22ND ANNUAL REPORT 2010-11

painting the world green ...

GANESH POLYTEX LTD.

Corporate Information

Board of Directors

Shri Shyam S. Sharma Chairman & Managing Director
Shri V.D. Khandelwal Executive Vice Chairman
Shri Sharad Sharma Joint Managing Director
Shri Rajesh Sharma Executive Director
Shri S.K. Kabra
Shri Pradeep Kumar Goenka
Shri Vishwa Nath Chandak
Shri Satpal Arora

Chief Finance Officer

Shri Gopal Agarwal

Company Secretary

Shri Bharat Kumar Sajnani

Auditors

M/s. Mehrotra Rakesh Kumar & Co.
Chartered Accountants, Kanpur

Bankers

State Bank of India
Allahabad Bank
State Bank of Bikaner & Jaipur

Offices:

Administrative office:
113/216-B, Swaroop Nagar,
Kanpur-208002
Email : gpl@sancharnet.in
Tel: +91-512-2555504-06
Fax:+91-512-2555293

Registered Office:
Raipur, (Rania),
Kalpi Road,
Distt. Kanpur Dehat
Email : gplworksknp@ganeshpolytex.in
Tel: +91-512-2154183

Works:

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

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

3. Bilaspur Unit :
Khata No. 96 and 97,
Arazi Village Kotha, Ali Nagar,
Pargana and Tehsil Bilaspur,
Distt. Rampur, Uttar Pradesh.

Website:

www.ganeshpolytex.in

painting the world green ...

"Green" signifies the color of nature, balance, growth, harmony, health and environment. We make it our business to Think Green every day. When we Think Green, we think of a world...

- where people know how to live sustainably i.e. making the right choice today so that future generation may not have fewer choices tomorrow.
- where "reduce, reuse and recycle" become the watchwords of every family and company.
- where the environment is respected and every action is aimed at recovery and restoration.
- where our commitment to excellence and leadership delivers lasting solutions to the environmental challenges that our planet will face in the 21st century.

VISION

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

Shared Values

- Excellence in whatever we do .
- Delivering innovative products.
- Results through teamwork.
- Uncompromising integrity.
- Trust and respect for everyone.

MISSION

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

Contents

Forward Looking Statements

This report contains forward looking statements. These statements are based on current estimates and projections of Ganesh Polytex Ltd. (GPL) management and currently available information. They do not guarantee future performance, involve certain risks and uncertainties that are difficult to predict, and are based upon assumptions as to future events that may not be accurate. Many factors could cause the actual results, performance or achievements of GPL to be materially different from those that may be expressed or implied by such statements. Such factors include those discussed in the Risk Report from page 32 to 33. We do not assume any obligation to update the forward-looking statements contained in this report.

Company Profile

GANESH POLYTEX LTD. is a 24 years old company engaged in recycling of post consumer pet bottle waste turning more than 150 crores bottles annually into fibre having wide application range-soft toys, pillows, mattresses, furnitures, automobile carpets, yarn spinning, technical and non woven textile, construction, paper etc. GPL's customer base is spread across the width and length of the country besides having overseas presence.

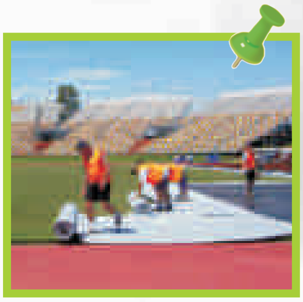
Incorporated in 1987 by Founder, Mr. Shyam Sunder Sharma, GPL has manufacturing facilities for pet bottle waste recycling and yarn dyeing and processing. Its advanced manufacturing set up is at Kanpur (U.P.) and Rudrapur (Uttarakhand). It is also having raw material processing facility and wash line at Bilaspur (U.P.).

Company is growing at a CAGR of 35% since last 5 years and has achieved a annual turnover of ₹ 291.28 crores in FY 2010-11. It has also shown a healthy growth of 100% in net profit on YOY basis translating in to Earnings Per Share of ₹ 12.99.

Recycling one ton of PET containers saves 6.2 cubic meters of landfill space.

Turning waste . . .

. . . into Resources



Corporate Strengths

1

Governance - Sound and responsible practices.

2

Experience – the only Indian company with 15 years proven track record in waste recycling.

3

Products – wide range with best quality standards.

4

Scale - Largest capacity for pet bottle recycling.

5

Growth – 5-years compounded annual growth rate at over 35%.

ICAI Award For Financial Reporting For The Year 2009-10

Ganesh Polytex Limited, India's leading PET Waste Recycling Company has been awarded the coveted **"Silver Shield"** for **"Excellence in Financial Reporting"** by the Institute of Chartered Accountants of India.

The Annual Report and Accounts for the year ended March 31st, 2010 have been adjudged as the second best amongst the entries received under the Category "Manufacturing Sector – Turnover less than ₹ 500 crores". The award was presented in the presence of his Excellency Shri Salman Khurshid, Hon'ble Union Minister of State (I/C) for Corporate Affairs and a huge gathering of Chartered Accountants and stalwarts of the financial sector and Corporate India.

Chairman's Message

Dear Fellow Stakeholders'

Overall FY2011 has been an interesting and exciting year for your Company. Amidst the uneven global recovery, I am extremely pleased to report that we have turned in yet another solid set of results in 2010-11 surpassing our previous robust results in FY 2009-10.

During 2010-11:

- We recorded a new high of ₹ 291.3 crores in revenue, an increase of 46.5% over FY2010. The revenue growth was derived largely through additional recycling capacity of 18000 tpa, which was commercially started during the year.
- Our EBITDA stood at ₹ 36.3 crores as against ₹ 24.3 crores last year, an astounding 49.4% surge.
- We earned Profit after tax of ₹ 18.02 crores, up 100% from the previous year.
- Business generated cash accruals of ₹ 26.9 crores
- Return on equity shoot up to 30.6% during the year.

Further, I am pleased to inform you that the Institute of Chartered Accountants of India (ICAI) has awarded *"Silver Shield"* to Ganesh Polytex Ltd. for *"Excellence in Financial Reporting"* for the year 2009-10**.** The award asserts the Company's sound and transparent accounting policies and good corporate governance practices.

The excellent performance of 2010-11 is a testament to the Company's sound strategies and commitment to execute excellence. Our strong results serve as an encouragement to us and spur us to work harder and be better in all that we do. Our robust business strategy and core competencies put us in a strong position to seize opportunities and capture value wherever there is economic growth and pickup in demand. We will continue to work ceaselessly to sharpen our focus and further build on our strengths and capabilities to sharpen our competitive edge and exploit opportunities to extract maximum value for stakeholders.

In recent years, we have seen a major shift in thinking about the environment. People are more concerned about depleting natural resources and what we are doing to ensure the future well-being of the planet. For us, the rising tide of environmental awareness brings opportunities to develop new solutions that meet the environmental and economic needs of a changing world. Increasing awareness would support our philosophy of recycling every bit of waste plastic to conserve the scarce resources for a stretched period of time and simultaneously save the planet of becoming dumping ground. Preserving environment is a must for sustainable growth and our conviction is that what is good for the environment is also good for our business, good for our customers' businesses, good for our communities and good for future generations.

Due to increase in population, developmental activities, changes in life style and socio-economic conditions, the quantum of pet waste is ever increasing. On account of increasing usage of pet bottles in daily consumption there is a huge amount of pet waste that gets created every year. This shows that there is tremendous scope of growth in this sector and your company will not leave any stone unturned to capitalize the same. In our efforts to contribute radically towards the protection of environment and global sustainable development, we will be continuing our journey by enhancing PET bottles recycling capacity in future. We are also considering recycling of every kind of plastic waste along with PET bottle waste and shall bring ecologically safe value added products on the table

Your company looks to the future with confidence, driven by an inspiring Vision, values of trusteeship and vitality powered by a dedicated and experienced team of human resources. At GPL, I, hereby take this opportunity, to express my sincere thanks & gratitude towards the eminent Board members for contributing their valuable input and wise counsel and our customers, suppliers and bankers for their continued confidence and support during the year. I want to place on record my appreciation to GPL team for their commitment, dedication and diligent contribution. My heartfelt appreciation goes to our shareholders, for being pillar of support in helping accomplish our shared aspirations.

"Excellence is not a destination;
It is a continuous journey that never ends"

"To maintain Ecological balance is our business"

Our Business

With the rising affluence and public embracement of western consumerism, today, there is a staggering demand for plastic products in the country. The growth of the Indian plastic industry has been phenomenal during the fiscal year 2010-11. Packaging presents a major growth area where there has been a spiraling demand for plastics. PET is used in packaging beverages like soft-drinks, mineral water, edible oil, medicines etc. Its inherent characteristics like durability, light weight, good mechanical strength, chemical inertness, water resistance, and impermeability to water and oxygen make it preferred option over glass and cans. Globally it is projected that PET (Bottle grade) will have the highest growth rate of about 11% AAGR (Annual Average growth rate) amongst all polymers. In India also, PET consumption is growing at a stupendous rate supported by strong growth fundamentals such as rapid rate of urbanization, favorable demographics, increased purchasing power and rise in the standards of living of people. However, the commendable properties of the PET make it a non-biodegradable material, presenting a huge waste disposal problem.

The growth of the Indian Middle class and increasing concerns for personal hygiene are other significant propellants for increasing PET consumption, which is moving India into a vicious 'use and discard' cycle. The throwaway culture that PET propagates has resulted into a scenario where PET waste is littered on the country's landscape in huge quantum. The PET waste has become a major threat to the ecological balance due to high visibility in the waste stream and particularly its non- biodegradability. It takes valuable landfill space and leaks toxic additives into groundwater. However, in the light of modernity and globalization, halting of consumption patterns is next to impossible, thus giving way to recycling of waste into eco-friendly useful products. Besides reducing the quantum of waste, recycling of pet waste also saves the invaluable crude oil, the sources of which are limited.

Quantum of Waste

Global PET resin capacity is over 20.0 million tonnes and demand is 16.5 million tonnes. India has a PET resin capacity of 0.80 million tonnes of which domestic demand during 2010 was 0.55 million tonnes. Domestic demand of PET resin grew by 22.2% during 2010 and is expected to grow to 0.80 million tonnes by 2012. With life style changes and higher disposable income, demand of Pet bottles is set to grow at much faster pace as the per capita PET consumption in India is 0.37 kg. as compared to the world average of 2.2 kgs. during 2010. Growing pet consumption is disposing the same quantum of waste.

What We do

We recycle the pet waste, collected from waste stream, into user friendly polyester staple fibre having versatile applications. We are churning the waste into resource since last 15 years. We entered into the business of pet waste recycling in the mid nineties with a capacity of 6,000 MTPA which was further increased to 18,000 TPA through expansion and de-bottlenecking. In 2006, GPL set up its 2nd plant at Rudrapur, Uttaranchal with a capacity of 7,200 TPA and ramped up the capacity to 39,600 TPA till 2010-11. Thus, GPL is having a consolidated RPSF production capacity of 57600 TPA. We are recycling roughly six million pet bottles per day.

Sourcing of pet waste from waste streams and its further processing/ cleaning is a key factor. Company has developed, during last 15 years, a well-streamlined network of waste collection centres spread over the breadth and length of the Country. These centers collect the used pet bottles from rag-pickers and transfer the material to our manufacturing units after primary sorting. Company has also developed a network of scrap dealers for supplying the pet waste to the Company. We have state of the art machinery/ equipments and self designed systems for cleaning/ processing the raw material to make it recyclable.

It takes 19x500ml PET bottles to make fibre of standard pillow.

Turning Waste into resource

We convert the waste into Polyester Staple Fibre (Green fibre), which finds application into versatile end uses.

End Use/ Application	**Industrial Sector –** • Stuffing in Toys, Furniture, Pillows, Quilts, Mattresses and other Comfort products; • Nonwoven carpets and Fabrics; • Filter Fabrics; • Medical and packaging textile; • Geo textile; • Paper & Construction industry; and • A number of other non woven/technical textile applications. **Textile Sector –** • Spun Yarn; • Hosiery Yarn; • Blended Woolen Yarn
Product Range	- Silicon Fibre - Hollow Fibre - Hollow Silicon Fibre - Conjugated Fibre (3 dimension) - Hollow Conjugated Fibre - Fire Retardant Fibre - Anti-microbil Fibre - Dope Dyed Fibre - Short Cut Fibre (3-4mm) - Textile grade Fibre(1.5 to 3 Denier) - Trilobal Fibre - Coarse Denier (5 to 80 Dn.)

Fibre and Polyester Scenario

Polyester is one of cheapest fibres. Its growth for the last few years is highest as compared to other man made and synthetic fibres because of its wash and wear characteristics. Therefore it is rapidly gaining the ground world over for clothing and non-clothing applications. Recycled PSF is a cost effective substitute of virgin polyester staple fibre and therefore has access to large addressable market size.

The global fibre demand in 2010 witnessed an impressive growth of 4% in 2009 and reached the level of 74 MMT. The corresponding growth in 2009 was just half at 2%. Global fibre demand is expected to grow to 99 MMT by 2020, at a CAGR of 3%, from the current level of 74 MMT. In India, the total fibre production estimated at 8.9 million tonnes, representing an increase of 9.1% in 2010-11.

Polyester continues to feed the textile industry, accounting for 83% of the increased fibre demand in 2010. Polyester usage for textile applications is expected to grow at over 4% and account for around 80% of the incremental fibre demand in the next decade. Consequently, the share of polyester in all fibre demand would grow to 55% from the current 48%. In India, the polyester fibre demand and production displayed a strong performance during 2010-11. The polyester fibre production was estimated at 3.10 million tonnes against 2.69 million tonnes in 2009-10, depicting a growth of 17%. India's polyester per capita consumption, in 2010, stands at 2.50 kgs., whereas world polyester per capita consumption stands at 5.10 kgs.

