial (Gain)/Loss on obligation	285,109	23,589
8. Present value of obligation at the end of the year	6,138,130	901,445

- iv) Fair value & changes in fair value of Plan Assets during the year ended 31st March 2008 :

Particulars	As on 1 st April, 07	As on 31 st March, 08
Discount Rate	8%	8%
Salary Escalation Rate	5%	5%
Expected Rate of Return on Plan Assets	-	-
Mortality	LIC(1994-96) Mortality Tables	LIC(1994-96) Mortality Tables
Withdrawal Rate	15%	15%

- d) Employee benefits in the form of defined contribution plans and defined benefit plans (Gratuity & Leave Encashment) are not payable to the Managing Director & Joint Managing Director of the Company.



GANESH POLYTEX LTD.

- e) The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors.
- f) This being the first year of implementation of AS-15 (Revised), previous year figures have not been given.
- 12.** Consequent upon the adoption of the Companies (Accounting Standards) Rules, 2006 and Accounting Standard-15 (Revised) with effect from April 1, 2007, the following changes in accounting policy/estimates have been made during the year:
- a) In accordance with Accounting Standard (AS-11) on "Effects of Changes in Foreign Exchange Rates", notified in the Companies (Accounting Standards) Rules, 2006, the exchange difference in foreign currency transactions relating to fixed assets acquired from a country outside India has been adjusted to revenue as against the hitherto followed practice of adjusting the same to the carrying amount of fixed assets. As a result, profit for the year ended March 31, 2008 is higher by Rs. 16.91 Lacs.
- b) Post employment benefits (namely Gratuity and Leave Encashment) are in accordance with Accounting Standard (AS) 15 on "Employees Benefits" now measured on a discounted basis by the Projected Unit Credit Method on the basis of third party actuarial valuation. As a result, profit for the year ended is lower by Rs. 1.66 lacs. Also, in accordance with the transitional provisions of the Standard, Rs. 0.27 lacs has been debited to the opening balance of general reserves.
- 13. Contingent Liability not provided for in respect of:**
- a) Bills discounted with Banks & remaining outstanding as on 31st March, 2008 Rs.384.78 Lacs. (Previous Year Rs. 385.42 Lacs.)
- b) Bills under Letter of Credit negotiated and outstanding as on 31st March, 2008 Rs.352.05 Lacs. (Previous Year Rs. 299.09 Lacs.)
- c) Claims against the Company not acknowledged as debts as on 31st March, 2008 Rs.15.61 Lacs. (Previous Year 9.07 Lacs)
- d) Custom duty disputed by the Company under appeal as on 31st March, 2008 Rs.7.79 Lacs (Previous Year Rs. 7.79 Lacs.)
- e) Arrear of Dividend payable on 10 % Cumulative Redeemable Preference Shares as on 31st March, 2008 Rs.11.25 Lacs (Previous Year Rs. 3.75 Lacs)
- f) Sales Tax/Trade Tax Liability disputed by the Company under appeal as on 31st March, 2008 Rs. 6.06 Lacs (Previous Year Rs. 7.37 Lacs)
- g) Entry Tax liability disputed by the Company Rs.16.44 Lacs (Previous Year Rs. 16.44 lacs)
- h) Amount received from a Party in an award and appeal filed by the opposite party against the award is pending before Hon'ble Supreme Court Rs. 80.98 lacs (Previous year - Nil).
- 14.** Estimated amount of Contracts remaining to be executed on capital accounts and not provided for Rs. 79.51 Lacs (Previous Year Rs. 228.86 Lacs.)
- 15.** The Income Tax assessments of the Company have been completed up to Assessment Year 2006-07. The disputed demand outstanding up to the said Assessment Year is Rs. 13.35 Lacs. Based on the interpretations of relevant provisions, the Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.
- 16.** During the year, Company has allotted to Promoters 4,90,000 Equity Shares of Rs. 10/-each against exercise of option attached to Warrants and 4,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each and proceeds of these issue have been utilized towards ongoing capital expenditure programme.
- 17.** Previous Year figures have been reworked, regrouped, reclassified and/or rearranged wherever considered necessary.

