

NOTICE

NOTICE is hereby given that the **EIGHTEENTH ANNUAL GENERAL MEETING** of the Members of GANESH POLYTEX LIMITED will be held on Monday, the 24th September, 2007 at 4:15 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, 2007, 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.
3. To appoint a Director in place of Shri V.D. Khandelwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Anoop Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of 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 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto including any statutory modification or re-enactment thereof for the time being in force and subject to such approvals or sanctions as may be necessary, consent of the Company be and is hereby accorded to the variation in the terms of appointment of Shri Shyam S. Sharma, Chairman cum Managing Director of the Company, w.e.f. 1st August, 2007, with respect to revision of remuneration payable to him for the remainder term of his office in accordance with the provisions of Section I, Part II of Schedule XIII to the Companies Act, 1956 as under :

In case the Company has adequate profits in a financial year during the tenure of appointment of Chairman cum Managing Director :

In addition to the total remuneration of Rs. 1,00,000/- p.m. plus commission @ 1% of the Net Profits, as already approved by the Central Government, the Chairman cum Managing Director shall be entitled to receive performance linked remuneration based upon the quarterly financial performance of the Company, subject to the condition that the total remuneration payable to him shall not exceed 5% of the Net Profits of the Company for the year and 10% of the Net Profits of the Company payable to all the Managerial Personnel taken together.

The composition, mode and manner of payment of such additional remuneration shall be finalized in consultation with the Chairman cum Managing Director, subject to the condition that the amount of such additional remuneration shall not exceed a sum of Rs. 50,000/- p.m. with final adjustment thereof within the overall ceiling limits mentioned as above, at the end of the financial year.

In case the Company has inadequate profits in a financial year during the tenure of appointment of Chairman cum Managing Director :

The remuneration as approved by the Central Government i.e. Rs. 1,00,000/- p.m. plus commission @ 1% of the Net Profits, shall be payable to the Chairman cum Managing Director as minimum remuneration with the provision that the composition of total remuneration may be altered in consultation with the Chairman cum Managing Director subject, however, to the adherence of overall ceiling limit of remuneration as approved by the Central Government."

"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 to the end and intent that the Members shall be deemed to have given their approval 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 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto including any statutory modification or re-enactment thereof for the time being in force and subject to such approvals or sanctions as may be necessary, consent of the Company be and is hereby accorded to the variation in the terms of appointment of Shri Sharad Sharma, Joint Managing Director of the Company, w.e.f. 1st August, 2007, with respect to revision of remuneration payable to him for the remainder term of his office in accordance with the provisions of Section I, Part II of Schedule XIII to the Companies Act, 1956 as under :

In case the Company has adequate profits in a financial year during the tenure of appointment of Joint Managing Director :

In addition to the total remuneration of Rs. 50,000/- p.m., as already approved by the Central Government, the Joint Managing Director shall be entitled to receive performance linked remuneration based upon the quarterly financial performance of the Company, subject to the condition that the total remuneration payable to him shall not exceed 5% of the Net Profits of the Company for the year and 10% of the Net Profits of the Company payable to all the Managerial Personnel taken together.

The composition, mode and manner of payment of such additional remuneration shall be finalized in consultation with the Joint Managing Director, subject to the condition that the amount of such additional remuneration shall not exceed a sum of Rs. 50,000/- p.m. with final adjustment thereof within the overall ceiling limits mentioned as above, at the end of the financial year.



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In case the Company has inadequate profits in a financial year during the tenure of appointment of Joint Managing Director :

The remuneration as approved by the Central Government i.e. Rs. 50,000/- p.m., shall be payable to the Joint Managing Director as minimum remuneration with the provision that the composition of total remuneration may be altered in consultation with the Joint Managing Director subject, however, to the adherence of overall ceiling limit of remuneration as approved by the Central Government."

"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 to the end and intent that the Members shall be deemed to have given their approval 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 Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Article 115(2) of the Articles of Association of the Company and Conditions of the Listing Agreement of the Company with the Stock Exchanges and subject to such approvals or sanctions as may be necessary, consent of the Company be and is hereby accorded for payment of remuneration to the Directors of the Company (other than Managing or Whole Time Director) in addition to the fees payable to them for attending the meetings of the Board or Committee thereof, by way of commission @1% on the Net Profits of the Company calculated in accordance with the provisions of Section 198, 349 and 350 of the Act and that such remuneration shall be paid to all the Directors for the time being in office (other than a Managing or Whole Time Director) or some or any of them, in such manner and proportion as the Board may decide or equally amongst all such Directors otherwise and such payment shall be made in respect of the profits of the Company for each year during the period of five years commencing from 1st April, 2007."

"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 for giving effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 314 read with Director's Relatives (Office or Place of Profit) Rules, 2003, and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such approvals or sanctions as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Shri Sandeep Khandelwal, a relative of Director of the Company, to hold and continue to hold office as Vice President (Projects) of the Company, for a period of five years with effect from 9th June, 2007 on the following terms and conditions :

(a) Remuneration from 9th June, 2007 to 30th September, 2007 :

Basic Salary	: Rs. 12,500/- p.m.
House Rent Allowance	: Rs. 5,000/- p.m.
Conveyance Allowance	: Rs. 2,000/- p.m.

(b) Remuneration from 1st October, 2007 to 8th June, 2012 :

Basic Salary	: Rs. 30,000/- p.m.
House Rent Allowance	: Rs. 10,000/- p.m.
Conveyance Allowance	: Rs. 2,500/- p.m.
Children Education Allowance	: Rs. 2,500/- p.m."

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

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to complete all the necessary formalities and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution."

Registered Office :
Raipur (Rania), Kalpi Road,
Distt. Kanpur Dehat.
Date : 31st July, 2007

By Order of the Board

SHYAM S. SHARMA
Chairman cum Managing Director

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 **Friday, the 21st September, 2007 to Monday, the 24th September, 2007** (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 and 4 pursuant to Clause 49 of the Listing Agreement are as below :

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT :

Particulars	Shri V. D. Khandelwal	Shri Anoop Gupta
Date of Birth	6th March, 1949	5th January, 1958
Date of Appointment	30th October, 1987	31st July, 2002
Qualification	M. Com	Chartered Accountant
Expertise in specific functional area	Having experience of over 34 years in trading of different kinds of Textile Yarns.	Corporate Financial Management
Chairman/ Director of other companies (excluding foreign companies)	Sandeep Yarns (P) Ltd.	❖ Ajeet Seeds Limited ❖ Gangamai Industries and Constructions Limited ❖ Concept Management Consulting Pvt. Ltd. ❖ CMCL Commercial Plaza Pvt. Ltd. ❖ PLUS BKSP TOLL Ltd. ❖ BKSP TOLL Pvt. Ltd. ❖ CMCL SAFAL Constructions Pvt. Ltd.
Chairman/ Member of Committee of the Board of other Companies of which he is a Director	Nil	Nil
Shareholding in Ganesh Polytex Ltd.	2,67,650 Equity Shares of Rs. 10 each.	Nil

ANNEXURE TO NOTICE

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

Item No. 6 :

The Members at the 16th Annual General Meeting of the Company held on 17th September, 2005, approved the appointment of Shri Shyam S. Sharma as Managing Director of the Company for a period of five years with effect from 18th September, 2005. There has been a tremendous increase in the operations and activities of the Company

especially after successful commissioning of Company's expansion project at Uttarakhand. Considering the valuable contribution made by Shri Shyam S. Sharma and his role, responsibilities and experience, it is proposed to revise his remuneration as set out in the resolution which is in line with the requirements of Schedule XIII and other applicable provisions of the Companies Act, 1956 and has been approved by the Remuneration Committee. The Board feels that the increase in remuneration is reasonable having regard to the prevailing industry trends and is within the ceiling limit on remuneration laid down under the Companies Act, 1956. As required under Section 310 of the Companies Act, 1956 read with Schedule XIII to the said Act, the proposal is placed for the approval of Members. The Board recommends the Resolution for approval of the Members.

None of the Directors of the Company except Shri Shyam S. Sharma himself, Shri V.D. Khandelwal and Shri Sharad Sharma, being related to him may be considered as concerned or interested in the resolution.

The resolution along with accompanying Explanatory Statement may be treated as an abstract of variation in the terms of appointment of Chairman cum Managing Director and Memorandum of Interest within the meaning of Section 302 of the Companies Act, 1956.

Item No. 7 :

The Members at the 15th Annual General Meeting of the Company held on 24th September, 2004, approved the appointment of Shri Sharad Sharma as Joint Managing Director of the Company for a period of five years with effect from 1st February, 2004. Considering the experience and valuable contribution made by Shri Sharad Sharma and the enhanced responsibilities he has to shoulder especially after successful commissioning of Company's expansion project at Uttarakhand, it is proposed to revise his remuneration as set out in the resolution which is in line with the requirements of Schedule XIII and other applicable provisions of the Companies Act, 1956 and has been approved by the Remuneration Committee. The Board feels that the increase in remuneration is reasonable having regard to the prevailing industry trends and is within the ceiling limit on remuneration laid down under the Companies Act, 1956. As required under Section 310 of the Companies Act, 1956 read with Schedule XIII to the said Act, the proposal is placed for the approval of Members. The Board recommends the Resolution for approval of the Members.