Polyester Staple Fibre contributes 32% of the India's polyester fibre production, rest 68% share goes to the Polyester Filament Yarn (PFY) production. Domestic demand during 2011 was grew by 16.5% to 0.78 million tonnes, and is likely to grow at a CAGR of 9-11% during 2011-2014 on the back of strong demand from non-woven applications and substitution of cotton fibre.

Trends in consumer industry

The major user industry of Recycled PSF is –

- Non-woven/technical textile;
- Yarn spinning; and
- Stuffing

(a) Non-woven/Technical Textile Industry

The textile industry is undergoing a major reorientation towards non-clothing applications of textiles, which are growing roughly at twice rate of textiles for clothing applications and now account for major chunk in total textile production. Textile for non-clothing applications is classified in non-woven and technical textiles. Non-woven are flat structured fabrics, such as sheets or webs, not made by weaving but by bonding and entangling fibers by means of mechanical, thermal or chemical processes, offering cost effective solutions for an increasing wide variety of applications such as hygiene, medical, packaging, automotive, filtration, construction and geotextiles, furniture, components of apparels, insulation and cleaning. The large Indian population of over one billion with nearly 48% in the age group of 18-35 and 250 million strong middle class which has high purchasing power and living standards presents a potential huge market for non-woven products. With the Indian economy poised for a rapid growth of more than 8% during forcible future, non-woven production and consumption is expected to see rapid growth. Considering the phenomenal growth potential in technical textile segment, Textile Ministry has launched a special Technological Mission for Technical Textile (TMTT) jointly with FICCI on 20th January, 2011 with a budget outlay of ₹ 200 crores for next five years.

In India, there is significantly large market for feminine hygiene products, consumer wipes, infant diapers and other disposable non-woven products. Although the present market penetration in these applications is very small, it is expected to grow at very high rates with rising income levels and enhanced purchasing power.

Consumption of non-woven in geotextiles is expected to have exponential growth as over the 11th Plan, the aggregate spending on infrastructure is estimated at $500 billion and nearly 25% of this spending are planned in the road sector. This market is expected to consume huge quantity of nonwovens every year.

Other areas of non-woven applications like automotive textiles, carpets, interlinings and wading, furnishings and beddings, agricultural textiles, medical textiles, sports textiles etc. are already seeing a lot of activity and are bound to grow at rapid rate in order to catch up with the developed world.

The market size of technical/non-woven textile in India grew from ₹ 31,000 crores during 2003-04 to ₹ 41700 Crores during 2008-09. Further, as per an internal document prepared by the textile ministry, it is estimated that the technical textile market would grow to ₹ 78,060 Cr. by 2014–15 with an annual growth rate of 14%.

Polyester and Polypropylene fibre are the major raw materials in technical textile/Non-Woven segment. With the sustainable growth of user industry, there is huge market for Recycled PSF, consumption of which is set to grow at double digit growth due to competitive prices and introduction of versatile products for increasing number of applications.

(b) Yarn Spinning

As on 31.12.2010, the Yarn industry comprised around 3407 spinning mills and 185 composite mills, with a total installed capacity of 48.2 million spindles and operational capacity of 38.6 million spindles.

Domestic production of spun yarn was increased by 7.14% in FY'10 to 4.19 million tonnes, out of which, polyester and blended yarns' share accounts for 1.38 million tonnes.

Strong demand for apparels from the domestic and exports market is expected to drive the demand for fabric, which in turn will drive the demand of yarn. Driven by this healthy demand, spun yarn production is expected to grow by 7%-8% during 2011-13. With rising trend in cotton prices, the polyester yarn segment would be the sole beneficiary for shift in share being cheapest one among all types of natural and man-made fibres. As per CRISIL Research estimates, the industry is expected to add new capacities of around 75 lakh spindles, entailing investments of around ₹ 18,700 crores during 2010-11 to 2014-15, which will further boost the demand for PSF.

(c) Stuffing

With improvement in life style and urbanization coupled with increasing disposable income, use of home furnishing products like quilts, comforters, mattresses, pillows, floor coverings, furnitures etc. is increasing and growth in their market size is in double digit. Traditionally these products were stuffed with cotton, foam, coir etc. With increasing prices and low availability, cotton has almost lost its share for such application. Recycled PSF is now being preferred over other traditional products like foam and coir because of its inherent qualities like hygiene, wash-ability, light weight and user friendly characteristics. Likewise there is phenomenal growth in market of soft toys, where Recycled PSF is predominantly used in stuffing. Estimated market size of all these products in India is over ₹ 15,000 crores and growing in double digit.

Growth Drivers

Growth in the domestic market for recycled PSF applications would be driven by the following factors:

- Changing lifestyle and higher disposable income driving the consumption of Pet Bottles.
- Demand in User industry, particularly nonwoven and technical textile sector, is steadily growing.
- Increasing environmental awareness and concerns for green house emissions will encourage the people to prioritize the recycled products over normal products.
- Rising cotton and crude oil prices.

Marketing Strategy

Company has developed over the years a deep rooted marketing network in India and abroad. Company's marketing strategy is to spread out its products among large number of customers and this strategy has yielded rich dividends. Company's continued focus is on enriching its product range for new and value added applications to widen its customer base.

Way forward

Sensing the demand growth in the sector, company would continue to leverage its leadership position by adding further capacities to existing product line. In its efforts to consolidate its position, Company is going one step ahead through installing yarn spinning capacity. It is also looking for diversifying into other areas where recycled pet waste can be converted into more value added products other than recycled PSF.

MILESTONES

2006-07

(₹ In Crores)

Net Sales	62.67
EBITDA	7.01
PAT	1.89
Net Worth	15.99
EV	34.40
Gross Block	47.29
Net Profit Margins (%)	3.02
Basic EPS (₹)	2.03
RONW (%)	11.30

2006-07

- Set up Rudrapur Unit for Recycled PSF with Capacity of 7200 TPA.

2007-08

- Expanded Capacity of Rudrapur Unit for RPSF to 21600 TPA and expanded dyeing capacity to 2400 TPA.

2008-09

- Expanded Capacity of Kanpur Unit for RPSF to 18000 TPA. Equity Capital expanded to ₹ 9.85 Crores

2009-10

- Expanded Capacity of Rudrapur Unit by another 18000 TPA.
- Equity Capital expanded to ₹ 12.32 Crores.
- Designation as STAR EXPORT HOUSE by the Ministry of Commerce & Industry.

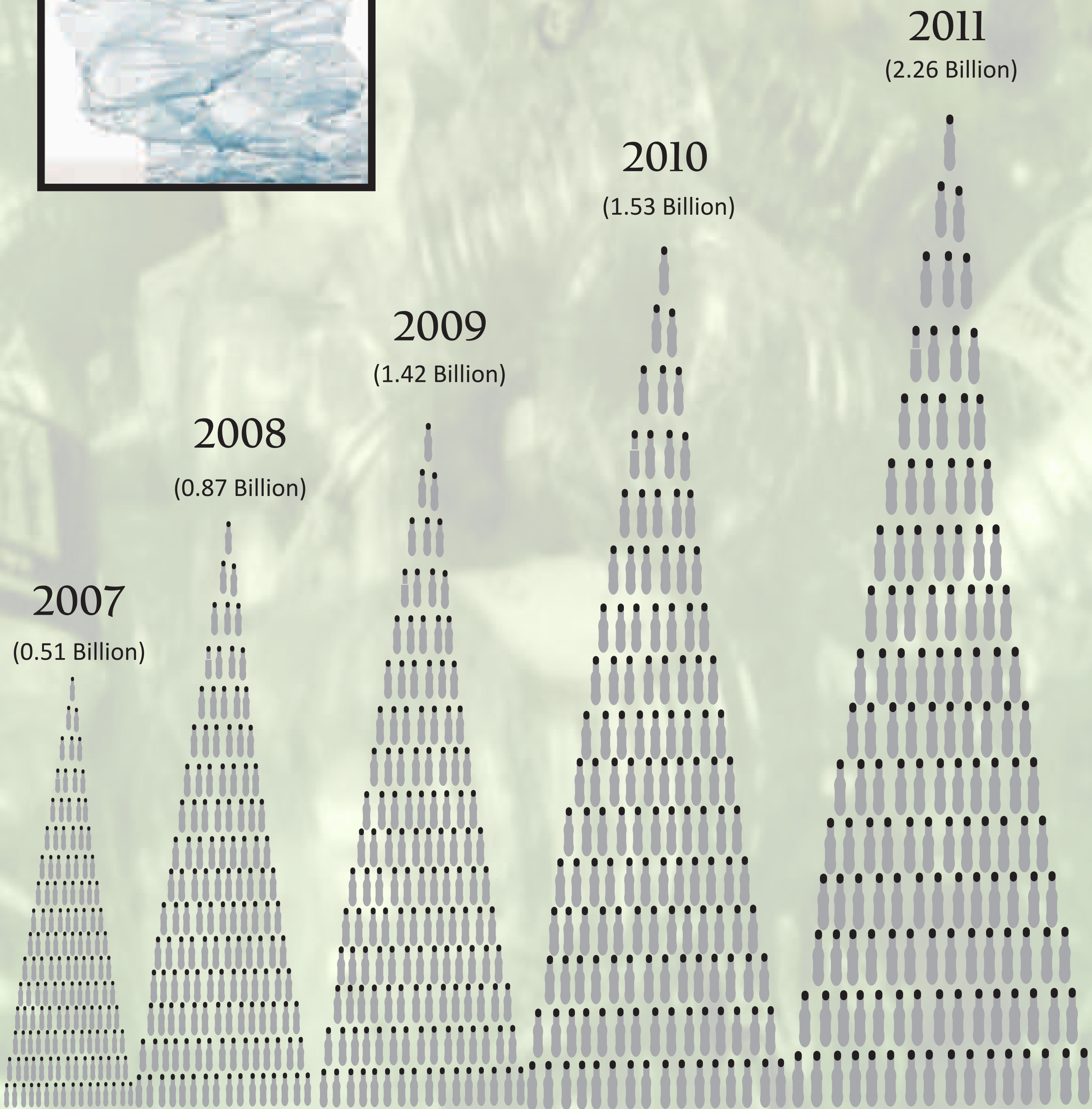
2010-11

- ICAI awards 'Silver Shield' for Excellence in Financial Reporting for the year 2009-10.
- IFCI Venture Capital Funds Ltd. under its Green India Venture Fund, has subscribed to 1.5 million Optionally Convertible Debentures.
- Equity Capital expanded to ₹ 13.67 crores.

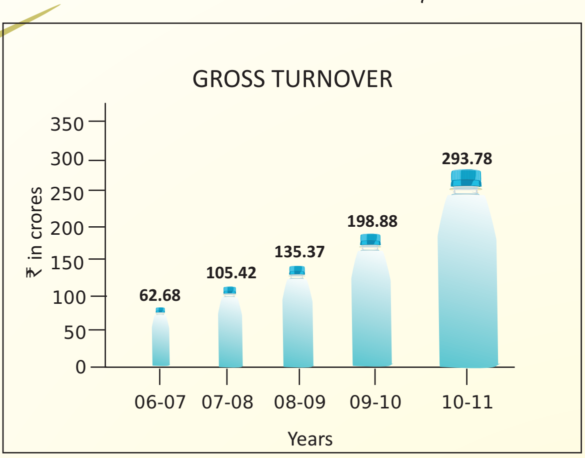
2010-11

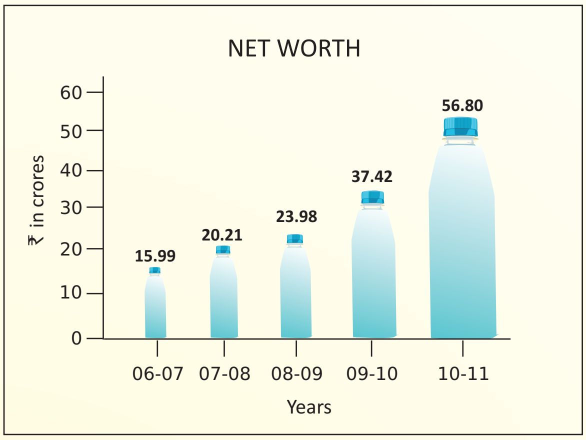
	(₹ In Crores)
Net Sales	291.3
EBITDA	36.32
PAT	18.02
Net Worth	56.80
EV	159.90
Gross Block	133.13
Net Profit Margins (%)	6.2
Basic EPS (₹)	12.99
RONW (%)	30.6

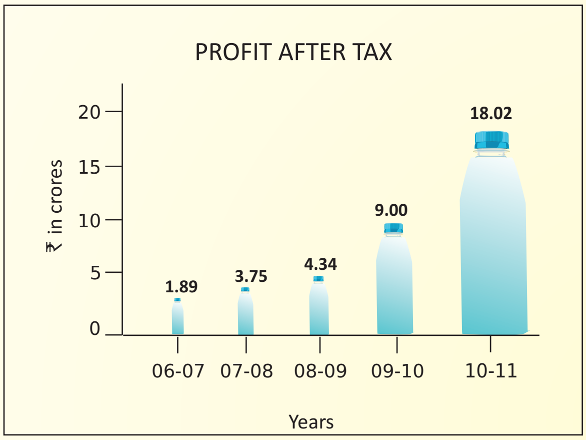
Recycling more number of pet bottles every year ...