18. Additional information pursuant to the provisions of Part II of Schedule VI to the Companies Act, 1956 to the extent relevant :

A. PARTICULARS IN RESPECT OF CAPACITY, PRODUCTION, TURNOVER, PURCHASES & STOCKS OF FINISHED GOODS (Including Production During Trial Run)

Class of Goods	Unit	Licensed Capacity	Installed Capacity ^a (Per Annum)	Opening Stock		Production		Purchase		Turnover@		Inter-unit Transfer Qty.		Closing Stock	
				Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)
1. Texturised/ Twisted Grey & Dyed Yarn & Dyed Fibre	Kgs.	N.A.	2,400,000 (1,800,000)	80,199 (78,597)	8,344,420 (8,426,015)	2,045,514 (1,718,972)	— (18,295)	— (1,735,665)	2,064,410 (237,442,592)	260,881,650 (—)	13,567 (—)	47,736 (80,199)	5,678,629 (8,344,420)		
2. Polyester Staple Fibre	Kgs.	N.A.	32,400,000 [#] (18,000,000)	796,883 (458,306)	34,055,308 (16,706,416)	17,005,072 (9,494,678)	42,660 (—)	16,028,939 (9,020,758)	812,050,108 (400,940,898)	790,268 (135,343)	1,025,408 (796,883)	47,862,379 (34,055,308)			
3. Scrap & Waste	Kgs.	N.A.	N.A (—)	— (—)	778,530 (600,960)	— (—)	— (—)	— (—)	2,545,976 (1,446,928)	— (—)	— (—)	— (—)	241,150 (778,530)		
4. Non Woven Fabrics	Mtr.	N.A.	N.A	2,200 (9,000)	1,279 (5,490)	— (—)	— (205,463)	— (212,263)	— (221,800)	— (—)	— (—)	2,200 (2,200)	1,279 (1,279)		

Notes :

- Excludes 117,537.810 Kgs. for Rs. 3,008,096/- (Previous year 84,459.640 Kgs. for Rs. 3,055,805/-) Dyed on Job Basis for outside parties.
- The Quantities include hard waste generated and sold during the year.
- \$ Installed Capacity is as certified by the Management.
- # Installed Capacity includes PSF capacity of 14,400,000 Kgs. which is installed at Rudrapur Unit but yet to be commercially operationalized.
- @ Turnover does not include inter-unit sale.

NINETEENTH ANNUAL REPORT

B. RAW MATERIALS CONSUMED (Including Trial Run Consumption)

Particulars	Qty. (Kgs.)	Value (Rs.)
1. POY/ Texturised /Twisted Yarn	1,905,566 (1,667,840)	174,597,324 (159,515,383)
2. Polyester Waste	17,498,919 (10,135,298)	473,523,169 (220,841,854)
3. Colour & Chemical	– (–)	74,504,716 (55,466,185)
4. Packing Material	– (–)	21,592,532 (14,497,422)

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	40,972,311	5.51	18,139,674	4.03
Indigeneous	703,245,430	94.49	432,181,170	95.97
	<u>744,217,741</u>	<u>100.00</u>	<u>450,320,844</u>	<u>100.00</u>
2. Stores & Spares				
Imported	3,916,645	13.37	–	–
Indigeneous	25,382,950	86.63	14,971,094	100.00
	<u>29,299,595</u>	<u>100.00</u>	<u>14,971,094</u>	<u>100.00</u>
D. CIF Value of Imports				
Raw Materials	33,339,807	N.A.	13,560,845	N.A.
Stores & Spares	2,990,899	N.A.	–	N.A.
Capital Goods	66,983,022	N.A.	37,720,259	N.A.
E. Expenditure in Foreign Currency				
Travelling Expenses	1,113,433	N.A.	169,333	N.A.
Commission	638,968	N.A.	630,933	N.A.
Gift	9,160	N.A.	9,349	N.A.
Telephone Expenses	5,068	N.A.	–	N.A.
Sales Promotion	9,570	N.A.	–	N.A.
F. Earning in Foreign Currency				
F.O.B. Value of Exports	220,881,366	N.A.	95,761,029	N.A.

Signature to Schedules 1 to 19
In terms of our annexed report of even date.

For MEHROTRA RAKESH KUMAR & CO.
Chartered Accountants
DEEPAK SETH
Partner
Membership No. 73081
Place : Kanpur
Dated : 19th June, 2008

GOPAL AGARWAL
Chief Finance Officer

BHARAT KUMAR SAJNANI
Company Secretary

For and on behalf of the Board

SHYAM S. SHARMA
Chairman and Managing Director

SHARAD SHARMA
Joint Managing Director



GANESH POLYTEX LTD.