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

Item No. 8 :

In the light of the services rendered by the Non-Executive Directors to the Company, it has been considered desirable that they should be suitably compensated by payment of remuneration in the form of commission on the Net Profits of the Company. As required under Section 309 of the Companies Act, 1956 read with Article 115(2) of the Articles of Association of the Company and Conditions of the Listing Agreement of the Company with the Stock Exchanges, the Special resolution as set out in the accompanying Notice is intended to obtain the approval of the Members for making such payment. The



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Board recommends the Special Resolution for approval of the Members.

Shri V.D. Khandelwal, Shri Anoop Gupta, Shri S.K. Kabra, Shri B.M. Agarwal and Shri Pradeep Kumar Goenka, being Non-executive Directors may be deemed to be concerned or interested in the resolution.

Item No. 9 :

In view of ongoing and future projects / expansion plans of the Company, the Board of Directors of the Company appointed Shri Sandeep Khandelwal, a relative of Shri V.D. Khandelwal, Director of the Company, as Vice President (Projects), with effect from 9th June, 2007 for a period of one year at an aggregate remuneration of Rs. 19,500/- p.m. Subsequently, the Board at its meeting held on 31st July, 2007 revised the period of his appointment to 5 years and his aggregate remuneration was also increased to Rs. 45,000/- p.m. w.e.f. 1st October, 2007. Shri Sandeep Khandelwal holds a Masters Degree in Marketing (M.B.A.) and being young and dynamic, his appointment as Vice President (Projects) in the opinion of the Board,

would immensely benefit the Company. The Special resolution as set out in the accompanying Notice is intended to obtain the approval of the Members under Section 314 of the Companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2003. The resolution also seeks authority for the Board to alter, vary and modify the terms and conditions of appointment of Shri Sandeep Khandelwal subject to the compliance of necessary provisions of Law. The Board recommends the Special resolution for approval of the Members.

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

All the documents referred 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 : 31st July, 2007

By Order of the Board

SHYAM S. SHARMA
Chairman cum Managing Director

DIRECTORS' REPORT

TO THE MEMBERS OF GANESH POLYTEX LTD.

Your Directors take pleasure in presenting the Eighteenth Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2007.

FINANCIAL RESULTS

The summarized financial results of the Company for the year ended 31st March, 2007 as compared to the preceding year are as under:

	(Rs. in lacs)	
	Current Year (2006-2007)	Previous year (2005-2006)
Total Income	6301.14	5219.59
Profit before Interest and Depreciation	700.62	577.19
Less : Interest and Finance expenses	223.19	185.75
Less : Depreciation	180.54	139.57
Profit before Tax	296.89	251.87
Provision for Tax – Current	(32.60)	(10.99)
– Fringe Benefit Tax	(6.33)	(6.02)
– Deferred Tax (Net)	(101.63)	(88.38)
– MAT credit available for set off	32.60	–
Profit after Tax	188.93	146.48
Surplus brought forward from Previous year	229.46	50.98
MAT Credit recognized for Previous year	10.99	–
Taxation for earlier years	(1.14)	–
Transferred from Debenture Redemption Reserve on redemption	–	32.00
Balance available for appropriation	428.24	229.46
Appropriations :		
– Interim Dividend on Preference Share	(23.75)	–
– Tax on Dividend	(3.33)	–
Surplus carried to Balance Sheet	401.16	229.46

DIVIDEND

With a view to conserve resources for general corporate purposes and 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 arrears of Dividend on 10% Cumulative Redeemable Preference Shares was discharged during the year.

OPERATIONS

During the year under review, the Company registered an increase of 20.55% in its Total Turnover, which rose to Rs. 6268.25 lacs in 2006-07 from Rs. 5199.78 lacs in 2005-06. The Profit after Tax during the year, also was placed at Rs.188.93 lacs as against Rs.146.48 lacs in the preceding year, recording an increase of 28.98%.

This increase in Turnover and profitability has been primarily due to improved production efficiencies at Kanpur unit as well as on account of partial working for two months of expansion project of the Company at Rudrapur, Uttarakhand. During the year under review, the Export sales also registered growth which stood at Rs. 957.61 lacs as against Rs. 863.97 lacs 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 improved results during the year.

PROJECTS

Your Directors are pleased to report that your Company's new unit for manufacture of Recycled Polyester Staple Fibre at Pantnagar, Uttarakhand with an installed capacity of 7200 TPA, has commenced commercial production w.e.f. 1st February, 2007. The Company is in the process of further expanding the capacity of its Rudrapur unit. You will also be pleased to note that the Rudrapur unit has been accredited with ISO 9001:2000 Certification during the year.

FINANCE

Your Directors are pleased to report that the Company had earlier repaid all the dues and liabilities of Banks/Financial Institutions during the year 2005-06. For meeting the financial requirements of expansion project at Rudrapur and also for additional financial requirements at Kanpur unit, the Company raised Rs. 10.06 crores as Term loans and Rs. 3.75 crores as Working Capital facilities from Banks during the year under review. Thereafter, the Company has also raised an amount of Rs. 4.00 crores by issue of 4,00,000 Preference Shares of Rs. 100 each to the Promoters and their associates on preferential basis.

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 V.D. Khandelwal and Shri Anoop Gupta, Directors of the Company retire from the Board by rotation and being eligible they have offered themselves for re-appointment.

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 their report stating slight delay in payment of statutory dues, it is clarified that the delay in deposit of statutory dues was on account of certain technical/ procedural reasons viz. delay in allotment of requisite registration no. under the Employees' State Insurance Act, 1948; Employees' Provident Fund and Miscellaneous Provisions Act, 1952; etc. which was subsequently made good.

PARTICULARS OF EMPLOYEES

As none of the employees of the Company was in receipt of remuneration in excess of limits prescribed, Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 is not applicable, hence information required under the said Section and the Rules has not been given.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors of the Company state in respect of the period ended 31st March, 2007 that :-

- a) in preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial year and of the profit of the Company for that year;
- c) they have taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of the Companies Act, 1956, for safeguarding the

assets of the Company and for preventing and detecting the fraud and other irregularities;

- d) they have prepared Annual Accounts on a going concern basis.

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, forming part of this report.

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

Place : Kanpur
Date : 31st July, 2007

SHYAM S. SHARMA
Chairman & Managing Director

ANNEXURE 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, 2007.

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:

- i) Optimum utilization of Steam and Compressed air.
- ii) Installation of variable frequency drive in phased manner.
- iii) Optimisation of process to enhance production.

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

The Company is constantly on the watch for various modes and areas of conservation of energy. Investments, therefore, will be considered after identification of such areas.

(c) *Impact of the measures taken above :*

The adoption of energy conservation measures as mentioned above have helped in environment preservation and sustenance.

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

FORM A

A. Power and Fuel Consumption :

	Current year (2006-2007)	Previous year (2005-2006)
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1. *Electricity*

(a) Purchased

Unit (KWH in lakhs)	23.44	(—)
Total amount (Rs. in lakhs)	85.43	(—)
Rate/ KWH (in Rs.)	3.64	(—)

(b) Own Generation

(Through Diesel Generators)

Unit (KWH in lakhs)	57.27	66.52
Unit per Litre of Diesel Oil	3.48	3.39
Cost/ unit (in Rs.)	8.55	7.74

2. *Coal*

Quantity (in tonnes)	54.00	46.00
Total Cost (Rs. in lakhs)	2.32	1.94
Average rate (Cost per ton) (in Rs.)	4296.30	4217.39

3. *Others (Rice Husk)*

Quantity (in tonnes)	4695.00	3625.00
Total Cost (Rs. in lakhs)	78.27	45.89
Average rate (Cost per ton) (in Rs.)	1667.09	1265.93

B. Consumption per unit of production :

Production of Polyester products (Kgs. in lakhs)	112.14	92.52
Electricity (in KWH)	0.72	0.72
Coal (in Kgs.)	0.01	0.01
Rice Husk (in Kgs.)	0.41	0.39



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.

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 :

During the year the Company has imported Technical Know-how along with Plant & Machinery for the manufacture of Recycled Polyester Staple Fibre for its Rudrapur unit and the unit has started commercial production.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is presently exporting its products to various countries which mainly include Nepal, Bangladesh, Malayasia, etc. 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. Recently the Company has started making exports to some European countries.

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

	Current year (2006-2007)	<i>(Rs. in Lacs)</i> Previous year (2005-2006)
A) Foreign Exchange earnings	957.61	863.97
B) Foreign Exchange outgo		
1. Import of – Raw Materials	135.61	196.80
– Capital Goods	377.20	2.07
2. Expenditure on – Travelling	1.69	3.76
– Others	6.40	0.50

For and on behalf of the Board

Place : Kanpur
Date : 31st July, 2007

SHYAM S. SHARMA
Chairman and Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure & Development :

India is a country with rich design and textile heritage. The Textile Industry occupies a unique place in our country, as a self-reliant industry, from the production of raw materials to the delivery of finished products, with substantial value addition at each stage of processing. One of the earliest to come into existence in India, it accounts for 14% of the total Industrial production, contributes to nearly 30% of the total exports and is the second largest employment generator after agriculture.