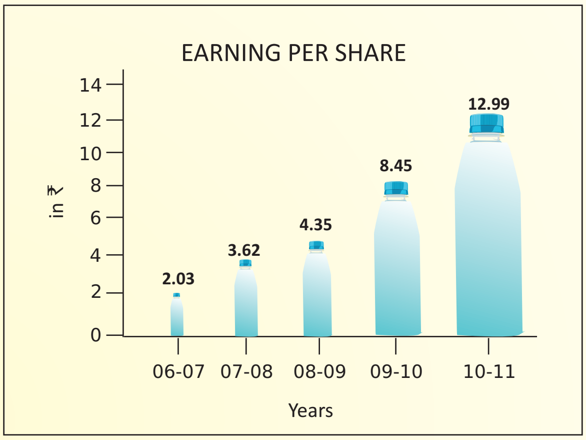


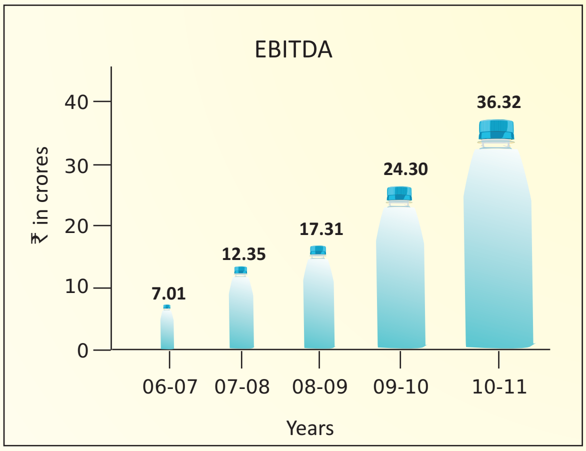
Finance Charts

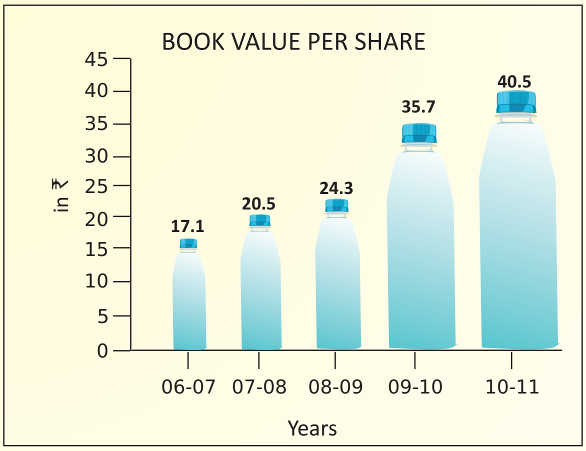


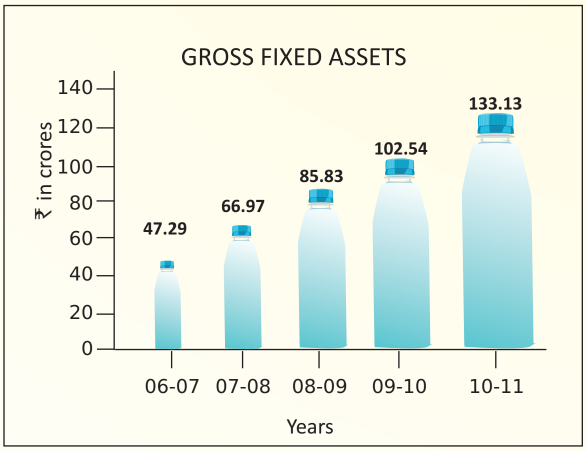


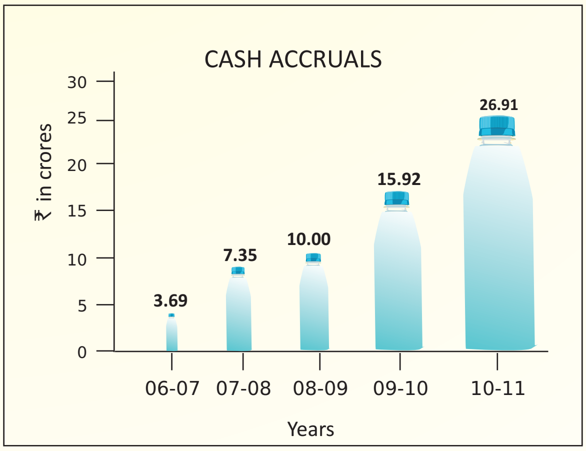












Financial Ratios

	2010-11	2009-10	2008-09	2007-08	2006-07
PROFITABILITY					
Revenue Growth	46.5%	46.9%	28.4%	68.2%	20.7%
EBITDA Margins	12.5%	12.2%	12.8%	11.7%	11.2%
PAT margins	6.2%	4.5%	3.2%	3.6%	3.0%
Return on Equity	30.6%	22.3%	15.7%	16.8%	11.3%
ROCE	18.8%	16.5%	12.2%	11.7%	10.3%
LIQUIDITY					
Current Ratio (Current Assets / Current Liabilities)	1.52	1.25	1.21	1.27	1.31
Cash Cycle (Days)	46	58	76	76	87
LEVERAGE					
Debt Equity Ratio (Long term Debts/ Net Worth)	0.96	0.94	1.54	1.37	0.95
Interest Cover (times) (EBITDA/ Finance Cost)	3.7	2.2	1.8	2.3	2.3
INVESTORS' RATIOS (in ₹)					
Earnings per Share	12.99	8.45	4.35	3.62	2.03
Book Value per Share	40.5	35.7	24.3	20.5	17.1
Dividend per Share	1.20	1.00	-	-	-
Net Fixed Assets per share	70.6	72.5	62.9	49.1	33.6

24 million gallons of oil are needed to produce a billion plastic bottles.

Corporate Social Responsibility

Corporate social responsibilities are not something we consciously do or attempt – they are a core function of our business –it is clearly evident in every activity we do, every project we undertake, every horizon we seek. Sustainability and responsibility form part of our corporate culture. Our long-term aim is to ensure a sustainable approach along the entire length of our company's value chain. From procuring raw materials to recycling post consumer PET bottle waste, our intention is to consider the effects of our actions on the environment and society as a whole.

Human activities are increasingly altering the Earth's climate. It is virtually certain that increasing atmospheric concentrations of carbon dioxide and other green house gases will cause global surface climate to be warmer. The unprecedented increase in greenhouse concentrations together with other human influences on climate over the past century and those anticipated for the future constitute a real basis for concern. The greatest responsibility for any business today is to ensure that it provides the ecology in the same measure as it takes from it. Recycling is one of the primary ways of reducing the energy output and carbon emissions.

CSR and sustainability has been an integral part of our growth story. Recycling of PET bottle waste into polyester staple fibre uses around 33 % to 53% less energy than virgin Polyester and also helps in cutting carbon emissions by 55% approx. Thus, it has been our constant endeavor to deliver value by reducing carbon footprint.

Growing Green is not just a philosophy at GPL. We've been doing it for years and it is reflected from our extensive waste collection mechanisms through the state-of-the-art recycling facilities. With our corporate commitment to recycle every PET bottle that is thrown away into the waste stream, we believe that in the long run, economic sustainability depends upon ecological sustainability.

At GPL, we believe it is our responsibility to conduct business in an accountable and sustainable manner. For us, waste is a resource in disguise. Every day, we work with our stakeholders to extract value from waste with an objective to protect and nurture Mother Earth.

In doing so, we are embracing sustainability not only for our company but also for the community as a whole by:

- Reducing environmental footprint by recycling more than 150 crores used PET bottles annually, which otherwise poses a serious threat to the ecological balance.
- Converting waste into ecological safe value added products for varied applications at reasonable prices.
- Utilizing resources in an optimal manner so as to meet our stakeholder's aspirations and creating value for them.
- Caring about safety of society, environment and quality of life of people associated.
- Striving to comply with applicable laws and regulations.

Our business operations revolves round a well organized- however an informal system of waste collection run by ragpickers. Ragpickers who forms a backbone of our waste collection system, collect and supply recyclables to us and earn their living, thus we provide employment opportunity to large impoverished section of the society and so, we are proud to say that CSR is not something that we attempt to do, for us CSR is something that is instilled in our blood and runs through our veins. It will always be our priority to serve.

Shareholders & Investors

We are focused on growth and enriching value for shareholders. While maintaining sustainable growth and expanding revenues and profits, exercising of good corporate governance practices and communicating with shareholders is equally important for company's long term value.

Disclosure and Transparency

We strive to disclose accurately and timely corporate information both financial and non-financial that may have impact on the interests of shareholders or any decision to invest in or on the prices of the shares. We believe that the transparency contributes towards a better understanding of our company and activities while making analysis easier and reducing an investor's risk when investing in stocks. In both good times and bad, our investor relations efforts are guided by the principle of achieving best practices in corporate governance and disclosure.

Communicating with Shareholders

To serve the interest of the investing community we at GPL ensure that its shareholders should have easy and timely access to all the relevant information which is of some interest to them. We have provided wide range opportunities for communication to our shareholders to voice their questions and concerns.

The communication channels used are the BSE website, Annual Report, AGM, Press Releases, earnings conference calls, Road Shows, media interviews and Company's own website.

Our annual report, accounts and the notice of AGM are sent to shareholders regularly. We view our annual report as a vital tool of communication as the details provided in the report are of immense use to investors to understand the company's financial position and future direction and we try our best to ensure that it gives a vivid picture of our all round activities during the year as well as future developments.

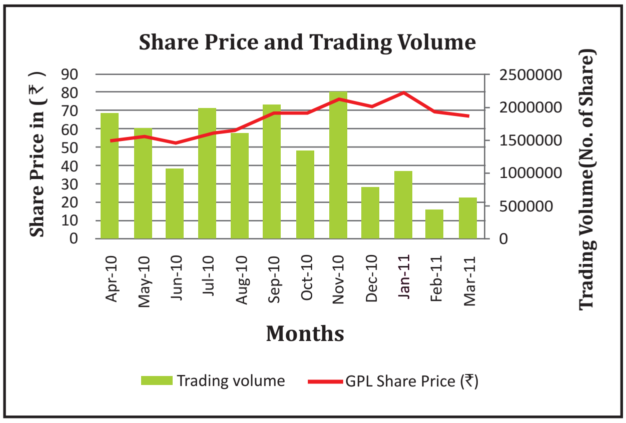
Latest strategic developments, achievements and other important information of the company are announced through Press Releases, email alerts and BSE website and the related information is also posted on our website. Our quarterly financial results are announced and published within the mandatory reporting period and are also posted on our website for easy accessibility.

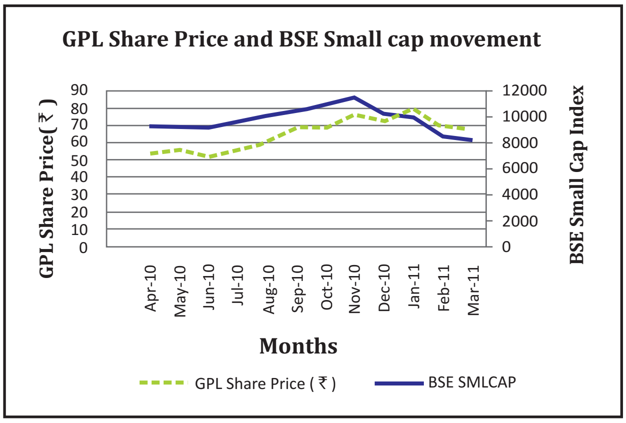
Conference calls with investor community are organized after quarterly results to provide more insight of our financials, business dynamics and direction. This also helps in building a strong relationship with our shareholders.

The management team meets investors and analysts who seek more information and understanding of our business and visits to our facilities are also arranged in case of need, to have better understanding of our operations and activities. We believe that those who are interested in us should know us well and have confidence in us.

Recognizing the importance of providing easy-to-access and up-to-date information round the clock to our stakeholders, our corporate website is updated on timely basis. Contact information of the designated officials of the company responsible for assisting and handling investor grievances is also available on the website. Through this avenue all the stakeholders and other interested parties are also able to email their feedback and queries to management.

Share Performance:





KEY SHARE DATA

		F.Y. 2010-11	F.Y. 2009-10
Year-end Price	₹	**64.20**	42.85
Year High	₹	**79.50**	45.35
Year Low	₹	**43.00**	6.20
Weighted Average Price	₹	**58.58**	19.19
Average Volume:			
- Number		**66178**	39792
- Value	(₹ in lakh)	**38.85**	12.98
Number of Shares as on March, 31	(No. in lakh)	**136.70**	123.20
Market Capitalization as on March, 31	(₹ in lakh)	**8776.14**	5279.12
Earnings per Share (Basic)	₹	**12.99**	8.45
Dividend per Share	₹	**1.20**	1.00
Dividend yield (Dividend per Equity Share/ Weighted average price)		**2.05 %**	5.21 %
Payout Ratio (Dividend per Equity Share/Basic EPS)		**9.24 %**	11.83 %
Price Earnings Ratio (P/E ratio) (Note 1)		**4.94**	5.07
Price to Book Ratio (Note 1 & 2)		**1.59**	1.20

Note 1: Closing price as on 31st March is used in calculating Price Earnings Ratio and Price to Book Ratio.

Note 2: For calculating Book Value, Preference Share Capital and Warrants Application Money have been excluded.

Ten percent of the plastic produced every year worldwide winds up in the ocean. 70% of which finds its way to the ocean floor, where it will likely never degrade.

Board Of Directors

Mr. Shyam Sunder Sharma, Chairman-cum-Managing Director

Mr. Shyam Sunder Sharma aged about 69 years is Post-graduate in commerce. He is a first generation entrepreneur and textile technocrat having management experience of over 47 years including 25 years with various Birla group Companies in senior positions.

He is associated with the Company as Chairman-cum-Managing Director since 1989. He is responsible for looking after the overall management, strategic planning and development of the Company.