BALANCE SHEET ABSTRACT AND COMPANY'S PROFILE FOR THE YEAR ENDED 31.03.2008

I. Registration Details :

Registration No.	9090	State Code	20
Balance Sheet Date	31.03.2008		

II. Capital Raised During the Year (Amount in Rs. Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement (Equity Share Capital)	7350*
		(Preference Share Capital)	40000

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	8,31,647	Total Assets	8,31,647
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Source of Funds :

Paid-up Capital	1,43,550	Reserves & Surplus	1,03,499
Secured Loans	4,24,943	Unsecured Loans	41,073
Deferred Tax Liability	35396		

Application of Funds :

Net Fixed Assets	4,84,054	Investments	Nil
Net Current Assets	2,64,407	Miscellaneous Expenses	Nil
Accumulated Losses	Nil		

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

Turnover	10,54,258	Total Expenditure	10,04,616
Profit/(Loss) before Tax	49,642	Profit/(Loss) after Tax	37,535
Earning per Share in Rs.	3.62	Dividend Rate %	Nil

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

* Including premium of Rs. 24,50,000/-

For and on behalf of the Board

GOPAL AGARWAL
Chief Finance Officer

SHYAM S. SHARMA
Chairman and Managing Director

Place : Kanpur
Dated : 19th June, 2008

BHARAT KUMAR SAJNANI
Company Secretary

SHARAD SHARMA
Joint Managing Director

ATTENDANCE SLIP
GANESH POLYTEX LTD.

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

PLEASE COMPLETE THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.
Joint Shareholders may obtain additional Attendance Slip on request.

NAME AND ADDRESS OF THE SHAREHOLDER(S)

.....

Folio No.

DP ID No.*

Client ID No.*

No. of Shares held :

I hereby record my presence at the 19th Annual General Meeting of the Company on Thursday, 4th September, 2008 at 12:30 P.M. at the Registered Office of the Company at Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.

SIGNATURE OF THE SHAREHOLDER / PROXY**

* Applicable for members holding Shares in Electronic form.

** Strike out whichever is not applicable.

.....(Cut Here).....

PROXY
GANESH POLYTEX LTD.

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

Folio No.

DP ID No.*

Client ID No.*

I/WeR/o

.....being a member / members of **GANESH POLYTEX LTD.**

hereby appoint

.....R/o

or failing him

R/o.....

as my / our proxy to vote for me/us on my / our behalf at the 19th Annual General Meeting of the Company to be held on Thursday, 4th September, 2008 at 12:30 P.M. at the Registered Office of the Company, or at any adjournment thereof.

Signed this day of 2008.

Signed

Affix a
15 Paise
Revenue
Stamp

* Applicable for members holding Shares in Electronic form.

Note : The proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time fixed for commencement of the aforesaid meeting.

(Cut Here)



GANESH POLYTEX LTD.

BOARD OF DIRECTORS

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

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

Shri SHARAD SHARMA, *Joint Managing Director*

Shri RAJESH SHARMA, *Executive Director*

Shri S. K. KABRA

Shri ANOOP GUPTA

Shri BRIJ MOHAN AGARWAL

Shri PRADEEP KUMAR GOENKA

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

STATE BANK OF BIKANER & JAIPUR

ALLAHABAD BANK

REGISTERED OFFICE

RAIPUR (RANIA),

KALPI ROAD,

DISTT. KANPUR DEHAT.

ADMINISTRATIVE OFFICE

113/216-B, SWAROOP NAGAR,

KANPUR-208 002

WORKS

1. RAIPUR (RANIA),

KALPI ROAD,

DISTT. KANPUR DEHAT.

2. PLOT No. 6, SECTOR - 2,

INTEGRATED INDUSTRIAL ESTATE

PANTNAGAR, UTTARAKHAND

INDEX	Page No.
Notice to the Shareholders	1-4
Directors' Report	5-6
Management Discussion & Analysis	7
Corporate Governance Report	8-11
Auditors' Report	12-13
Balance Sheet	14
Profit & Loss Account	15
Cash Flow Statement	16
Schedules to the Accounts	17-27
Balance Sheet Abstract	28

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