The textile sector in India is showing renewed enthusiasm. The textile sector, which was considered as a 'sunset sector' earlier, has emerged as a sunrise sector within the last three years because of the continued government support. The sector has attracted more than Rs. 64,000 crore investments within these three years. The man-made fibre sector is likely to be a substantial beneficiary of this trend, given the multi-functional quality of polyester, firm cotton prices and better affordability and acceptance of man-made fibre products.

Government is taking initiatives to recognize the Textile industry as a key thrust area. In the Union Budget 2006-07, the excise duty on all man-made fibres and yarns was reduced from 16% to 8%. In order to further encourage this industry, in the Union Budget 2007-08, the customs duty on polyester fibres and yarns has been reduced from 10% to 7.5%. Consequently, the customs duty on raw materials such as DMT, PTA and MEG will also be reduced from 10% to 7.5%. As the world trade barriers are progressively dismantled and the global markets open further, India and China have become the global hubs for the production of Polyester Fibre and Yarn, contributing over 65% of global capacity.

Opportunities and Threats:

Indian economy, an emerging economic power on the global map, is in the take-off stage of its economic growth. In a robust demonstration of its nascent strength, the Indian economy has achieved a GDP growth of 9% in 2005-06 and 9.2% in 2006-07. The financial year 2006-07 presented the Company and the entire textile industry with significant opportunities and challenges in both domestic and global markets. In the domestic market, the Company benefited from a buoyant demand scenario, aided by strong performance of the economy. Export markets too, were upbeat with moving out of high-cost capacities from the developed economies. On the other hand, there were greater challenges in maintaining competitiveness and quality, as fuel prices continued to be an all time high and appreciation in Rupee eroded the margins.

Internal challenges include scalability of operations, supply chain management, effective integration of the various sectors within the industry, quality of infrastructure, rigid labour laws, etc. The opportunities are substantial, as strong GDP growth and emergence of a large middle class segment signals enhanced buying power which will fuel the further growth of Polyesters.

The Company's products are well accepted in the domestic as well as export market. Stringent controls involving methods to check quality and a highly competent technical team ensures that all products maintain the highest standards.

Segment-wise Performance :

Segment	Total Revenues		PBIT	
	2006-07	2005-06	2006-07	2005-06
Yarn	2386.38	2021.55	324.13	296.32
Fibre	3881.87	3178.23	520.77	446.63

The export sales during the year 2006-07 recorded a jump of 10.84% over the previous year.

Outlook :

The textile industry is striving hard to improve quality, productivity and efficiency and introducing global benchmark with the support of modern technology. The entrepreneurs and existing players are expanding capacities and adopting strategies addressed to growing consumer class. The textile industry in India is poised for further growth, expected to be rapid and massive, in anticipation of which the Company has set up a new unit with the capacity of 7200 TPA for manufacture of Regenerated Polyester Staple Fibre (RPSF) at Pantnagar, Uttarakhand, which has commenced production during the year.

The Company is confident of leveraging its consolidated and modern operations as well as the goodwill that it enjoys in the domestic and global markets for a better performance in 2007-08. Hence, our outlook for the next financial year is optimistic.

Risk and Concerns :

Textile is a global industry that is subject to various uncertainties and adversities including amendment in Government policies and regulations and also the international demand-supply situation.

Risk Management:

Risks in the Company are managed by the Managing Director and the Departmental Heads of the Company on daily 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.

The Company reviews, monitors and manages risk under the following broad categories:

Strategic Risks: The Management of the Company prepares the long term strategic plans taking into account the long term objectives of the Company and periodically reviews the same keeping in view the global textile industry.

Business and Operational Risks: A suitable Internal Audit Function at the corporate level carries out risk- focused audits across all businesses, enabling identification of areas where risk management processes may need to be improved.

The Company has taken appropriate insurance cover to insure all its operating assets against property damage, losses due to fire and allied perils.

Financial Risks: The Company endeavours to pursue the following long-term financing objectives as part of its Strategic Plan:

1. Raising cost efficient funds for the growth plans of the Company.
2. To comply with the expectations of various lenders in terms of financial covenants.

Statutory Compliance: The Board obtains a confirmation of compliance with the applicable laws and statutory requirements from the various departmental heads of the Company, on quarterly basis and reviews the same. The Compliance Officer of the company ensures compliance with SEBI Regulations, provisions of the Listing Agreement and all the relevant Corporate Laws.

Internal Control Systems and Their Adequacy:

The Company has a strong and adequate internal audit and control system to ensure that all transactions are authorized, recorded and reported correctly. The internal control system consists of comprehensive internal and statutory audits. The Company has an Audit Committee which continuously reviews the adequacy and efficacy of the internal controls.

Financial & Operational Performance:

Please refer the Directors' Report.

Human Resources:

People at GPL have been the key driver of its growth and performance and remain its most valuable asset. Over the years, the Company has built and benefited from a pool of talented individuals with a shared value system. Industrial relations continued to be cordial 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 downtrend 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 present 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 2006-07 are as under :

Name of the Director	Category	No. of Board Meetings Attended	Whether present at the last Annual General Meeting	No. of Boards/Committees of Public Limited Companies (including Ganesh Polytex Ltd.)		
				Directorship	Committee (only Audit committee & Shareholders' Grievance committee)	
					Member	Chairman
Mr. Shyam S. Sharma	Promoter Executive Director	10	Yes	1	1	Nil
Mr. Sharad Sharma	Promoter Executive Director	10	Yes	1	1	Nil
Mr. Vishnuddutt Khandelwal	Promoter Non-Executive Director	10	Yes	1	1	1
Mr. S. K. Kabra	Non-executive/Independent Director	3	No	3	1	Nil
Mr. Anoop Gupta	Non-executive/Independent Director	4	Yes	4	Nil	1
Mr. Sandeep Jhavar*	Non-executive/Independent Director	N.A.	N.A.	1	1	Nil
Mr. Brij Mohan Agarwal**	Non-executive/Independent Director	8	No	2	2	Nil
Mr. Pradeep Kumar Goenka***	Non-executive/Independent Director	5	Yes	6	3	2

* Ceased to be member of the Board on 03.04.2006 due to resignation.

** Inducted as an Additional Director on 29.05.2006 and as Director on 26.09.2006.

*** Inducted as an Additional Director on 29.07.2006 and as Director on 26.09.2006.

B. Details of Board Meetings held during the year :

During the financial year 2006-2007, ten Board Meetings were held. The details of which are given hereunder :

Date of Board Meeting	Board Strength	No. of Directors present
29.05.2006	6	4
26.06.2006	6	5
29.07.2006	7	5
12.08.2006	7	5
30.10.2006	7	7
01.12.2006	7	4
15.01.2007	7	4
30.01.2007	7	5
21.02.2007	7	6
28.03.2007	7	5

3. AUDIT COMMITTEE

The Company has an Audit Committee, which was reconstituted in the Board meeting held on 29.07.2006 & 12.08.2006. As on 31.03.2007, the Committee consisted 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 acts as the Chairman of the Audit Committee Meetings.

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 45 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, 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, 2007, five Audit Committee Meetings were held on 3rd May 2006, 26th June 2006, 29th July 2006, 30th October 2006 and 30th January 2007. Chief Finance Officer, Head of Internal Audit 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.

EIGHTEENTH ANNUAL REPORT

Details of the attendance at the Meetings are as follows:

S. No.	Name of Directors	Meetings Attended
1.	Mr. Anoop Gupta	4
2.	Mr. S.K. Kabra	4
3.	Mr. V.D. Khandelwal	5
4.	Mr. Sandeep Jhavar*	N.A.
5.	Mr. Pradeep Kr. Goenka**	2
6.	Mr. B.M. Agarwal***	2

* Ceased to be member of the Committee on 03.04.2006 due to resignation.

** Appointed as Member of the Committee w.e.f. 29.07.2006

*** Appointed as Member of the Committee w.e.f. 12.08.2006.

Mr. Anoop Gupta, Chairman of the Audit Committee was present at the last Annual General Meeting held on 26th September, 2006.

4. REMUNERATION COMMITTEE

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

The committee was reconstituted in the Board Meeting held on 12.08.2006. As on 31.03.2007, the Committee consisted 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, 2007, one Remuneration Committee Meeting was held on 30th October, 2006.

Details of attendance of the Meeting are as follows:

S. No.	Name of Directors	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

* Appointed as Member of the Committee w.e.f. 12.08.2006.