Mr. V.D. Khandelwal, Executive Vice-Chairman

Mr. V.D. Khandelwal aged about 62 years is Post-graduate in commerce. He possesses a rich experience of over 38 years in textile yarn trading.

He has been serving the Company since inception and was appointed as Executive Vice-Chairman of the Company in 2008. He is responsible for overseeing the day to day management and business development of the Company.

Mr. Sharad Sharma, Joint Managing Director

Mr. Sharad Sharma aged about 45 years is a commerce graduate and having more than 19 years experience in marketing & administration.

He is associated with the Company since inception and was appointed on the Board in 1992 as a Director. He was appointed as Joint Managing Director of the Company in 2004. He is responsible for overseeing the daily plant management and overall operations of the Company.

Mr. Rajesh Sharma, Executive Director

Mr. Rajesh Sharma aged about 42 years is a commerce graduate and has rich experience spanning over 21 years in plant administration and operations.

He is associated with the Company since inception and was appointed as an Executive Director of the Company in 2008. He is responsible for looking after the administration of the Company's Rudrapur unit. His achievements include the successful commissioning of the Rudrapur unit and further expansion thereat.

Mr. V. N. Chandak, Non-Executive Independent Director

Mr. V. N. Chandak aged about 74 years is M.Com., LL.B. and has experience of over 37 years of working as a Senior President in Eastern Spinning Mills & Industries Ltd.

Presently, he is looking after Rayon Yarn and Chemical business of Kesoram Industries Ltd. (a B.K. Birla Group Company) as President of its divisions namely Kesoram Rayon and Hindusthan Heavy Chemicals.

He was appointed on the Board of the Company in 2009.

Mr. Pradeep Kumar Goenka, Non-Executive Independent Director

Mr. Pradeep Kumar Goenka aged about 57 years is a member of the Institute of Chartered Accountants of India. He brings rich professional experience of over 35 years in the field of finance and related consultancy services.

He is a practicing Chartered Accountant. Presently, he is holding Directorship on the Board of several listed and non-listed companies from various industries including manufacturing and financial consultancy.

He was appointed on the Board of the Company in 2006.

Mr. S. K. Kabra, Non-Executive Independent Director

Mr. S. K. Kabra aged about 67 years is B.Com., LL.B. and is also a member of the Institute of Chartered Accountants of India. He brings rich professional experience of over 43 years in textile industry.

He had been Managing Director for over 11 years in Shree Manufacturing Company Ltd. and has over 25 years experience of working in various capacities in Birla Group Textile Companies. He has been running his own textile business since last 15 years.

He was appointed on the Board of the Company in 1994.

Mr. Satpal Arora, Nominee Director

Mr. Satpal Arora aged about 53 years, is a Post Graduate in Commerce, a Law Graduate, an Associate Member of the Institute of Company Secretaries of India, an Associate Member of ICWAI, a Diploma holder in Labour Laws and a Certified Associate of Indian Institute of Bankers. Shri Arora has 29 years of professional experience. He is presently holding the position of Managing Director of IFCI Venture Capital Funds Limited.

He was appointed on the Board of the Company as Nominee Director in March, 2011.

Directors' Report

TO THE MEMBERS OF GANESH POLYTEX LTD.

Your Directors have pleasure in presenting the Twenty Second Annual Report together with the Audited Statements of Accounts of the Company for the financial year ended 31st March, 2011.

FINANCIAL RESULTS

The summarized financial results of the Company for the year ended 31st March, 2011 as compared to the preceding year are as under:

(₹ in lacs)

		Current Year (2010-11)	Previous Year (2009-10)
Total Income		**29399.96**	19922.37
Profit before Interest and Depreciation		**3632.65**	2430.07
Less: Interest and Finance expenses		**737.45**	785.37
Less: Depreciation		**889.93**	691.83
Profit before Tax		**2005.27**	952.87
Provision for Tax	- Current Tax	**(419.00)**	(161.94)
	- Deferred Tax (Net)	**(3.44)**	(17.93)
	- MAT credit available for set off	**218.70**	127.30
Profit after Tax		**1801.53**	900.30
Surplus brought forward from Previous year		**1812.90**	1125.48
MAT Credit (Reversed) / Recognized for earlier years		**(17.35)**	0.45
Taxation adjustments for earlier years (Net)		**5.91**	(11.66)
Balance available for appropriation		**3602.99**	2014.57
Appropriations:			
Reserves			
-General		**(45.04)**	-
-Debenture Redemption		**(49.50)**	-
Interim Dividend			
- Preference Shares		**-**	(45.00)
- Equity Shares		**-**	(49.28)
Tax on Interim Dividend		**-**	(16.02)
Proposed Dividend			
- Preference Shares		**(45.00)**	(11.25)
- Equity Shares		**(164.04)**	(66.85)
Tax on Proposed Dividend		**(33.91)**	(13.27)
Surplus carried to Balance Sheet		**3265.50**	1812.90

OPERATIONS

During the year under review, the Company's performance has been quite impressive as turnover and profits scaled new heights. The Company recorded a substantial growth of 46.46% in its Turnover which rose to ₹ 29128.96 lacs from ₹ 19888.34 lacs in the preceding year. The Profit after Tax was placed at ₹ 1801.53 lacs as against ₹ 900.30 lacs in the preceding year, recording a substantial increase of over 100%. The improvement in performance of the Company has been mainly on account of increase in production capacity, higher realizations, improved operational efficiencies and better cost control. The increased capacity of 18000 TPA was operationalised during October, 2010 and the full effect thereof will be reflected in the working of current financial year. During the year under review, the export sales also registered significant growth which stood at ₹ 5024.10 lacs as against ₹ 3080.69 lacs (F.O.B. value) in the preceding year.

The Company is considering an expansion plan to increase its existing recycling capacity. Besides this the company is also planning to move forward into value chain through setting up of a green field project for manufacturing of spun yarn.

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

DIVIDEND

Based on the Company's outstanding performance during the year, your Directors are pleased to recommend for approval of the members, a dividend of ₹ 1.20 per share (i.e. @ 12%) on Equity Shares of ₹ 10/- each, involving cash outflow of ₹ 1,90,65,139/- (inclusive of dividend distribution tax of ₹ 26,61,139/-), and ₹ 10/- per share on 10% Cumulative Redeemable Preference Shares (Series I & II) of ₹ 100/- each, involving cash outflow of ₹ 52,30,013/- (inclusive of dividend distribution tax of ₹ 7,30,013/-), for the financial year 2010-11.

FINANCE

During the year under review, the Company has been sanctioned an additional Corporate Loan of ₹ 6.00 crores and Cash Credit Limit of ₹ 2.40 crores from its bankers to meet an increased requirement of working capital.

During the year, the Company has allotted 30,00,000 Convertible Warrants to 'Promoters & Others' on preferential basis convertible into equal number of Equity Shares of ₹ 10/- each at a price of ₹ 40/- per share.

During the year, 13,50,000 Equity Shares have been allotted consequent upon conversion of outstanding Warrants, to 'Promoters and Others' on Preferential Basis.

The amount raised through the aforesaid issues, has been utilized for the expansion project at Rudrapur (Uttarakhand) unit and general corporate purposes.

With the aforesaid allotments of Equity Shares, the total Paid-up Equity Share Capital of the Company stood increased from ₹ 1232.00 lacs to ₹ 1367.00 lacs.

In addition, the Company has also raised an amount of ₹ 1350.00 lacs by allotment of 15,00,000 Optionally Convertible Debentures (OCDs) of ₹ 90/- each to 'Green India Venture Fund', a trust fund of IFCI Venture Capital Funds Ltd., on preferential basis, convertible into equal number of Equity Shares of the Company. The issue proceeds are being utilized for ongoing expansion project as well as general corporate purposes.

CHANGE IN NAME

Your Company is engaged in the business of Recycling of post consumer PET bottle waste into Regenerated Polyester Staple Fibre, an eco-friendly activity which has now become dominant business activity of the Company generating substantial revenues. With a view to make the name of the Company indicative and reflective of its main activities, it has been decided to change the name of the Company from GANESH POLYTEX LIMITED to GANESHA ECOSPHERE LIMITED. The Resolution for effecting change in name of the Company is placed for approval of Members at the ensuing Annual General Meeting.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DIRECTORS

During the year, Shri Satpal Arora, nominee of IFCI Venture Capital Funds Ltd., has been inducted on the Board of Directors of the Company as an Additional Director, who holds office up to the date of ensuing Annual General Meeting and is eligible for appointment as Director of the Company.

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

During the year, Shri Anoop Gupta ceased to be Director of the Company w.e.f. 01.10.2010. The Board places on record its appreciation for the valuable services rendered by him during his tenure as Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors of the Company, in respect of the financial year ended 31st March, 2011, confirm that: -

a) In preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial year and of the Profit of the Company for that year;

c) they have taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

AUDITORS AND AUDITORS' REPORT

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

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

As regards Auditors' remarks in para 9(i) of the Annexure to their report stating slight delay in payment of statutory dues, it is clarified that the Company had been regular in depositing statutory dues except in few cases of procedural delays, which have been subsequently made good.

COST AUDITOR

M/s. R.M. Bansal & Co., Cost Accountants, have been appointed as Cost Auditors of the Company to conduct the audit of the Cost Accounts of the Company in respect of its Textile products for the financial year 2010-11 and the Cost Audit Report will be filed with the Central Government by the due date i.e. 27th September, 2011.

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

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

PARTICULARS OF EMPLOYEES

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

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

Place : Kanpur
Date : 5th August, 2011

(Shyam S. Sharma)
Chairman and Managing Director

ANNEXURE 'A' TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FOR THE YEAR ENDED 31st MARCH, 2011.

I. CONSERVATION OF ENERGY

(a) *Energy conservation measures taken:*

Energy conservation has been an important thrust area of the management and is being continuously monitored. Important specific measures taken by the Company are:

i) Maximize use of fluorescent tube lights and CFLS (Compact Fluorescent Lamps), as it saves 70% of electricity while delivering the same luminosity.

ii) Use of energy saving devices like TFT monitors, CFL tubes etc.

iii) Optimization of voltage and current.

iv) Improving system utilization through optimization of Power Factor & Load Factor.

v) Comprehensive energy monitoring & control networks.

vi) Use of variable frequency drive for various applications.

vii) Optimization of process to enhance production.

viii) Optimum utilization of Compressed air.

ix) Reducing energy loses by eliminating energy-wasting factors like Unbalance, harmonics, and reactive power, which may occur during the use of electric tools or appliances, leading to electric loss like an increase in power consumption and a decrease in efficiency, shortening the life span of electric devices.

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

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

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

The continued focus on energy conservation measures has resulted in improvement in power factor & saving in energy consumption per unit of production.

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

FORM A

A. Power and Fuel Consumption:	**Current year (2010-11)**	Previous year (2009-10)
1. Electricity		
(a) Purchased		
Unit (KWH in lakhs)	**293.24**	207.70
Total amount (₹ In lakhs)	**1329.22**	867.81
Rate/ KWH (in ₹)	**4.53**	4.18
(b) Own Generation		
(Through Diesel Generators)		
Unit (KWH in lakhs)	**37.71**	35.90
Unit per Litre of Diesel Oil	**3.38**	3.41
Cost/ unit (in ₹)	**10.53**	9.39
2. Coal		
Quantity (in tonnes)	**1151.34**	328.28
Total Cost (₹ in lakhs)	**59.06**	11.90
Average rate (Cost per ton)(in ₹)	**5129.33**	3624.23
3. Others (Rice Husk)		
Quantity (in tonnes)	**20178.88**	16041.36
Total Cost (₹ in lakhs)	**719.31**	401.02
Average rate (Cost per ton)(in ₹)	**3564.67**	2499.92
B Consumption per unit of production		
Production of Polyester products (Kgs. in lakhs)	**422.61**	303.03
(including job work production)		
Electricity (in KWH)	**0.78**	0.80
Coal (in Kgs.)	**0.03**	0.01
Rice Husk (in Kgs.)	**0.48**	0.53

II. TECHNOLOGY ABSORPTION

FORM B

Research and Development (R&D)

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

The Company has established an in house research and development facility. Company concentrated in its R&D for developing Specialty Fibre viz. Coarser Denier fibre, 100 Denier, 80 Denier, 60 Denier, low cost Flame retardant Polyester fibre, Low antimony full dull / Cotton look Polyester Fibre, Shrinkable Polyester Fibre in grey and dyed. It also includes development of Fibre with new additives for higher color yield improvement and higher yield production with low cost additives and low cost mixing. Besides this the company has also established a Quality Control Department to monitor and ensure consistency in quality and adherence to quality standards norms.

R&D also helped in increasing the production efficiency of our machines, minimization of by-production of waste during various processes and expanding our product offerings to clients in order to meet their changing requirements.

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

- New or improved products, processes, systems, helped increase the company's sales and profits.
- Helped earn economies of scale.
- Ensured consistency in Quality, customer satisfaction.
- Productivity & efficiency enhancement.
- Reduction in wastage.
- Helped in building competition.
- Reductions in operating cost and environmental control improvement.
- Provided the necessary inputs for development of new and improved products and processes.

3. ***Future plan of action:***

The company will further do the systematic utilization of the knowledge or understanding gained from research towards the production of useful materials, devices, systems, or methods with a focus on cost reduction and quality improvement. The Company will improve the quality parameters of existing products and will continue with its activities in the field of R&D of new products.

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

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

Technology absorption, adaptation and innovation

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

The Company's technical team has been continuously working on upgradation and modification of existing products in order to keep pace with the advances in technological innovations and redesigning products to create new market opportunities. Internal practices and procedures are in place for adoption of new technologies.

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

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

3. ***Technology Imported:***

Details of technology imported during the last 5 years:

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

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. ***Activities relating to Exports:***

Company's product (Polyester Staple Fibre) is being currently exported to over 20 countries and Company exported 8256.53 MT PSF during 2010-11.