Details of Remuneration paid to the Directors during the Financial year 2006-07 :

i. Executive Directors :

Name of Director(s)	Status	Salary	Perquisites & Allowances	Commission	Tenure
Mr. Shyam S. Sharma	Chairman & Managing Director	Rs. 6,00,000/-	Rs. 5,40,000/-	Rs. 3,24,979/-	5 years (from 18th September, 2005)
Mr. Sharad Sharma	Joint Managing Director	Rs. 5,76,000/-	Rs. 24,000/-	Nil	5 years (from 1st February, 2004)

ii. Non-Executive Directors :

Non-Executive Directors have not been paid any remuneration except sitting fees for every Board and Audit Committee Meeting attended by them. The details of sitting fees paid to such directors during the year 2006-07 are as follows :

Name of Director (s)	Sitting Fees
Mr. Vishnudutt Khandelwal	Rs. 55,000/-
Mr. S. K. Kabra	Rs. 19,000/-
Mr. Anoop Gupta	Rs. 24,000/-
Mr. Pradeep Kumar Goenka	Rs. 27,000/-
Mr. B. M. Agarwal	Rs. 42,000/-

Details of Shares held by Non-Executive Directors as on 31st March, 2007 are as follows :

Name of Non Executive Director(s)	No. of Shares held
Mr. Vishnudutt 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 consists of three members and is 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, 2007, the Company has received 20 complaints from Shareholders. All the complaints were duly replied/ redressed. Outstanding complaints as on 31st March, 2007 were Nil. As on 31st March, 2007, no request for transfer / transmission was pending for approval.

Compliance Officer :

The present 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
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.
AGM	2004	24 th September, 2004	10.00 A.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
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.
AGM	2004	24th September, 2004	1) Revision of remuneration of Mr. Rajesh Sharma, a relative of Directors of the Company under Section 314 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' (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 : 24th September, 2007
Time : 4:15 P.M.
Venue : Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.

B. Financial Year/Calendar :

Results for First Quarter ending 30th June, 2007 On or before 31st July, 2007
Results for Second Quarter ending 30th September, 2007 On or before 31st October, 2007
Results for Third Quarter ending 31st December, 2007 On or before 31st January, 2008
Results for Financial Year ending 31st March, 2008 On or before 30th June, 2008

C. Date of Book Closure

From Friday, 21st September, 2007 to Monday, 24th September, 2007 (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 2006-2007 :

Month	BSE PRICES		BSE SENSEX	
	High (Rs.)	Low (Rs.)	High	Low
April, 2006	8.01	6.20	12042.56	11237.23
May, 2006	8.00	4.60	12612.38	10398.61
June, 2006	7.65	4.00	10609.25	8929.44
July, 2006	7.00	4.56	10930.09	10007.34
August, 2006	6.90	5.25	11723.92	10751.66
September, 2006	8.50	5.36	12454.42	11550.69
October, 2006	8.80	7.00	13024.26	12204.01
November, 2006	8.10	6.62	13773.59	13072.51
December, 2006	8.40	6.70	13972.03	12995.02
January, 2007	10.00	7.16	14282.72	13362.16
February, 2007	10.99	8.10	14652.09	12938.09
March, 2007	10.00	6.49	13308.03	12415.04

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@skylinert.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 once in a fortnight subject to transfer instrument being valid and complete in all respects.

I. Distribution of Share Holding as on 31st March, 2007 :

Shareholding of nominal value of		Shareholders		Share Amount	
Rs.	Rs.	Number	% of total	Rs.	% of total
Upto	5,000	13063	91.967	21178360	22.615
5001	- 10000	628	4.421	5506540	5.880
10001	- 20000	256	1.802	4174480	4.458
20001	- 30000	60	0.422	1584010	1.691
30001	- 40000	42	0.296	1516140	1.619
40001	- 50000	36	0.254	1730000	1.847
50001	- 100000	49	0.345	3806130	4.064
100001	& above	70	0.493	54154340 @	57.826
Total		14204	100.000	93650000 @	100.000

@ includes Equity Shares of Rs. 46,50,000 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, 2007, 64.69% 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, 2007.

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 : 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 prescribed Form 2B for the purpose.

DECLARATION

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, Shyam S. Sharma, Chairman & Managing Director of Ganesh Polytex Ltd., declare that all the Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct for the financial year 2006-07.

Place : Kanpur

Date : 31st July, 2007

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, 2007, 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 : 31st July, 2007



AUDITORS' REPORT

To,
THE MEMBERS OF,
GANESH POLYTEX LTD.

We have audited the attached Balance Sheet of **GANESH POLYTEX LIMITED** as at 31st March, 2007 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 (3C) of section 211 of the Companies Act, 1956, to the extent applicable;
- (e) On the basis of written representations received from the Directors of the Company, as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 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 so far as it relates to the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2007 and
 - (ii) in so far as it relates to the Profit & Loss Account, of the Profit for the Year ended on that date.
 - (iii) in so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For MEHROTRA RAKESH KUMAR & CO.
Chartered Accountants

DEEPAK SETH
Partner

Place : Kanpur
Date : 26th June, 2007

Membership No. 73081

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, 2007.

- (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, 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 was 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.
- (ii) According to the information and explanations given to us, the Company has taken unsecured loans and fixed deposits from a Company, two directors and six other parties covered in the register maintained under section 301 of the Companies Act, 1956. During the year Rs. 236.49 lakhs were taken as loan and the maximum amount involved during the year was Rs. 448.57 lakhs and the balance outstanding as on 31st March, 2007 is Rs. 26.32 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 in section 301 of the Act that need to be entered in to the register maintained under section 301 have been so entered.
- (ii) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (6) In our opinion and according to the information and explanations given to us, the Company has generally complied with the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or any Court or any other Tribunal.
- (7) In our opinion, the Company has an internal audit system commensurate with the size & nature of its business.
- (8) The Central Government has prescribed maintenance of Cost Records under section 209(1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made & maintained. We have not, however made a detailed examination of the same.
- (9) (i) According to the records of the Company 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 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 and cess were in arrears, as at 31st March, 2007 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, 2007 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	1.31	The High Court, Allahabad
U. P. Trade Tax Act, 1948	U. P. Trade Tax	0.64	Trade Tax Tribunal, Kanpur
U. P. Trade Tax Act, 1948	U. P. Trade Tax	0.80	Trade Tax Tribunal, Kanpur
U. P. Trade Tax Act, 1948	U. P. Trade Tax	0.21	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	3.12	Appeal-Joint Commissioner, Kanpur
U. P. Trade Tax Act, 1948	Entry Tax	13.32	Appeal-Joint Commissioner, Kanpur
Custom Act, 1962	Custom Duty & Penalty	7.79	CESTAT, New Delhi

- (10) The Company has no accumulated losses at the end of the financial year ended on 31st March, 2007 and it has not incurred any cash losses during the financial year ended on 31st March, 2007 and in the immediately preceding financial year ended on 31st March, 2006.
- (11) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- (12) In our opinion and according to the information and explanations given to us the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) In our opinion, the Company is not a Chit fund or nidhi / mutual benefit fund / society. Therefore clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- (14) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- (15) In our opinion and according to the information & explanations given to us, the Company has not given any guarantee for loans taken by others from Bank or financial institutions. Therefore clause 4(xv) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- (16) Based on information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.
- (17) According to the information & explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investments.
- (18) The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained U/S 301 of the Companies Act, 1956 during the year.
- (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 : 26th June, 2007

Membership No. 73081



GANESH POLYTEX LTD.

BALANCE SHEET AS AT 31ST MARCH, 2007

	SCHEDULES	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a. Share Capital	1	98,650,000	98,650,000
b. Preference Share Application Money Pending Allotment		27,500,000	—
c. Reserves & Surplus	2	66,395,006	49,224,765
		<u>192,545,006</u>	<u>147,874,765</u>
2. Loan Funds			
a. Secured Loans	3	244,992,109	93,631,074
b. Unsecured Loans	4	34,157,166	48,271,314
		<u>279,149,275</u>	<u>141,902,388</u>
3. Deferred Tax Liability (Net) (Refer Note No. 8 of Schedule 19)		<u>34,114,576</u>	<u>23,951,175</u>
TOTAL		<u>505,808,857</u>	<u>313,728,328</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a. Gross Block	5	461,952,848	304,309,060
b. Less : Depreciation		157,871,286	140,985,218
c. Net Block		<u>304,081,562</u>	<u>163,323,842</u>
d. Capital Work in Progress including advances (net) against capital expenditure		<u>10,891,454</u>	<u>20,178,333</u>
		<u>314,973,016</u>	<u>183,502,175</u>
2. Current Assets, Loans & Advances.			
a. Inventories	6	154,761,395	113,303,265
b. Sundry Debtors	7	71,721,302	50,552,888
c. Cash & Bank Balances	8	11,107,584	7,789,597
d. Other Current Assets	9	958,135	356,188
e. Loans & Advances	10	27,403,025	11,821,276
		<u>265,951,441</u>	<u>183,823,214</u>
Less : Current Liabilities & Provisions			
Current Liabilities	11	68,364,094	49,338,916
Provisions	12	6,922,876	5,122,584
		<u>75,286,970</u>	<u>54,461,500</u>
Net Current Assets		<u>190,664,471</u>	<u>129,361,714</u>
3. Miscellaneous Expenditure (To the extent not Written off or adjusted)	13	<u>171,370</u>	<u>864,439</u>
TOTAL		<u>505,808,857</u>	<u>313,728,328</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 : 26th June, 2007

GOPAL AGARWAL
Chief Finance Officer

For and on behalf of the Board

SHARAD SHARMA
Joint Managing Director

SHYAM S. SHARMA
Chairman & Managing Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2007

	SCHEDULES	Year ended 31.03.2007 Rs.	Year ended 31.03.2006 Rs.
INCOME			
Gross Turnover		626,825,223	519,977,801
Less : Excise Duty		81,346	540,684
Net Turnover		626,743,877	519,437,117
Other Income	14	3,288,819	1,981,122
Increase / (Decrease) in Stocks	15	12,605,360	1,204,639
		642,638,056	522,622,878
EXPENDITURE			
Raw Material Consumed		428,050,072	338,721,393
Payments to & Provisions for Employees	16	23,523,639	17,799,884
Manufacturing, Administrative and Selling Expenses	17	121,001,839	108,381,965
Interest & Finance Expenses	18	22,318,868	18,575,464
		594,894,418	483,478,706
Profit before Depreciation		47,743,638	39,144,172
Depreciation		18,054,125	13,957,067
Profit before Taxation		29,689,513	25,187,105
Provision For Taxation			
– Current Tax		(3,260,092)	(1,099,336)
– Fringe Benefit Tax		(633,437)	(602,464)
– Deferred Tax (Net) (Refer Note No.8 of Schedule 19)		(10,163,401)	(8,837,691)
– MAT Credit available for set off		3,260,092	–
Profit For the year		18,892,675	14,647,614
Balance brought forward from previous year		22,946,308	5,098,694
MAT Credit recognised for previous year		1,099,336	–
Taxation for Earlier Years		(113,676)	–
Debenture Redemption Reserve Written Back		–	3,200,000
Balance available for Appropriation		42,824,643	22,946,308
Appropriations :			
Interim Dividend on Preference Shares		(2,375,000)	–
Tax on Dividend		(333,094)	–
Surplus carried to the Balance Sheet		40,116,549	22,946,308
Basic & Diluted Earning Per Share of Rs.10/- each (Refer Note No.10 of Schedule 19) (Rs.)		2.03	1.57

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 : 26th June, 2007

GOPAL AGARWAL
Chief Finance Officer

For and on behalf of the Board

SHARAD SHARMA
Joint Managing Director

SHYAM S. SHARMA
Chairman & Managing Director



GANESH POLYTEX LTD.

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2007

	2006-07 (Rs.)	2005-06 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax as per Profit and Loss Account	29,689,513	25,187,105
Adjusted for :		
Deferred Revenue Expenses written off	693,069	693,069
Net Prior Period Adjustments	(15,275)	47,090
Provision for Doubtful Debts	192,944	1,192,484
Provision for Doubtful Debts Written Back	(83,927)	—
(Profit)/Loss on Fixed Assets Sold/ Discarded	576,441	(364,547)
Depreciation	18,054,125	13,957,067
Unrealised Exchange Differences	(405,600)	—
Interest Expenses (Net)	17,432,068	13,886,395
Operating Profit before Working Capital Changes	66,133,358	54,598,663
Adjusted for :		
Trade Receivables	(21,277,431)	(16,485,236)
Inventories	(41,458,130)	(5,575,244)
Trade Payables	19,758,004	11,261,410
Movement in Loans & Advances	(11,824,268)	2,749,156
Cash Generated from Operations	11,331,533	46,548,749
Net Prior Period Adjustment	15,275	(47,090)
Direct Taxes Paid	(3,066,824)	(950,898)
Net Cash From Operating Activities (Total A)	8,279,984	45,550,761
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(151,278,069)	(39,912,195)
Sale of Fixed Assets	211,500	2,551,000
Net Cash Used in Investing Activities (Total B)	(151,066,569)	(37,361,195)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from/(Repayment) of Long Term Borrowings (Net)	100,608,213	(4,127,916)
Proceeds from/(Repayment) of Short Term Borrowings (Net)	37,490,409	6,412,297
Proceeds from Preference Share Application Money Pending Allotment	27,500,000	—
Proceeds from issue of Equity Share Capital	—	4,650,000
Proceeds from Share Premium on issue of Shares	—	2,325,000
Interest Paid (Net)	(16,785,956)	(16,664,477)
Dividend Paid on Preference Shares	(2,375,000)	—
Tax Paid on Dividend	(333,094)	—
Net Cash Used in Financing Activities (Total C)	146,104,572	(7,405,096)
Net Increase in Cash and Cash Equivalents (Total A+B+C)	3,317,987	784,470
Opening Balance of Cash and Cash Equivalents	7,789,597	7,005,127
Closing Balance of Cash and Cash Equivalents	11,107,584	7,789,597

As per our Report of even date.

For MEHROTRA RAKESH KUMAR & CO.

Chartered Accountants

DEEPAK SETH

Partner

Membership No. 73081

Place : Kanpur

Dated : 26th June, 2007

GOPAL AGARWAL
Chief Finance Officer

For and on behalf of the Board

SHARAD SHARMA
Joint Managing Director

SHYAM S. SHARMA
Chairman & Managing Director

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	As at 31.03.2007 Rs.	As at 31.03.2006 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 3,00,000) Preference Shares of Rs.100/- each	<u>45,000,000</u>	<u>270,000,000</u>
	285,000,000	30,000,000
Issued and Subscribed		
93,65,000 (Previous Year 93,65,000) Equity Shares of Rs. 10/- each	93,650,000	93,650,000
50,000 (Previous Year 50,000) 10% Cumulative Redeemable Preference Shares of Rs.100/- each	<u>5,000,000</u>	<u>98,650,000</u>
	98,650,000	5,000,000
Paid up		
93,65,000 (Previous Year 93,65,000) Equity Shares of Rs. 10/- each fully paid up	93,650,000	93,650,000
50,000 (Previous Year 50,000) 10% Cumulative Redeemable Preference Shares of Rs.100/- each fully paidup (Redeemable at a Premium of Rs. 200/- on 30.09.2013)	5,000,000	5,000,000
TOTAL	<u>98,650,000</u>	<u>98,650,000</u>
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	<u>978,028</u>	<u>7,688,028</u>
	7,688,028	7,688,028
b. Share Premium Account :		
Opening Balance	13,994,699	11,669,699
Add : Received during the year	<u>-</u>	<u>2,325,000</u>
	13,994,699	13,994,699
c. Debenture Redemption Reserve :		
Opening Balance	-	3,200,000
Less : Transferred to Profit & Loss A/c on Redemption	<u>-</u>	<u>3,200,000</u>
	-	-
d. General Reserve :		
	4,595,730	4,595,730
e. Surplus as per Profit & Loss Account		
	<u>40,116,549</u>	<u>22,946,308</u>
TOTAL	<u>66,395,006</u>	<u>49,224,765</u>



GANESH POLYTEX LTD.

		As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
SCHEDULE 3 : SECURED LOANS			
a. Term Loans :			
Foreign Currency Term Loans from Banks	27,585,833	—	
Rupee Term Loans from Banks & Companies	89,418,860	117,004,693	4,352,467
b. Working Capital Loans from Banks :			
Foreign Currency Loans	60,402,600	40,507,930	
Rupee Loans	67,584,816	127,987,416	89,278,607
TOTAL		244,992,109	93,631,074

- (i) Term Loans from Banks are secured by way of joint equitable mortgage of all the immovable assets and/or Hypothecation of all the immovable assets and/or hypothecation of all the movable assets both present & Future, save and except the assets which are acquired under specific Loan Agreement subject to the prior charge created and / or to be created in favour of Company's Bankers on specified movable assets for working capital facilities.
- (ii) Working Capital facilities from Banks are secured by hypothecation of inventories and book debts, and other current assets and further secured by way of second charge on the fixed assets of the company save and except the assets acquired under 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	22,130,040	21,141,927
b. Short Term Loans from Directors	579,050	2,209,463
c. Fixed Deposits	11,448,076	24,919,924
	34,157,166	48,271,314

SCHEDULE 5 : FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As at 31.03.2006	Additions during the year	Deductions/ Adjustment	As at 31.03.2007	Upto 31.03.2006	Provided during the year	Deductions/ Adjustment	Upto 31.03.2007	As at 31.03.2007	As at 31.03.2006
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Tangible Assets (A)										
Land & Site										
Development	4,890,616	5,759,276	—	10,649,892	—	—	—	—	10,649,892	4,890,616
Leasehold Land	9,817,381	—	—	9,817,381	71,127	109,082	—	180,209	9,637,172	9,746,254
Building	52,800,084	41,149,876	—	93,949,960	17,167,161	2,262,486	—	19,429,647	74,520,313	35,632,923
Plant & Machinery	218,740,281	102,629,311	716,574	320,653,018	117,154,215	13,482,510	540,160	130,096,565	190,556,453	101,586,066
Electric Installation	—	455,418	—	455,418	—	88,838	—	88,838	366,580	—
Furniture & Fixtures	3,682,304	843,557	23,498	4,502,363	2,448,586	558,298	22,788	2,984,096	1,518,267	1,233,718
Office Equipments	4,849,503	1,609,869	547,881	5,911,491	1,909,085	374,777	344,378	1,939,484	3,972,007	2,940,418
Vehicles	9,528,891	5,689,931	668,045	14,550,777	2,235,044	1,130,852	260,731	3,105,165	11,445,612	7,293,847
Sub Total (A)	304,309,060	158,137,238	1,955,998	460,490,300	140,985,218	18,006,843	1,168,057	157,824,004	302,666,296	163,323,842
Intangible Assets (B)										
Technical Knowhow	—	1,462,548	—	1,462,548	—	47,282	—	47,282	1,415,266	—
Sub Total (B)	—	1,462,548	—	1,462,548	—	47,282	—	47,282	1,415,266	—
Total (A + B)	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
Previous Year	287,968,941	20,430,336	4,090,217	304,309,060	128,931,915	13,957,067	1,903,764	140,985,218	163,323,842	159,037,026