2. ***Initiatives taken to increase exports:***

Apart from exporting through sales channels, Company has developed direct contacts with customers, which helped to understand customer specific needs, development of customized products and providing customized services for strengthening relationships. Besides this, Company has also developed market specific and customer specific products to increase the export sales.

3. ***Development of New Export Markets:***

Instead of focusing too many markets, company has targeted regular customers who have potential for expanding their operations. This strategy has yielded good results and Company's exports are increasing consistently by targeting regular customers.

4. ***Export Plans:***

Near term plan is to increase the export sales selectively, to optimize the returns.

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

(₹ in Lacs)

				Current year (2010-11)	Previous year (2009-10)
A)	Foreign Exchange earnings (F.O.B. Value)			**5024.10**	3080.69
B)	Foreign Exchange outgo:				
	1.	Import of	- Raw Materials/Traded Goods	**507.29**	252.66
		(C.I.F. Value)	- Capital Goods	**493.83**	920.84
			- Stores & Spares	**160.53**	62.67
	2.	Expenditure on	- Travelling	**5.07**	10.35
			-Others	**4.72**	6.58

For and on behalf of the Board

Place : Kanpur
Date : 5th August, 2011

(Shyam S. Sharma)
Chairman and Managing Director

Management Discussion & Analysis

Overview

Indian economy has emerged with remarkable rapidity from the slowdown caused by the global financial crisis of 2007-09. Robust growth and steady fiscal consolidation have been the hall mark of the Indian economy in the year 2010-11. The growth rate during the year has been 8.5% owing to increased domestic consumption, higher infrastructure spending and low credit leverage. Growth rate is expected to hover around this level in forcible future. Despite the risks of global events such as slow down in western economies, volatility in commodity prices like crude oil, volatility in Indian currency against US dollar exacerbated by the political turmoil in the Middle-East, the Indian Economy seems poised to scale greater heights in terms of macro- economic indicators and the next two decades may well see the economy growing faster than it has done at anytime in the past.

Industry Structure and Developments

With increase use of PET for bottled drinks, beverage, liquor, FMCG and the pharmaceutical sectors, the demand for PET resin will continue to rise. The strong economic growth along with the large population of India enables the large consumption of Carbonated Soft Drinks (CSDs) and bottled water in the country. With changing lifestyle and higher disposable income, demand and consumption of packaged food is increasing day by day. Because of its light weight, toughness, thermostability and transparency, PET is the most preferred material for CSD and bottled water bottles. CSD and bottled water together account for more than 65% of the global PET demand. Increased use of pet bottles is driving the generation of waste in parallel stream. This waste is harmful for environment on the one hand but simultaneously it is creating opportunities before waste recycling companies. However, pet waste recycling industry is fragmented one and nearly 60% capacity is in SME sector causing unhealthy competition.

Opportunities and Threats

- Country's urban population is growing from 30% in 2010 to 40% by 2020, indicating surge in consumer and retail expenditure.
- Middle class is expected to grow to about 32% of the total population by 2010 expecting to drive consumption growth.
- With growth in economy per capita income is expected to grow to ₹ 54,500 in 2010-11 from ₹ 46,500 during 2009-10 implying higher disposable income in the hands of the people.
- Increasing awareness among the people for environment concerns leading to liking for recycled products.
- On account of competitive cost, convenience and energy-saving benefits, consumption of pet resin is growing at a healthy rate of 7% annually, which leads to generation of higher waste and thus greater opportunity for recycling industry.
- Higher growth of user segments particularly technical and non-woven textile which is projected to grow by over 14% over next few years.

Every one ton of plastic that is recycled saves the amount of water used by one person in two months and almost 2000 pounds of oil.

Current shake out in global economy as well as rising inflation concerns may likely to affect the growth rate of Indian economy. Any slowdown in growth rate may affect the demand and consumption rate. Some of the threats to pet waste recycling industry include a sharp decrease in cotton and crude oil prices leading to fall in Recycled PSF prices to un-remunerative levels. Enduring high inflation pressures also fuelling the wage and transportation cost translating to higher collection and processing cost of feed stock. Lower entry barriers are tempting new entrants in the industry.

Segment-wise and product-wise performance

The company has two geographical segments – domestic and exports. Company earned 83% revenue from domestic market while 17% of revenue was contributed by exports. Product-wise Company generated 86% sale from Waste Recycling and rest 14% from Yarn Processing.

Outlook

The outlook on polyester is positive on account of tight global cotton availability, renewed downstream demand and competitive prices in comparison to other fibres. Increasing uses of polyester fibre in non apparel segment and, technical/ non-woven textile may likely drive the demand in the range of 10-12% CAGR. Pragmatic approach by the government towards incentivizing the waste management and recycling industry will be added advantage.

The expansion undertaken by the Company during last year became fully operationalized. Company is further undertaking projects for capacity expansion as well as for moving forward into value chain through yarn spinning. 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 2011-12. Hence, our outlook for the next financial year is optimistic.

Financial and Operating Performance & Analysis

[Detailed discussion has been provided in a separate section in the Annual Report]

Internal control system and their adequacy

The Company has proper and adequate system of internal control, to safeguard assets against loss from unauthorised use or disposition. This also ensures that all transactions are authorised, recorded and reported correctly and regular compliances are in place of relevant laws and statutory regulations. To check and ensure the adequacy of internal control systems, regular and exhaustive internal audit is conducted by a professional firm of Internal Auditors. The report of internal auditors is discussed and examined by Senior Management and the Audit Committee of the Board. Review of corrective measures is done periodically to ensure compliance.

Risk Management

[For a detailed discussion, please refer risk management section provided separately in the Annual Report]

Human Resources

Employees are the most valuable assets of the organization and are the key to the achievement of the Company's objective and goals. The Company has adopted a progressive policy for helping employees to develop their organizational skill, knowledge, and abilities to achieve greater efficiency. The focus of all aspects of Human Resource Development is on developing superior workforce so that the organization and individual employees can accomplish their work goals of service to customers. The progress made by the Company was possible due to the sustained efforts of the entire team. Industrial relations were harmonious at all our units. Welfare and development at all levels of our employees continue to be areas of major focus for the Company.

Cautionary Statement

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

Financial & Operating Performance

Revenue Analysis

(₹ In Crores)

	2010-11	2009-10	Change	Change%
Domestic Turnover	246.16	166.62	79.54	47.8%
Export Turnover	47.62	32.26	15.36	47.6%
Gross Turnover	293.78	198.88	94.9	47.7%
Less: Excise Duty	2.50	—	2.50	100%
Net Turnover	291.28	198.88	92.40	46.5%

Growth in turnover is partly due to volume growth and partly due to enhanced realizations. Volume growth came largely due to operationalization of additional capacity of Recycled PSF.

Other Income

(₹ In Crores)

	2010-11	2009-10	Change	Change%
Other Income	0.21	0.34	(0.13)	(38.2)%

Other income mainly comprises of insurance claims, service tax refunds and job work receipts. Other Income is lower by ₹ 0.13 Crores because during FY 2009-10, there was an insurance claim receipt of ₹ 0.21 Crores.

Raw Materials

(₹ In Crores)

	2010-11	2009-10	Change	Change%
Consumption	195.78	113.15	82.63	73%

The expenditure was largely increased due to increase in production volume as well as increase in raw material prices, which resulted into increase in raw material consumption to 65.8% to the net turnover as against 62.5% during 2009-10.

Employees Remuneration and Benefits

(₹ In Crores)

	2010-11	2009-10	Change	Change%
Employees' Costs	10.63	7.55	3.08	40.8%

Employees' costs were up due to rise in manpower deployed in operating additional capacity as well as annual increase in salaries and wages.

Manufacturing Expenses

(₹ In Crores)

	2010-11	2009-10	Change	Change%
Power & Fuel	22.36	16.15	6.21	38.5%
Excise Duty				
(Provision for disputed Excise duty				
and Duty on Closing Stock)	1.73	—	1.73	100%
Other Manufacturing Expenses	14.29	15.50	(1.21)	(7.8%)
Total Manufacturing Expenses	38.38	31.65	6.73	21.3%

Power & Fuel costs were increased due to higher volume of production and increase in tariff rates. Consumption of power on per unit of production was reduced to 0.78 kwh during 2010-11 from units 0.80 kwh during 2009-10. However average power rates increased by 8.8% during the same period. Excise duty was levied during the year on PSF being manufactured at Kanpur Unit. Company is disputing the imposition of excise duty and pending the legal proceedings, provision for duty has been made in the books. Other manufacturing expenses include job work charges of ₹ 4.21 crores paid during 2009-10 for getting the PSF converted into spun yarn on job. Excluding the job charges, other manufacturing expenses increased by ₹ 3.0 crores during 2010-11 due to higher production volume.

About a third of all the carpeting made in the U.S. has recycled PET bottles in it.

Administrative & Selling Expenses

(₹ In Crores)

	2010-11	2009-10	Change	Change%
Administrative Expenses	4.53	3.13	1.40	44.7%
Selling Expenses	12.32	9.88	2.44	24.7%
Total	16.85	13.01	3.84	29.6%

Increase in Administrative expenses is mainly due to write off of ₹ 1.02 crores for bad debts and advances. Selling expense increased due to higher sales volumes.

Interest & Finance Expenses:

(₹ In Crores)

	2010-11	2009-10	Change	Change%
Net Finance Charges	7.37	7.85	(0.48)	(6.1%)

Interest cost is lower due to higher proportion of foreign currency loans in overall borrowings.

Depreciation:

(₹ In Crores)

	2010-11	2009-10	Change	Change%
Depreciation	8.90	6.92	1.98	28.6%

Depreciation increased due to:

- Commencement of third production line at Rudrapur unit; and
- Higher provision of ₹ 0.29 crores on Furniture/ Fixtures and Office Equipments of Kanpur unit consequent upon change in depreciation method.

EBITDA & PAT

(₹ In Crores)

	2010-11	2009-10	Change	Change%
EBITDA	36.3	24.3	12.0	49.4%
EBITDA Margins	12.5%	12.2%	0.30%	2.5%
PAT	18.0	9.0	9.0	100%
PAT Margins	6.2%	4.5%	1.7%	37.8%

EBITDA and PAT registered a growth of 49.4% and 100% respectively over last year mainly because of increased volumes and improved prices. EBITDA margins improved, though marginally, over last year despite additional excise duty impact of ₹ 3.5 crores. PAT margins recorded a smart gain of 100% mainly because of lower interest cost despite increased activity level.

Fixed Assets:

(₹ In Crores)

	2010-11	2009-10	Change	Change%
Gross Block	130.40	88.50	41.9	47.3%
Less: Depreciation	38.70	30.71	7.99	26.0%
Net Block	91.70	57.79	33.91	58.7%
Capital work in progress	2.73	14.02	(11.29)	(80.5%)
Total	94.43	71.82	22.61	31.5%

Gross Block increased mainly due to capitalization of third production line of 18000 tpa at Rudrapur Unit.

Inventories

(₹ In Crores)

	2010-11	2009-10	Change	Change%
Raw Materials	11.32	11.69	(0.37)	(3.2%)
Stores & Spares	4.79	4.20	0.59	14.01%
Goods under Process	3.30	4.19	(0.89)	(21.2%)
Finished Goods/Waste & Scrap	13.18	4.32	8.86	205.1%
Total	32.59	24.40	8.19	33.6%

The average inventory holding in terms of number of days as on 31st March 2011 reduced to 41 days as against 62 days as on 31st March, 2010. Finished Goods inventory as on 31st March, 2010 was exceptionally lower due to demand surge during the last quarter of the year, which has come to normal level as on 31st March, 2011.

Sundry Debtors

(₹ In Crores)

	2010-11	2009-10	Change	Change%
Debtors (net of provision)	25.35	12.55	12.80	102%

The average collection in terms of number of days as on 31st March 2011 was 24 days as against 20 days as on 31st March, 2010. The debtors' level was also exceptionally lower due to better than usual demand during the last quarter of FY 2009-10, which had helped us to squeeze credit period. During 2010-11, credit period marginally increased with the increase in volumes.

Loans & Advances

(₹ In Crores)

	2010-11	2009-10	Change	Change%
Loans & Advances	8.46	5.72	2.74	47.9%

Increase is mainly due to addition of Minimum Alternate Tax credit entitlement of ₹ 2.02 crores and Advance payment of taxes of ₹ 0.42 crores.

Current Liabilities & Provisions

(₹ In Crores)

	2010-11	2009-10	Change	Change%
Current Liabilities	16.71	11.92	4.79	40.2%
Provisions	6.55	1.94	4.61	237.6%
Total	23.26	13.86	9.40	67.8%

Current liabilities increased mainly due to increase in value of purchases/ services. Provisions increased mainly due to excise duty of ₹ 1.25 crores, higher proposed dividend and tax thereon by ₹ 1.52 crores, higher tax provision by ₹ 1.49 crores.

Loan Funds

(₹ In Crores)

	2010-11	2009-10	Change	Change%
Secured Loans	61.61	54.00	7.61	14.1%
Unsecured Loans	18.27	4.85	13.42	276.7%
Total	79.88	58.85	21.03	35.7%

Additional secured loans were availed for expansion in recycling capacity by 18,000 tpa. Unsecured loans comprise of Optionally Convertible Debentures of ₹ 13.50 crores issued to Green India Venture fund of IFCI Venture capital Funds Ltd.

Shareholders' Funds

(₹ In Crores)

	2010-11	2009-10	Change	Change%
Share Capital	18.17	16.82	1.35	8.0%
Equity Share Warrants	2.70	2.10	0.60	28.6%
Reserves & Surplus	40.42	23.00	17.42	75.7%
Total	61.29	41.92	19.37	46.2%

Share capital increased due to conversion of 13.50 lakhs Warrants, allotted on preferential basis to Promoter and Others, into Equity Shares.