EIGHTEENTH ANNUAL REPORT

	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
SCHEDULE 6 : INVENTORIES		
(As taken, valued and certified by the Management)		
a. Raw-Materials	66,481,470	54,069,812
b. Stores and Spares	20,395,925	14,977,307
c. Goods under process	24,704,463	18,517,265
d. Finished Goods	42,401,007	25,137,921
e. Waste and Scrap	778,530	600,960
TOTAL	154,761,395	113,303,265
SCHEDULE 7 : SUNDRY DEBTORS (UNSECURED)		
a. Over Six Months -		
Considered Good	8,983,007	7,736,249
Considered Doubtful	6,503,218	6,394,201
b. Other Debts (Considered Good)	62,738,295	42,816,639
	78,224,520	56,947,089
Less : Provision for Doubtful Debts	6,503,218	6,394,201
TOTAL	71,721,302	50,552,888
SCHEDULE 8 : CASH AND BANK BALANCES		
a. Cash in hand [including cheques/Drafts in hand of Rs.1738422/- (Previous year Rs.263313/-)]	4,581,941	1,942,131
b. Balances with Scheduled Banks in Current Accounts	2,506,291	1,624,877
c. Fixed Deposits with Scheduled Banks (Receipts pledged with Banks)	4,019,352	4,222,589
TOTAL	11,107,584	7,789,597
SCHEDULE 9 : OTHER CURRENT ASSETS		
a. Interest Receivable on Fixed Deposits with Banks	215,737	356,188
b. Unamortised Premium on Forward Contract	742,398	-
TOTAL	958,135	356,188
SCHEDULE 10 : LOANS & ADVANCES (Unsecured, Considered good)		
a. Advances Recoverable in Cash or in Kind or for Value to be received	6,139,044	5,822,696
b. Advance Payment of Taxes	101,313	236,052
c. Security and other Deposits	3,299,950	410,800
d. Export Incentive Receivable	13,503,290	5,351,728
e. MAT Credit Entitlement	4,359,428	-
TOTAL	27,403,025	11,821,276
SCHEDULE 11 : CURRENT LIABILITIES		
a. Sundry Creditors for Goods, Expenses and Services etc.		
- Due to small scale industrial undertakings (Refer Note)	3,649,635	1,651,547
- Others	59,961,346	46,458,352
	63,610,981	48,109,899
b. Deposit from Dealers	100,000	100,000
c. Excise Duty Payable	-	3,154
d. Other Liabilities	2,684,176	1,125,863
e. Forward Contracts	1,968,937	-
TOTAL	68,364,094	49,338,916

**GANESH POLYTEX LTD.**

	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
SCHEDULE 12 : PROVISIONS		
Provisions for Gratuity & Leave Encashment	5,982,495	4,371,682
Provision for Income Tax (Net of Advance Tax)	906,944	521,368
Provision for Fringe Benefit Tax (Net of Advance Tax)	33,437	229,534
TOTAL	6,922,876	5,122,584

SCHEDULE 13 : MISCELLANEOUS EXPENDITURE

Deferred Revenue Expenditure :		
Opening Balance	864,439	1,557,508
Less : Written off	693,069	693,069
TOTAL	171,370	864,439

	Year Ended 31.03.2007 Rs.	Year Ended 31.03.2006 Rs.
SCHEDULE 14 : OTHER INCOME		
Job Work Receipts	3,055,805	1,430,623
Miscellaneous Receipts	233,014	185,952
Profit on Sale of Assets (Net)	-	364,547
TOTAL	3,288,819	1,981,122

SCHEDULE 15 : INCREASE IN STOCK

Closing Stock :				
Finished Goods	42,401,007		25,137,921	
Goods under Process	24,704,463		18,517,265	
Waste and Scrap	778,530	67,884,000	600,960	44,256,146
Less : Opening Stock (including Trial Run Stock) :				
Finished goods	35,616,931		25,299,373	
Goods under process	19,060,749		17,291,644	
Waste and Scrap	600,960	55,278,640	460,490	43,051,507
Increase in Stock		12,605,360		1,204,639

SCHEDULE 16 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

Salaries, Wages and Allowances	18,666,623	14,683,018
Staff and Labour Welfare Expenses	1,016,720	768,917
Contribution to Provident Fund & ESI	1,471,293	1,264,660
Gratuity	1,751,411	540,356
Bonus	617,592	542,933
TOTAL	23,523,639	17,799,884

EIGHTEENTH ANNUAL REPORT

	Year ended 31.03.2007 Rs.	Year ended 31.03.2006 Rs.
SCHEDULE 17 : MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES		
A. MANUFACTURING EXPENSES :		
Purchase of goods	2,664,037	160,365
Processing Charges	1,558	262,216
Stores and Spares consumed	14,446,350	13,886,775
Power and Fuel	62,091,846	56,426,456
Repairs and Maintenance :		
Machinery	4,695,160	3,561,550
Building	260,460	579,097
Others	422,970	398,518
TOTAL (A)	84,582,381	4,539,165
B. ADMINISTRATIVE EXPENSES :		
Rent	633,354	426,820
Insurance	1,613,310	1,465,640
Rates and Taxes	107,125	198,885
Travelling and Conveyance [Including for Directors Rs.303201/- (Previous year Rs. 395319/-)]	3,015,566	2,853,213
Printing and Stationery	857,711	633,634
Postage and Telephones	2,501,923	2,136,673
Auditors' Remuneration :		
Audit Fee	50,000	56,120
For Tax Audit	10,000	11,224
For Certification	15,379	14,317
For Expenses	4,000	4,000
Managerial Remuneration	79,379	85,661
Cost Auditors' Remuneration :	2,064,979	1,740,000
Audit Fee	16,836	15,000
For Expenses	3,000	3,000
Listing Fees	29,900	29,350
Directors' Sitting Fee	167,000	83,000
Vehicle Running and Maintenance	2,275,443	1,734,298
Legal and Professional Charges	513,768	579,050
Filing Fees	12,000	633,913
Miscellaneous Expenses	1,341,132	1,056,699
Premium on Forward Exchange contracts amortised	344,322	-
Deferred Revenue Expenses Written Off	693,069	693,069
Loss on Fixed Assets Sold / Discarded (Net)	576,441	-
Prior period items (Net)	(15,275)	47,090
Provision for Doubtful Debts	192,944	1,192,484
Provision for Doubtful Debts Written back	(83,927)	-
Exchange Rate Differences (Net)	(1,077,264)	(175,274)
Lease Rent	76,502	-
TOTAL (B)	15,939,238	15,432,205
C. SELLING EXPENSES :		
Commission & Brokerage	1,125,786	277,722
Freight and Forwarding charges	18,929,641	16,769,841
Other Selling Expenses	424,793	627,220
TOTAL (C)	20,480,220	17,674,783
TOTAL (A+B+C)	121,001,839	108,381,965



GANESH POLYTEX LTD.

		Year ended 31.03.2007 Rs.	Year ended 31.03.2006 Rs.
SCHEDULE 18 : INTEREST AND FINANCE EXPENSES			
Interest :			
On Fixed Loans	2,326,208		1,057,899
On Debentures	—		45,589
On Others (Net)	<u>15,105,860</u>	<u>17,432,068</u>	<u>12,782,907</u>
Other Financial Expenses		<u>4,886,800</u>	<u>4,689,069</u>
TOTAL		<u>22,318,868</u>	<u>18,575,464</u>

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 recognises 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, 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 export made and are included in Sales.

c. Fixed Assets :

Fixed assets are stated at cost comprising of its purchase price (net of cenvat 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 is amortised over a period of five years.

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 :

- Raw Materials are valued at cost determined by weighted average method or net realisable value whichever is lower.
- Stores & Spares are valued at cost determined by weighted average method or net realisable value whichever is lower.
- Goods under process are valued at cost (full absorption cost) or net realisable value whichever is lower.
- Finished Goods are valued at Cost (full absorption cost) or net realisable value, whichever is lower, including Excise duty wherever applicable.
- 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 were acquired on or after 1st April, 2001.

i. Foreign Exchange Transactions :

- a. Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of transaction.
- b. Monetary items (i.e. receivables, payables, loans, etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.
- c. The exchange difference arising on the settlement of monetary items or on reporting these items at rates different from rates at which these were initially recorded/reported in previous financial statements are recognised as income/expense in the period in which they arise except where the foreign currency liabilities have been incurred in connection with fixed assets acquired upto March 31, 2004 and subsequent thereto in case of fixed assets acquired from a country outside India, where exchange difference is adjusted in the carrying amount of fixed assets.
- d. In case of forward exchange contracts, the premium/discount arising at the inception of such contracts, is amortised as income or expense over the life of the contract as well as exchange difference on such contracts, i.e., difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception/the last reporting date, is recognised as income/expense for the period except where the foreign currency liabilities have been incurred in connection with fixed assets acquired upto March 31, 2004 and subsequent thereto in case of fixed assets acquired from a country outside India, where exchange difference is adjusted in the carrying amount of fixed assets.

j. Employee Retirement Benefits :

Company's contribution to Provident Fund and Employees' State Insurance is accounted on accrual basis and charged to Profit and Loss account. Provisions for Gratuity and Leave encashment benefits are made as per the actual liability at the end of the accounting year.

k. Borrowing Costs :

Borrowing costs that are attributable to acquisition or construction of qualifying assets are capitalised 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 cost are charged to revenue.

l. Taxation :

- i) Tax expense comprises Current, Deferred and Fringe Benefit Tax.
- ii) 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.
- iii) Deferred tax charge or credit resulting from timing difference is recognised using current tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent there is a reasonable certainty that these assets can be realised in future.
- iv) Deferred tax assets/liabilities are reviewed at each Balance Sheet date.
- v) In accordance with the recommendations issued by the Institute of Chartered Accountants of India, Minimum Alternate Tax (MAT) Credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. The said asset is created by way of credit to the Profit & Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

m. Provisions and Contingent Liabilities :

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised but are disclosed in the notes.

2. Contingent Liability not provided for in respect of :

- a) Bills discounted with Banks & remaining outstanding as on 31st March, 2007 Rs. 385.42 Lacs (Previous Year Rs.369.28 Lacs).
- b) Bills under Letter of Credit negotiated and outstanding as on 31st March, 2007 Rs. 299.09 Lacs (Previous Year Rs.17.88 Lacs).
- c) Banks Guarantee outstanding as on 31st March, 2007 Rs. 5.88 Lacs. (Previous Year Rs. 5.82 Lacs).
- d) Claims against the company not acknowledged as debts as on 31st March, 2007 Rs. 9.07 Lacs (Previous Year Rs. 9.07 Lacs).
- e) Excise duty & Custom duty disputed by the company under appeal as on 31st March, 2007 Rs.7.79 Lacs (Previous Year Rs.6.89 Lacs).
- f) Arrear of Dividend payable on 10 % Cumulative Redeemable Preference Shares as on 31st March, 2007 Rs.3.75 Lacs (Previous Year Rs. 22.50 Lacs).
- g) Sales Tax/Trade Tax Liability disputed by the company under appeal as on 31st March, 2007 Rs. 7.37 Lacs (Previous Year Rs. 7.37 Lacs)
- h) Entry Tax liability disputed by the Company Rs.16.44 Lacs (Previous Year Rs.3.12 Lacs).
- i) Estimated amount of Contracts remaining to be executed on capital accounts and not provided for Rs. 228.86 Lacs (Previous Year Rs. 401.16 Lacs).

3. Previous Year figures have been re-worked, re-grouped, re-classified and/or re-arranged wherever considered necessary.



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4. The Small Scale Industrial undertakings (on the basis of information available with company regarding the status of the suppliers) to whom amount outstanding for more than 30 days, where such dues exceed Rs.1.00 Lac are as follows :-

1. Apoorva Industries
2. H.R.Polymers Unit-2
3. Shanti Paper Products
4. Arudutta Triotex Enggs.
5. Sohni Packagers Pvt. Ltd.
6. Fabtex Industries
7. Surya Spindle
8. Laxmi Narayan Vishamber Nath
9. Morwal Fabrics Pvt.Ltd.
10. Unique Wire Industries

5. (a) The Profit & Loss Account includes payment to & provisions for remuneration payable to Managing Director & Joint Managing Director as under :

	2006-2007 (Rs.)	2005-2006 (Rs.)
Salaries	1,176,000	1,176,000
Perquisites	540,000	540,000
Children Education Allowance	24,000	24,000
Commission to Managing Director	324,979	—
	2,064,979	1,740,000

- (b) Computation of net profits under Section 349 of the Companies Act, 1956 is as under: -

Particulars	2006-07 Amount (Rs.)
Profit before Tax as per Profit & Loss Account	29689513
Add : i) Depreciation as per accounts	18054125
ii) Loss on Fixed Assets Sold / Discarded	582870
iii) Salary & Perquisites to Managerial Personnel	1740000
iv) Commission to Managing Director	324979
v) Directors' Sitting Fee	167000
	20868974
	50558487
Less : i) Depreciation as per Sec. 350 of Companies Act, 1956	18054125
ii) Profit on sale of Assets	6429
	18060554
Net Profit u/s 349 of Companies Act, 1956	32497933
Commission payable @ 1% to Managing Director	324979

(In the previous year, no Commission was paid to Managing Directors, hence, figures of previous year have not been given)

6. Derivative Instruments and Unhedged Foreign Currency Exposure :

- a. Forward Contracts outstanding as at Balance Sheet Date :

Particulars of Derivatives	No. of Contracts	US Dollar (Lacs)	INR Equivalent (Lacs)	Purpose
Sell	3 (-)	11.37 (-)	497.67 (-)	Hedging of future payments towards borrowings denominated in foreign currency.

- b. Particulars of Unhedged Foreign Currency Exposure as at Balance Sheet Date :

Particulars	US Dollar (Lacs)	INR Equivalent (Lacs)
A. Amount receivable in foreign Currency	3.44 (0.22)	149.91 (9.90)
B. Amount Payable in foreign Currency on account of the following :		
i) Creditors	Nil (0.10)	Nil (4.62)
ii) Loans payable for capital goods imports	3.90 (Nil)	170.80 (Nil)
iii) Short Term Loan from Bank	4.80 (9.00)	210.10 (405.08)

7. 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 Yarn 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			
Directors' Remuneration	20.65 (17.40)	— (—)	— (—)
Salary	— (—)	5.04 (5.04)	— (—)
Reimbursement of Expenses	0.58 (1.68)	0.96 (2.18)	— (—)
Directors' Sitting Fee	— (—)	0.55 (0.29)	— (—)
Interest	16.34 (1.76)	2.89 (6.46)	4.57 (6.47)
Unsecured Loan/Fixed Deposit accepted during the year	217.26 (52.29)	3.65 (78.65)	15.58 (121.60)
Unsecured Loan/Fixed Deposit Repaid during the year	233.50 (39.87)	62.14 (46.51)	128.13 (10.94)
Unsecured Debenture Money repaid during the year	— (13.20)	— (2.00)	— (13.00)
Equity Share Capital issued and Money received during the year	— (46.50)	— (—)	— (—)
Share Premium amount received during the year	— (23.25)	— (—)	— (—)
Preference Share Application Money Received during the year	93.00 (—)	103.00 (—)	— (—)
ii) AMOUNT OUTSTANDING AT BALANCE SHEET DATE :			
Unsecured Loan/Fixed Deposit Outstanding	5.71 (21.95)	0.85 (59.34)	19.76 (132.31)
Amounts Payable	3.92 (2.96)	0.27 (2.27)	0.18 (0.53)

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.



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8. DEFERRED TAXATION :

(i) Deferred tax (net) for the Current Financial Year of Rs. 101.63 Lacs (Previous Year Rs. 88.38 Lacs) has been charged to the Profit & Loss Account.

(ii) Breakup of Deferred Tax Assets & Liabilities is as under :

	As at 31.03.2007	(Rs. in Lacs) As at 31.03.2006
(a) Deferred Tax Liabilities		
Related to Fixed Assets	(406.39)	(378.18)
(b) Deferred Tax Assets		
– Expenditure allowable on actual payment	4.35	3.18
– Unabsorbed Loss & Depreciation	21.40	101.43
– Others	39.50	34.06
(c) Net Deferred Tax (Liability)/Asset	(341.14)	(239.51)

9. SEGMENT INFORMATION :

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

Particulars	Yarn		Fibre		Total	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
1. Segment Revenue						
– External Turnover	2386.38	2021.55	3881.87	3178.23	6268.25	5199.78
– Inter Segment Turnover	–	–	–	–	–	–
– Total Revenue	2386.38	2021.55	3881.87	3178.23	6268.25	5199.78
2. Segment Results before Interest and taxes	324.13	296.32	520.77	446.63	844.90	742.95
Less : Un-allocated Expenses					(324.81)	(305.33)
Operating Profit					520.09	437.62
Less : Interest expenses (Net)					(223.19)	(185.75)
Profit Before Tax					296.90	251.87
Less : Current Tax (MAT)					(32.60)	(10.99)
Fringe Benefit Tax					(6.34)	(6.02)
Deferred Tax (Net)					(101.63)	(88.38)
Add : MAT Credit available for set-off					32.60	–
Profit After Tax					188.93	146.48
3. Other Information						
(i) Segment Assets	938.68	750.77	4512.03	2664.83	5450.71	3415.60
(ii) Un-allocated Assets					360.25	266.30
(iii) Total Assets					5810.96	3681.90
(iv) Segment Liabilities	208.28	344.31	258.57	78.41	466.85	422.72
(v) Un-allocated Liabilities					286.02	121.89
(vi) Total liabilities					752.87	544.61
(vii) Capital Expenditure	56.08	13.34	1476.70	144.11	1532.78	157.45
(viii) Un-allocable Capital Expenditure					63.22	46.85
(ix) Total Capital Expenditure					1596.00	204.30
(x) Depreciation	44.80	45.81	120.22	83.19	165.02	129.00
(xi) Un-allocable Depreciation					15.52	10.57
(xii) Total Depreciation					180.54	139.57
(xiii) Non-Cash Expenditure other than Depreciation	–	–	1.09	11.92	1.09	11.92

(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.