Net Worth

(₹ In Crores)

	2010-11	2009-10	Change	Change%
Net Worth	56.8	37.4	19.4	51.9%
Return on Equity	30.6%	22.3%	8.3%	37.2%
Return on Capital Employed	18.8%	16.5%	2.3%	14%

Net Worth (excluding Preference Shares of ₹ 4.50 Crores) increased to ₹ 56.80 Crores as on 31st March, 2011 as against ₹ 37.40 crores as on 31st March, 2010 due to plough back of operational surplus into the business and equity infusion by Promoters and others. Return on equity and return on capital employed improved by 830 bps and 230 bps respectively during 2010-11 due to improved profitability.

Risk Management

Risks and concerns are an integral part of the business. Adequate risk management framework is in place to enable us to mitigate and respond swiftly to various risks that we face.

1. **Market Competition Risk**

   The industry is fragmented and characterized by many smaller firms concentrating on different geographies and product segments.

   Mitigating Factors:

   - Largest recycling capacity of 57600 TPA provides production flexibility and economies of scale.
   - The Company is dynamic in its approach towards combating competition and suitably adapting itself to market conditions.
   - Large customer network in India and abroad with long term relationship.
   - Offering vast and diversified product range to cater the demand from every user segment.

2. **Raw Material Sourcing and Price Risk**

   Large scale collection and processing of pet bottle waste in required quantum is a key risk. Rising collection and transport cost is also a big challenge.

   Mitigating Factors:

   - Consumption of Pet resin, being only food grade plastic packaging material, is increasing by 9-10% annually and so the quantum of waste.
   - The Company is having a network of over 25 collection centres across the country which ensures availability of adequate waste to the company.
   - It has employed state-of-the-art raw material processing facilities in order to maintain uniformity in feedstock during production.
   - The Company is rapidly shifting its product mix towards high value-added products in order to combat rising input cost.

3. **Industry Demand Risk**

   Down trend in demand due to cyclical nature of finished product may affect the profitability.

   Mitigating Factors:

   - Indian economy is expected to grow by a healthy rate of about 8% over foreseeable future, which will accelerate user industry growth.
   - Company's products are cost effective substitute of other natural and man-made fibres and the target market size is gigantic.
   - Increasing public awareness for keeping the planet green is tilting the balance towards the recycled products.

4. **Marketing Risk**

   Improper marketing could hamper product visibility and creditability.

   Mitigating Factors:

   - Company enjoys a long-standing relationship with most of its customers, ensuring repeat business.
   - Exporting its products to over 20 countries.
   - Company's products are enjoying premium pricing over competitors products.

Five recycled 2-liter PET bottles make enough fiberfill to stuff an adult ski jacket.

5. Credit Risk.

Products are generally sold on credit without any collateral. Counterparty may default on its contractual obligations resulting in financial loss to the Company.

Mitigating Factors:

- Company has adopted a policy of dealing with credit worthy counterparties.
- Exposures on the customers are set based on their creditworthiness and historical payment records and are monitored on an ongoing basis.
- Wherever feasible, post dated cheques or supply against letter of credit is insisted upon.

6. Interest Rate Risk

Increase in interest rates could affect the profitability adversely.

Mitigating Factors:

- Company is constantly reducing its working capital cycle and thus ensuring reduction in working capital requirement.
- Trying to have a judicious mix of domestic and overseas borrowings to balance the interest cost.

7. Foreign Currency Risk

Changes in foreign currency rates could have an adverse impact on our business, financial conditions, results of operations and prospects.

Mitigating Factors:

- Company hedges substantial part of the foreign currency risk through forward cover at the time of entering the forex transaction.
- Foreign currency exposure is reviewed on ongoing basis.

8. Quality Risk

Compromise on quality standards could hamper goodwill and price realizations.

Mitigating Factors:

- The Company has been accredited with ISO 9001: 2008 quality certification for manufacture and supply of Regenerated Polyester Staple Fibre.
- As per Company's policy, the Company strives to achieve 100 percent customer satisfaction and excellence in all its activities.
- The Company strictly implements its quality policy and has established in-house quality control and product testing systems.
- Long term customer relationships and repeat orders asserts the products quality standards.

9. Technology obsolescence risk

Outdated technology may increase cost and compromise on quality standards.

Mitigating Factors:

- The Company has invested in latest technology and equipments to enable optimum resource utilization and reduce production costs.
- The Company has established in-house R&D facilities with continuous focus on product improvement and new product development.
- Management Team keep abreast with latest technology and innovations through active participation in national and international trade exhibitions, seminars etc.

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

Corporate Governance

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

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

The Board has an optimum combination of Executive and Non-Executive Directors as per the Corporate Governance requirements. The composition of the Board of Directors and other relevant details as on 31st March, 2011 are as under:

Name of Director	Category	No. of Board Meetings during tenure		Whether Present at the last Annual General Meeting held on 18.09.2010	No. of Boards / Committees of Public Limited Companies (including Ganesh Polytex Ltd.)		
					Directorship	Committee (only Audit committee & Shareholders' Grievance committee)	
		Held	Attended			Member	Chairman
Mr. Shyam S. Sharma	Promoter Executive Director	5	5	Yes	1	1	Nil
Mr. V.D. Khandelwal	Promoter Executive Director	5	5	Yes	1	2	Nil
Mr. Sharad Sharma	Promoter Executive Director	5	5	Yes	1	1	Nil
Mr. Rajesh Sharma	Promoter Executive Director	5	4	No	1	Nil	Nil
Mr. S. K. Kabra	Non- Executive/ Independent Director	5	3	No	2	1	Nil
Mr. Anoop Gupta*	Non- Executive/ Independent Director	3	Nil	No	N. A.	N. A.	N. A.
Mr. Pradeep Kumar Goenka	Non- Executive/ Independent Director	5	4	Yes	4	2	4
Mr. V.N. Chandak	Non-Executive/ Independent Director	5	3	No	2	1	Nil
Mr. Satpal Arora#	Non-Executive/ Independent Director	Nil	N. A.	N. A.	5	2	Nil

*Mr. Anoop Gupta ceased to be director of the Company w.e.f. 01.10.2010 due to resignation.
#Mr. Satpal Arora, inducted as an Additional Director on the Board of Directors of the Company w.e.f. 07.03.2011, through a circular resolution, to represent IFCI Venture Capital Funds Ltd. as its nominee.

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

B. Details of Board Meetings held during the year:

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

S. No.	Date of Meeting	Board strength	No. of Directors Present
1	28.05.2010	8	7
2	29.06.2010	8	4
3	31.07.2010	8	6
4	11.11.2010	7	6
5	28.01.2011	7	6

3. AUDIT COMMITTEE

Composition:

The Company has an Audit Committee constituted in accordance with the Corporate Governance requirements. As on 31.03.2011, the committee consisted of four Directors namely, Mr. Pradeep Kumar Goenka (Chairman), Mr. S.K. Kabra, Mr. V.D. Khandelwal and Mr. V.N. Chandak. Mr. Annop Gupta ceased to be member of the Committee w.e.f. 01.10.2010 due to resignation from the Board.

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

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

Terms of Reference:

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

Brief description of terms of reference:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
   a. Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' report in terms of sub section (2AA) of section 217 of the Companies Act, 1956
   b. Changes, if any, in accounting policies and practices and reasons for the same
   c. Major accounting entries involving estimates based on the exercise of judgment by the management
   d. Significant adjustments made in the financial statements arising out of audit findings
   e. Compliance with listing and other legal requirements relating to financial statements
   f. Disclosure of related party transactions
   g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.).

7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function.
9. Discussion with internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. Approval of appointment of CFO after assessing the qualifications, experience & background, etc. of the candidate.
14. Reviewing and recommending to the Board, the appointment, reappointment and the remuneration and, if required, the replacement or removal of Cost Auditors.
15. Reviewing the reports of the Company's Cost Auditors and Statutory Auditors.
16. To Review the following information:
    - Management Discussion and Analysis of financial conditions and results of operations,
    - Statement of significant related party transactions,
    - Management letter(s) of internal control weaknesses, if any, issued by statutory auditors,
    - Internal Audit Reports relating to internal control weaknesses and
    - Appointment, removal and terms of remuneration of internal auditor.
17. Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors of the Company.

Meetings:

During the financial year ended 31st March, 2011, four Audit Committee Meetings were held on 28.05.2010, 31.07.2010, 11.11.2010, and 28.01.2011. Chief Finance Officer, Internal Auditors, Cost Auditors and the Statutory Auditors were invited to be present at the Audit Committee Meetings.

Details of the attendance at the Meetings are as follows:

S.No.	Name of Director	Category	No. Committee Meetings during the tenure	
			Held	Attended
1.	Mr. Pradeep Kumar Goenka, Chairman$	Non- Executive/ Independent Director	4	4
2.	Mr. Anoop Gupta*	Non- Executive/ Independent Director	2	Nil
3.	Mr. S.K. Kabra	Non- Executive/ Independent Director	4	3
4.	Mr. V.D. Khandelwal	Promoter Executive Director	4	4
5.	Mr. V.N. Chandak	Non- Executive/ Independent Director	4	3

$ Mr. Pradeep Kumar Goenka was appointed as Chairman of the Committee w.e.f. 31.07.2010.
* Mr. Anoop Gupta ceased to be member of the Committee w.e.f. 01.10.2010 due to resignation from the Board.

Mr. Pradeep Kumar Goenka, Chairman of the Audit Committee was present at the last Annual General Meeting held on 18th September, 2010.

4. REMUNERATION COMMITTEE

Composition:

The Remuneration Committee of the Board was reconstituted in the Board Meeting held on 29th June, 2010. As on 31.03.2011, the Committee consisted of three Directors namely, Mr. S.K. Kabra (Chairman), Mr. Pradeep Kumar Goenka and Mr. V.N. Chandak.

Terms of Reference:

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

Meetings:

During the year ended 31st March, 2011, one Remuneration Committee Meeting was held on 31.07.2010.

Details of Attendance at the meeting are as follows:

S.No.	Name of Director	Category	Status	Meetings Attended
1.	Mr. S.K. Kabra	Non- Executive/Independent Director	Chairman	1
2.	Mr. Pradeep Kumar Goenka	Non- Executive/Independent Director	Member	1
3.	Mr. V.N. Chandak	Non- Executive/Independent Director	Member	1
4.	Mr. Anoop Gupta*	Non- Executive/Independent Director	Member	N. A.

*Mr. Anoop Gupta ceased to be member of the Committee w.e.f. 29.06.2010.

Remuneration Policy:

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

Details of Remuneration of the Directors for the financial year 2010-11:

i. Executive Directors:

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

Name of Director	Status	Salary & Allowances	Perquisites	Commission	Performance linked remuneration	Tenure
Mr. Shyam S. Sharma	Chairman & Managing Director	₹ 10,82,500/-	₹ 5,40,000/-	–	₹ 7,60,834/-	5 years (from 18th September, 2010)*
Mr. V. D. Khandelwal	Executive Vice Chairman	₹ 12,00,000/-	–	N.A.	–	5 years (from 19th June, 2008)
Mr. Sharad Sharma	Joint Managing Director	₹ 12,00,000/-	–	N.A.	–	5 years (from 1st February, 2009)
Mr. Rajesh Sharma	Executive Director	₹ 16,20,000/-	–	N.A.	–	5 years (from 19th June, 2008)

* Mr. Shyam S. Sharma was re-appointed as Chairman & Managing Director of the Company for a further period of 5 years w.e.f. 18th September, 2010 upon expiry of his term of office.

ii. Non-Executive Directors:

Non-Executive Directors (NEDs) of the Company play a crucial role to the independent functioning of the board. They bring in external and wider perspective to the decision-making by the board.They provide leadership and strategic guidance, while maintaining objective judgment.

The Non-Executive Directors (NEDs) are paid remuneration by way of Sitting Fees and Commission. They are paid sitting fees at the rate of ₹ 5,000/- per meeting for attending every Board Meeting as well as Audit Committee Meeting. In the light of the services rendered by the NEDs to the Company, the Members, at the 18th Annual General Meeting of the Company approved payment of remuneration to NEDs of the Company, by way of commission @ 1% on the net profit of the Company (in accordance withSection 309(4) of the Companies Act, 1956). The distribution of commission amongst the NEDs is determined by the Board. The Board decided that such commission shall be distributed in following manner for the year 2010-11 amongst the Non-Executive Directors on the basis of their attendance & contribution at the Board.

The details of sitting fee and commission to such directors for the year 2010-11 are as follows:

Name of Director	Sitting Fees	Commission
Mr. S. K. Kabra	₹ 30,000/-	₹ 3,16,500.00
Mr. Pradeep Kumar Goenka	₹ 40,000/-	₹ 4,22,000.00
Mr. V. N.Chandak	₹ 30,000/-	₹ 3,16,500.00
Mr. Satpal Arora#	-	-
Mr. Anoop Gupta	NIL	NIL

Inducted w.e.f. 07.03.2011.

The Shareholding of Non- Executive Directors in the Company as on 31.03.2011 is Nil.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Composition:

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

Terms of Reference:

The Shareholders'/ Investors' Grievance Committee looks into all the matters relating to transfer of shares and redressal of investors' grievances like non-receipt of annual reports, non-receipt of dividend warrants, etc. The Committee also oversees the working of Registrar and Transfer Agents of the Company.

Meetings:

The Committee has been holding regular meetings to ensure compliance with the provisions of the Companies Act, 1956 and the Listing Guidelines and to ensure proper service to investors.

Details of the attendance at the Meetings are as follows:

S. No.	Name of Director	Category	Meetings Held	Meetings Attended
1	Mr. Pradeep Kumar Goenka, Chairman	Non- Executive/ Independent Director	35	35
2	Mr. Shyam S. Sharma	Promoter Executive Director	35	20
3	Mr. V.D. Khandelwal	Promoter Executive Director	35	27
4	Mr. Sharad Sharma	Promoter Executive Director	35	30

Investor Grievance Redressal:

Number of complaints received and resolved to the satisfaction of investors during the financial year ended 31st March, 2011, are as under:

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

As on 31st March, 2011, no request for transfer / transmission was pending for approval.

Compliance Officer:

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

6. SECURITIES ALLOTMENT AND CERTIFICATE ISSUANCE COMMITTEE

Composition:

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

Terms of Reference:

The Committee looks into all matters relating to allotment of securities, issuance of Certificates of shares/debentures/ bonds and other securities upon allotment/ split/ consolidation/ renewal thereof and issuance of duplicate certificates of Securities.

Meetings:

During the financial year ended 31st March, 2011 eight Securities Allotment and Certificate Issuance Committee meetings were held on 01.04.2010, 23.04.2010, 10.05.2010, 14.06.2010, 20.07.2010, 07.03.2011, 12.03.2011 and 28.03.2011.

7. GENERAL BODY MEETINGS

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

Annual General Meetings:

Year	Date of Meeting	Time	Place
2010	18th September, 2010	12:30 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.
2009	24th September, 2009	12:15 P.M.	
2008	4th September, 2008	12:30 P.M.	

Extraordinary General Meetings:

Year	Date of Meeting	Time	Place
2011	7th March, 2011	5:00 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.
2010	22nd April, 2010	12:15 P.M.	
2009	26th December, 2009	2:00 P.M.	

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

Annual General Meetings:

Year	Date of Meeting	Particulars of Special Resolutions passed at the Meeting
2010	18th September, 2010	1) Increase in Remuneration of Shri Sandeep Khandelwal, Vice President (projects) of the Company, a relative of Director of the Company.
2009	24th September, 2009	1) Consent for the issue of 5,15,000 convertible warrants on Preferential basis u/s 81(1A) of the Companies Act, 1956.
2008	4th September, 2008	1) Approval for commencement of allied business activities.

Extraordinary General Meetings:

Year	Date of Meeting	Particulars of Special Resolutions passed at the Meeting
2011	7th March, 2011	1) Consent for the issue of 15,00,000 Optionally Convertible Debentures (OCDs) of ₹ 90/- each on Preferential basis u/s 81 (1A) of the Companies Act, 1956.
2010	22nd April, 2010	1) Consent for the issue of 30,00,000 convertible warrants on Preferential basis u/s 81(1A) of the Companies Act, 1956. 2) Consent to create, offer, issue and allot by way of Public Issue, Rights Issue, Private Placement including Qualified Institutions Placement (QIP) or Preferential issue, Securities including Equity Shares and/ or instruments or Securities convertible into Equity Shares of the Company such as Global Depository Receipts (GDRs) and/ or American Depository Receipts (ADRs) and/ or Foreign Currency Convertible Bonds (FCCBs) and/ or convertible Preference Shares and/ or convertible Debentures or Bonds and/ or Non-convertible Debentures with warrants and/ or Securities with or without detachable/ non-detachable warrants.
2009	26th December,2009	1) Consent for the issue of 30,00,000 convertible warrants on Preferential basis u/s 81(1A) of the Companies Act, 1956. 2) Consent to create, offer, issue and allot by way of Public Issue, Rights Issue, Private Placement including Qualified Institutions Placement (QIP) or Preferential issue, Equity Shares and/ or Securities convertible into Equity Shares with or without detachable Share warrants.

Postal Ballot

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

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

8. DISCLOSURES

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

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

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

None.

9. MEANS OF COMMUNICATION

The quarterly and annual financial results of the Company are submitted to the Stock Exchanges and published in 'Business Standard' (in English and Hindi) newspaper in terms of the requirements of Clause 41 of the Listing Agreement.

The Financial results are also available on the official website of the Bombay Stock Exchange Ltd., Mumbai i.e. www.bseindia.com.

The Financial results and Annual Report of the Company along with official news releases and presentations made to Institutional Investors and Analysts are posted on the Company's official website i.e. www.ganeshpolytex.in, from time to time.

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

10. GENERAL SHAREHOLDERS' INFORMATION

A. Annual General Meeting:

Date : 28th September, 2011

Time : 5:30 P. M.

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

B. Financial Year/Calendar:

- Results for First Quarter ending 30th June, 2011. — On or before 14th August, 2011
- Results for Second Quarter ending 30th September, 2011. — On or before 14th November, 2011
- Results for Third Quarter ending 31st December, 2011. — On or before 14th February, 2012
- Results for Financial Year ending 31st March, 2012. — On or before 30th May, 2012

C. Date of Book Closure:

From Saturday, 24th September, 2011 to Wednesday, 28th September, 2011 (both days inclusive).

D. Dividend Payment Date:

On and after 4th October, 2011

E. Listing on Stock Exchanges:

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

F. Stock Codes – Equity Shares:

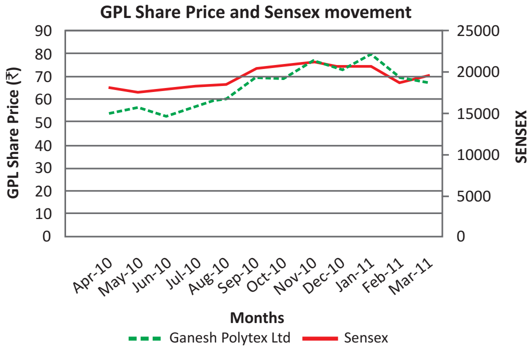
Bombay Stock Exchange Ltd., Mumbai : 514167

G. Stock Market Price Data for the year 2010-11:

Month	BSE PRICES High (₹)	BSE PRICES Low (₹)	No. of Shares Traded	BSE SENSEX High	BSE SENSEX Low
April, 2010	54.00	43.50	19,26,801	18047.86	17276.80
May, 2010	56.25	43.00	16,99,117	17536.86	15960.15
June, 2010	52.45	46.50	10,70,269	17919.62	16318.39
July, 2010	57.25	46.50	19,88,144	18237.56	17395.58
August, 2010	59.95	51.55	16,21,898	18475.27	17819.99
September, 2010	68.90	53.25	20,44,807	20267.98	18027.12
October, 2010	68.95	59.70	13,29,811	20854.55	19768.96
November, 2010	76.45	60.00	22,46,173	21108.64	18954.82
December, 2010	72.80	54.95	7,86,865	20552.03	19074.57
January, 2011	79.50	61.05	10,32,478	20664.80	18038.48
February, 2011	69.45	55.15	4,49,090	18690.97	17295.62
March, 2011	67.40	57.30	6,13,661	19575.16	17792.17

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

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



H. Registrar and Transfer Agents:

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

I. Share Transfer System:

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

J. Distribution of Share Holding as on 31st March, 2011:

No. of Shares	Shareholders		Shareholding	
	Number	% of total	Number	% of total
Upto - 500	12230	92.72	1881177	13.76
501 - 1000	519	3.94	449859	3.29
1001 - 2000	202	1.53	312702	2.29
2001 - 3000	66	0.50	166452	1.22
3001 - 4000	27	0.20	96932	0.71
4001 - 5000	40	0.30	194247	1.42
5001 - 10000	43	0.33	306006	2.24
10001 & above	63	0.48	10262625	75.07
Total	**13190**	**100.00**	**13670000**	**100.00**

Shareholding Pattern as on 31st March, 2011:

S. No.	Category of Shareholder	Number of Shareholders	Total Number of Shares	As a Percentage of (A+B)
(A)	Shareholding of Promoter			
	and Promoter Group			
(1)	Indian	10	6834321	50.00
(2)	Foreign	0	0	0.00
	Total Shareholding of			
	Promoter and Promoter Group	**10**	**6834321**	**50.00**
(B)	Public Shareholding			
(1)	Institutions	8	5600	0.04
(2)	Non-Institutions	13172	6830079	49.96
	Total Public Shareholding	**13180**	**6835679**	**50.00**
	Total (A+B)	**13190**	**13670000**	**100.00**

K. Dematerialization of shares and liquidity:

ISIN Code- Equity Shares: INE 845 D01014

As on 31st March, 2011, 87.59% of the total Equity Shares of the Company have been dematerialized. Trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. 1st January, 2002 as per the notification issued by Securities and Exchange Board of India (SEBI).

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

GDRs/ ADRs: There were no outstanding GDRs/ ADRs, as on 31st March, 2011.

Warrants and other convertible instruments:

During the year, the Company has allotted 30,00,000 Convertible Warrants to 'Promoters & Others' on preferential basis convertible into equal number of Equity Shares of ₹ 10/- each at a price of ₹ 40/- per share.

During the year, the Company has allotted 13,50,000 Equity Shares against conversion of Warrants (10,50,000 Warrants, outstanding as at the end of the previous year, were converted into equal number of Equity Shares of ₹ 10/- each at a price of ₹ 20/- per share on 01.04.2010 and 3,00,000 Warrants out of the aforesaid allotment of 30,00,000 Warrants were converted into equal number of Equity Shares of ₹ 10/- each at a price of ₹ 40/- per share on 28.03.2011).

As on 31st March, 2011, there were 27,00,000 outstanding Warrants to be converted into Equity Shares.

With the aforesaid allotments of Equity Shares, the total Paid-up Equity Share Capital of the Company has been enhanced from ₹ 12,32,00,000/- to ₹ 13,67,00,000/- divided into 1,36,70,000 Equity Shares of ₹ 10/- each.

During the year, the Company has also made an allotment of 15,00,000 Optionally Convertible Debentures (OCDs) of ₹ 90/- each to 'Green India Venture Fund', a trust fund of IFCI Venture Capital Funds Ltd. on preferential basis, convertible into equal number of Equity Shares of the Company.

As on 31st March, 2011, entire 15,00,000 OCDs were outstanding for conversion.

M. Plant Location:

1. **Kanpur Unit:**

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

2. **Rudrapur Unit:**

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

3. **Bilaspur Unit:**

   Khata No. 96 and 97, Arazi Village Kotha, Ali Nagar, Pargana and Tehsil Bilaspur, Distt. Rampur, U.P.

N. Address for Correspondence:

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

With the Company:
The Company Secretary,
Ganesh Polytex Limited
113/216-B, First Floor,
Swaroop Nagar, Kanpur- 208002.
Tel: 0512-2555504-06
Fax: 0512-2555293
E-mail: shrdept@gmail.com

O. Code of Conduct:

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

P. Non-mandatory Requirements:

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

Q. Nomination facility:

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

DECLARATION

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, Shyam S. Sharma, Chairman and Managing Director of Ganesh Polytex Ltd., declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct for the financial year 2010-11.

Place : Kanpur
Date : 5th August, 2011

(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, 2011, 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.

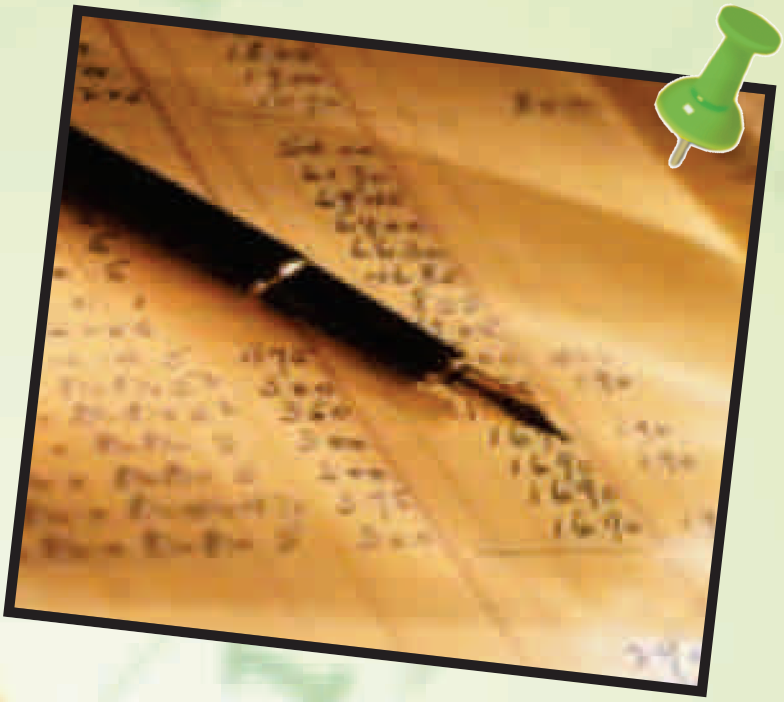
In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

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

Place : Kanpur
Date : 5th August, 2011

GANESH POLYTEX LTD.



Financials

Auditors' Report

TO,
THE MEMBERS OF
GANESH POLYTEX LTD.

We have audited the attached Balance Sheet of GANESH POLYTEX LIMITED as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1) As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2) Further to our comments in the Annexure referred to in paragraph 1 above, we report that:-

   (a) We have obtained all the information & explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;

   (b) In our opinion , proper books of account, as required by law, have been kept by the company so far as appears from our examination of those books;

   (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report, are in agreement with the books of account ;

   (d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in sub- section (3 C) of section 211 of the Companies Act , 1956, to the extent applicable;

   (e) On the basis of written representations received from the Directors of the Company, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required;

   (g) **We draw reference to Note No. 18 of Schedule 18 relating to change in method of provision for depreciation on Furniture/ Fixtures and Office Equipments at Kanpur unit to Written Down Value Method as against hitherto followed Straight Line Method and its effect on the Profit for the year understated by ₹ 2868009/- and net block of fixed assets lower by ₹ 2868009/-.**

   (h) Subject to what is stated in paragraph (g) above and notes appearing in Schedule of Notes 18, the said accounts give a true and fair view, in conformity with the accounting principles generally accepted in India:-

      (I) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2011 ;

      (ii) in the case of the Profit & Loss Account, of the Profit for the Year ended on that date ; and

      (iii) in the case of the Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

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

DEEPAK SETH
Partner
Membership No. 073081

Place : Kanpur
Dated : 28th May, 2011

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, 2011.