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(iv) Secondary Segment information-Geographical Segment (Rs. in Lacs)

<u>Segment Revenue</u>	<u>2006-2007</u>	<u>2005-2006</u>
Turnover :	6268.25	5199.78
Domestic (within India)	5274.00	4288.99
Export	994.25	910.79

10. EARNING PER SHARE :

	<u>2006-2007</u>	<u>2005-2006</u>
a) Net Profit after Taxes [After adjusting Dividend on Preference Shares for the Year amounting to Rs. 5.00 Lacs (Previous Year Rs. 5.00 Lacs)] (Rs. in Lacs)	183.93	141.48
Less : Tax for earlier years (Rs. in Lacs)	1.14	—
Tax on Preference Dividend (Rs. in Lacs)	3.33	—
	179.46	141.48
Add : MAT Credit recognised for previous year (Rs. in Lacs)	10.99	—
Net Profit available for equity share holders (Rs. in Lacs)	190.45	141.48
b) Weighted average number of Equity Shares (Numbers)	9,365,000	90,17,205
c) Nominal value per Equity Share (Rs.)	10.00	10.00
d) Basic and diluted Earning Per Share (Rs.)	2.03	1.57

11. Sundry Debtors Outstanding for more than six months & considered good include Rs. 34.08 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.

12. Considering carry forward unabsorbed depreciation, the Company is of the opinion that there is no income tax liability and accordingly no provision for income tax has been considered necessary. However Provision for Minimum Alternate Tax (MAT) on book profit U/s 115JB of Income Tax Act,1961 has been made.

13. PREOPERATIVE EXPENSES :

(In respect of Projects upto 31st March 2007, included under the head Capital Work in Progress)

	<u>2006-07</u>		<u>2005-06</u>
	Rs.		Rs.
Opening Balance	3,928,484		—
Add : Expenditure during construction period :			
(A) Raw Material Consumed	22,270,772	—	
(B) Payments to & Provision for Employees	3,752,362	607,005	
(C) Manufacturing, Administrative & Selling Expenses	7,654,343	1,581,224	
(D) Interest & Finance Expenses	9,436,061	43,113,538	1,740,255
		47,042,022	3,928,484
Less :			
(A) Sale of Finished Goods	13,226,995	—	
(B) Stock of Finished Goods	10,479,010	—	
(C) Stock of Goods Under Process	543,484	24,249,489	—
		22,792,533	3,928,484
Less : Allocation to Fixed Assets		21,969,062	—
Closing Balance		823,471	3,928,484



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

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

Class of Goods	Unit	Licensed Capacity	Installed Capacity* (P.A.)	Opening Stock Qty.	Opening Stock Value (Rs.)	Production Qty.	Purchase Qty.	Turnover Qty.	Turnover Value (Rs.)	Transfer Qty.	Closing Stock Qty.	Closing Stock Value (Rs.)
1. Texturised/ Twisted Grey & Dyed Yarn, Fabrics*	Kgs.	N.A.	1,800,000 (1,800,000)	78,597 (69,560)	8,426,015 (8,621,758)	1,718,972 (1,431,898)	18,295 (-)	1,735,665 (1,422,861)	237,442,592 (201,364,008)	- (-)	80,199 (78,597)	8,344,420 (8,426,015)
2. Synthetic Waste Processing	Kgs.	N.A.	3,000,000 (3,000,000)	1,288 (7,261)	41,806 (288,116)	- (55,443)	- (211)	1,288 (61,627)	41,806 (4,019,472)	- (-)	- (1,288)	- (41,806)
3. Polyester Staple Fibre	Kgs.	N.A.	15,000,000 (7,800,000)	457,018 (500,638)	16,664,610 (16,389,499)	9,494,678 (7,764,651)	- (3,603)	9,019,470 (7,811,874)	400,899,092 (312,837,181)	135,343 (-)	796,883 (457,018)	34,055,308 (16,664,610)
4. Scrap & Waste	Kgs.	N.A.	N.A.	- (-)	600,960 (460,490)	- (-)	- (-)	- (-)	1,446,928 (1,709,670)	- (-)	- (-)	778,530 (600,960)
5. Non Woven Fabrics	Mtr.	N.A.	N.A.	9,000 (-)	5,490 (-)	- (-)	205,463 (56,470)	212,263 (47,470)	221,800 (47,470)	- (-)	2,200 (9,000)	1,279 (5,490)

Notes :

1. Excludes 84459.640 Kgs. for Rs. 3055805/- (Previous year 48727.630 Kgs. for Rs. 1430623/-) Dyed on Job Basis for outside parties.
2. The Quantities include hard waste generated and sold during the year.
3. \$ Installed Capacity is as certified by the Management.
4. *Production of fabrics done on job basis by outside parties.

B. RAW MATERIALS CONSUMED

Particulars	Qty. (Kgs.)	Value (Rs.)
1. POY/ Texturised /Twisted Yarn	1,667,840 (1,368,404)	159,515,383 (129,712,587)
2. Polyester Waste	9,535,950 (8,044,158)	202,030,802 (156,011,486)
3. Synthetic Waste	- (64,578)	- (1,973,201)
4. Colour & Chemical	- (-)	52,488,773 (40,698,715)
5. Packing Material	- (-)	14,015,114 (10,325,404)
TOTAL	11,203,790 (9,477,140)	428,050,072 (338,721,393)

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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	18,139,674	4.24	29,116,039	8.60
Indigeneous	409,910,398	95.76	309,605,354	91.40
	<u>428,050,072</u>	<u>100.00</u>	<u>338,721,393</u>	<u>100.00</u>
2. Stores & Spares				
Imported	—	—	—	—
Indigeneous	14,446,350	100.00	13,886,775	100.00
	<u>14,446,350</u>	<u>100.00</u>	<u>13,886,775</u>	<u>100.00</u>

D. CIF Value of Imports

Raw Materials	13,560,845	N.A.	19,680,378	N.A.
Capital Goods	37,720,259	N.A.	206,775	N.A.

E. Expenditure in Foreign Currency

Travelling Expenses	169,333	N.A.	376,373	N.A.
Commission	630,933	N.A.	50,083	N.A.
Gift	9,349	N.A.	—	N.A.

F. Earning in Foreign Currency

F.O.B. Value of Exports	95,761,029	N.A.	86,396,921	N.A.
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Signatures 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 : 26th June, 2007

GOPAL AGARWAL
Chief Finance Officer

For and on behalf of the Board

SHARAD SHARMA
Joint Managing Director

SHYAM S. SHARMA
Chairman & Managing Director



GANESH POLYTEX LTD.

BALANCE SHEET ABSTRACT AND COMPANY'S PROFILE FOR THE YEAR ENDED 31.03.2007

I. Registration Details :

Registration No.	9090	State Code	20
Balance Sheet Date	31.03.2007		

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

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

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

Total Liabilities	581096	Total Assets	581096
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Source of Funds :

Paid-up Capital	98,650	Reserves & Surplus	66,395
Preference Share Application money pending Allotment	27,500	Unsecured Loans	34157
Secured Loans	2,44,992		

Application of Funds :

Net Fixed Assets	3,14,973	Investments	Nil
Net Current Assets	1,56,550*	Miscellaneous Expenses	171
Accumulated Losses	Nil		

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

Turnover	6,26,825	Total Expenditure	5,97,136
Profit/(Loss) before Tax	29,689	Profit/(Loss) after Tax	18,893
Earning per Share in Rs.	2.03	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 Processed Waste)
Item Code No. (ITC Code)	500959.00
Product Description	Fancy/Doubled Spun Yarn

* Net of Deferred Tax Liability of Rs. 3,41,14,576/-

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 : 26th June, 2007

GOPAL AGARWAL
Chief Finance Officer

For and on behalf of the Board

SHARAD SHARMA
Joint Managing Director

SHYAM S. SHARMA
Chairman & 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

DP ID No.*

Client ID No.*

No. of Shares held :

I hereby record my presence at the 18th Annual General Meeting of the Company on Monday, 24th September, 2007 at 4:15 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 18th Annual General Meeting of the Company to be held on Monday, 24th September, 2007 at 4:15 P.M. at the Registered Office of the Company, or at any adjournment thereof.

Signed this day of 2007.

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.

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GANESH POLYTEX LTD.

BOARD OF DIRECTORS

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

Shri SHARAD SHARMA, *Joint Managing Director*

Shri V. D. KHANDELWAL

Shri S. K. KABRA

Shri ANOOP GUPTA

Shri BRIJ MOHAN AGARWAL

Shri PRADEEP KUMAR GOENKA

CHIEF FINANCE OFFICER

Shri GOPAL AGARWAL

AUDITORS

M/s. MEHROTRA RAKESH KUMAR & CO.

Chartered Accountants

KANPUR

BANKERS

STATE BANK OF INDIA

STATE BANK OF BIKANER & JAIPUR

ALLAHABAD BANK

CANARA 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

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