(1) (i) The Company has maintained proper records showing full particulars including quantitative details & situation of fixed assets.

(ii) As explained to us, the fixed assets have been physically verified by the management during the year under regular program of verification, which in our opinion, is reasonable having regard to the size of the Company & nature of its assets. As informed to us, no material discrepancies were noticed on such verification.

(iii) There was no substantial disposal of fixed assets during the year.

(2) (i) As explained to us, inventory has been physically verified by the management at reasonable intervals during the year.

(ii) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

(iii) On the basis of our examination of inventory records, we are of the opinion that the Company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

(3) (i) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (a), (b), (c) and (d) of the Order, are not applicable to the Company.

(ii) According to the information and explanations given to us, the Company has taken Unsecured loans and fixed deposits from two Companies, four directors and ten other parties covered in the register maintained under section 301 of the Companies Act, 1956. During the year ₹ 484.35 lakhs were taken as loan and the maximum amount involved during the year was ₹ 468.86 lakhs and the balance outstanding as on 31st March, 2011 is ₹ 245.72 Lakhs.

(iii) In our opinion and according to the information and explanations given to us, the rate of interest & other terms and conditions of such loans taken by the company are not prima facie prejudicial to the interest of the Company.

(iv) In respect of unsecured loans taken by the Company, principal amount including interest is repayable on demand and there are no stipulations as to the payment of principal amount & interest thereon. In respect of fixed deposits taken by the Company, payment of principal amount & interest are regular.

(4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weakness in the internal control systems during the course of the audit.

(5) (i) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered in to the register maintained under section 301 have been so entered.

(ii) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(6) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or any Court or any other Tribunal.

(7) In our opinion, the Company has an internal audit system commensurate with the size & nature of its business.

(8) The Central Government has prescribed maintenance of Cost Records under section 209(1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made & maintained. We have not, however made a detailed examination of the same.

(9) (i) According to the information & explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues have been regularly deposited with the appropriate authorities *though there have been a slight delay in a few cases.*

(ii) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, sales tax, value added tax, custom duty, excise duty, cess and other undisputed statutory dues were outstanding, as at 31st March, 2011 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, 2011 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 (₹ in Lakhs)	Forum where dispute is pending
U. P. Trade Tax Act, 1948	Entry Tax	2.34*	Appeal– Joint Commissioner, Kanpur.
U. P. Trade Tax Act, 1948	Entry Tax	11.99*	Appeal – Joint Commissioner, Kanpur.
U. P. Trade Tax Act, 1948	Entry Tax	9.15*	Appeal – Joint Commissioner, Kanpur.
Customs Act, 1962	Custom Duty & Penalty	5.79*	Joint Commissioner (Customs) Central Excise, Kanpur.
Central Excise Act,1944	Cenvat Duty	28.59$	CESTAT, New Delhi.
Central Excise Act,1944	Cenvat Duty	68.43$	The Commissioner (Appeals) Central Excise, Kanpur.

* Net of amount deposited under dispute.

$ Net of amount deposited under dispute and Cenvat available against disputed dues.

(10) The Company has no accumulated losses at the end of the financial year ended on 31st March, 2011 and it has not incurred any cash losses during the financial year ended on 31st March, 2011 and in the immediately preceding financial year ended on 31st March, 2010.

(11) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution, banks and debenture holders.

(12) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(13) In our opinion, the Company is not a Chit fund or nidhi / mutual benefit fund / society. Therefore clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.

(14) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

(15) In our opinion and according to the information & explanations given to us, the Company has not given any guarantee for loans taken by others from Bank or financial institutions. Therefore clause 4(xv) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.

(16) Based on information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.

(17) According to the information & explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investments.

(18) During the year, the Company has made preferential allotment of equity shares to the three directors and two other parties covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, prices at which, equity shares have been issued, are not prejudicial to the interest of the Company.

(19) During the year, the Company has issued Unsecured Zero Coupon Optionally Convertible Debentures and these debentures do not have any security / charge on the assets of the Company.

(20) The Company has not raised any money by way of public issue during the year.

(21) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and according to the information and explanations given to us by the management, in our opinion, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

DEEPAK SETH
Partner
Membership No. 073081

Place : Kanpur
Dated : 28th May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Schedules	As at 31.03.2011 ₹	As at 31.03.2010 ₹
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a. Share Capital	1	**181,700,000**	168,200,000
b. Equity Share Warrants		**27,000,000**	21,000,000
c. Reserves & Surplus	2	**404,221,043**	230,006,791
		612,921,043	419,206,791
2 Loan Funds			
a. Secured Loans	3	**616,146,346**	539,975,636
b. Unsecured Loans	4	**182,661,758**	48,533,453
		798,808,104	588,509,089
3. Deferred Tax Liability (Net)		**43,578,592**	43,234,084
(Refer Note No. 6 - Sch. 18)			
TOTAL		**1,455,307,739**	1,050,949,964
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a. Gross Block	5	**1,304,030,908**	885,064,441
b. Less : Depreciation/Amortisation		**387,049,698**	307,119,170
c. Net Block		**916,981,210**	577,945,271
d. Capital Work in Progress including Capital Advances		**27,314,754**	140,297,729
		944,295,964	718,243,000
2. Current Assets ,Loans & Advances			
a. Inventories	6	**325,854,091**	243,987,083
b. Sundry Debtors	7	**253,537,636**	125,521,156
c. Cash & Bank Balances	8	**77,210,908**	43,360,726
d. Other Current Assets	9	**2,445,722**	1,279,348
e. Loans & Advances	10	**84,552,459**	57,207,272
		743,600,816	471,355,585
Less: Current Liabilities & Provisions:			
- Current Liabilities	11	**167,144,617**	119,209,715
- Provisions	12	**65,444,424**	19,438,906
		232,589,041	138,648,621
Net Current Assets		**511,011,775**	332,706,964
TOTAL		**1,455,307,739**	1,050,949,964
NOTES FORMING PART OF THE ACCOUNTS	18		

In terms of our annexed report of even date.

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

For and on behalf of the Board

DEEPAK SETH
Partner
Membership No. 073081

GOPAL AGARWAL
Chief Finance Officer

SHYAM S. SHARMA
Chairman and Managing Director

Place : Kanpur
Dated : 28th May, 2011

BHARAT KUMAR SAJNANI
Company Secretary

SHARAD SHARMA
Joint Managing Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Schedules	Year ended 31.03.2011 ₹	Year ended 31.03.2010 ₹
INCOME			
Turnover		**2,937,848,803**	1,988,834,282
Less: Excise duty		**(24,952,962)**	-
Net Turnover		**2,912,895,841**	1,988,834,282
Other Income	13	**2,147,295**	3,402,403
Increase/ (Decrease) in Stocks	14	**64,741,262**	(95,574,000)
		2,979,784,398	1,896,662,685
EXPENDITURE			
Raw Material Consumed		**1,957,813,707**	1,131,539,368
Payments to & Provisions for Employees	15	**106,336,498**	75,510,405
Manufacturing, Administrative and Selling Expenses	16	**552,369,522**	446,606,166
Interest & Finance Expenses	17	**73,744,751**	78,536,539
		2,690,264,478	1,732,192,478
Profit before Depreciation		**289,519,920**	164,470,207
Depreciation /Amortisation (Refer Note No. 18- Sch. 18)		**88,992,689**	69,182,794
Profit before Taxation		**200,527,231**	95,287,413
Provision For Taxation			
- Current Tax		**(41,899,651)**	(16,194,097)
- Deferred Tax (Net)		**(344,508)**	(1,792,923)
MAT Credit Available for set off		**21,870,185**	12,729,568
Profit For the year		**180,153,257**	90,029,961
Balance brought forward from previous year		**181,290,376**	112,547,619
Mat Credit (Reversed)/ Recognised for earlier years		**(1,735,226)**	45,414
Taxation adjustments for earlier years (Net)		**591,373**	(1,165,604)
Profit available for Appropriation		**360,299,780**	201,457,390
Appropriations:			
General Reserve		**(4,503,832)**	-
Debenture Redemption Reserve		**(4,950,000)**	-
Interim Dividend on Preference Shares		**-**	(4,500,000)
Interim Dividend on Equity Shares		**-**	(4,927,500)
Dividend Distribution Tax on Above		**-**	(1,602,204)
Proposed Dividend on Preference Shares		**(4,500,000)**	(1,125,000)
Proposed Dividend on Equity Shares		**(16,404,000)**	(6,685,000)
Dividend Distribution Tax on Above		**(3,391,152)**	(1,327,310)
Surplus carried to the Balance Sheet		**326,550,796**	181,290,376
Basic Earning Per Share of ₹ 10/- each		**12.99**	8.45
Diluted Earning Per Share of ₹ 10/- each		**12.06**	8.19
(Refer Note No. 8 -Sch. 18)			
NOTES FORMING PART OF THE ACCOUNTS	**18**		

In terms of our annexed report of even date.

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

DEEPAK SETH
Partner
Membership No. 073081

Place : Kanpur
Dated : 28th May, 2011

For and on behalf of the Board

GOPAL AGARWAL
Chief Finance Officer

SHYAM S. SHARMA
Chairman and Managing Director

BHARAT KUMAR SAJNANI
Company Secretary

SHARAD SHARMA
Joint Managing Director

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars		Year ended 31.03.2011 ₹		Year ended 31.03.2010 ₹
A: CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit before tax as per Profit and Loss Account		**200,527,231**		95,287,413
Adjusted for :				
Net Prior Period Adjustments	**201,172**		33,210	
Provision for Doubtful Debts/ Advances	**1,821,839**		33,000	
Provision for Doubtful Debts Written Back	**(561,000)**		(50,000)	
Loss on Fixed Assets Sold/Discarded/Destroyed(Net)	**3,153,971**		120,685	
Depreciation/ Amortization	**88,992,689**		69,182,794	
Unrealised Exchange Differences	**(2,428,112)**		-	
Interest Expenses (Net)	**63,609,777**	**154,790,336**	71,334,986	140,654,675
Operating Profit before Working Capital Changes		**355,317,567**		235,942,088
Adjusted for :				
Trade Receivables	**(129,277,319)**		(33,170,726)	
Inventories	**(81,867,008)**		53,976,182	
Trade Payables	**61,781,209**		10,262,270	
Movement of Loans & Advances	**(7,362,301)**	**(156,725,419)**	(6,766,467)	24,301,259
Cash Generated from Operations		**198,592,148**		260,243,347
Net Prior Period Adjustment		**(201172)**		(33,210)
Direct Taxes Paid		**(27,525,995)**		(17,164,567)
Net Cash From Operating Activities		**170,864,981**		243,045,570
B: CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets		**(319,343,910)**		(168,847,595)
Sale of Fixed Assets		**1,144,286**		961,817
Net Cash Used in Investing Activities		**(318,199,624)**		(167,885,778)
C: CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from/(Repayment) of Long Term Borrowings (Net)		**59,525,329**		(24,167,089)
Proceeds from/(Repayment) of Short Term Borrowings (Net)		**19,299,667**		(1,483,552)
Proceeds from Issue of Equity Share Capital		**3,000,000**		24,650,000
Proceeds from Equity Share Warrants		**27,000,000**		21,000,000
Proceeds from Share Premium on issue of Equity Shares		**9,000,000**		20,015,000
Proceeds from Zero Coupon Optionally Convertible Debentures		**135,000,000**		-
Interest Paid (Net)		**(62,533,028)**		(71,787,066)
Interim Dividend Paid on Preference Shares		**-**		(4,500,000)
Intereim Dividend Paid on Equity Shares		**-**		(4,927,500)
Tax Paid on Interim Dividend		**-**		(1,602,204)
Final Dividend Paid on Equity Shares		**(6685000)**		-
Final Dividend Paid on Preference Shares		**(11,25,000)**		-
Tax Paid on Final Dividend		**(1297143)**		-
Net Cash From/(Used in) Financing Activities		**181,184,825**		(42,802,411)
Net Increase in Cash and Cash Equivalents		**33,850,182**		32,357,381
Opening Balance of Cash and Cash Equivalents		**43,360,726**		11,003,345
Closing Balance of Cash and Cash Equivalents		**77,210,908**		43,360,726

In terms of our annexed report of even date.

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

DEEPAK SETH
Partner
Membership No. 073081

Place : Kanpur
Dated : 28th May, 2011

For and on behalf of the Board

GOPAL AGARWAL
Chief Finance Officer

SHYAM S. SHARMA
Chairman and Managing Director

BHARAT KUMAR SAJNANI
Company Secretary

SHARAD SHARMA
Joint Managing Director

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

		As at 31.03.2011 ₹		As at 31.03.2010 ₹
SCHEDULE 1 : SHARE CAPITAL				
Authorised				
240,00,000 (Previous Year 240,00,000) Equity Shares of ₹ 10 /- each	**240,000,000**		240,000,000	
450,000 (Previous Year 4,50,000) Preference Shares of ₹ 100/- each	**45,000,000**	**285,000,000**	45,000,000	285,000,000
Issued and Subscribed				
13,670,000 (Previous Year 12,320,000) Equity Shares of ₹ 10/- each	**136,700,000**		123,200,000	
450,000 (Previous Year 450,000)10% Cumulative Redeemable Preference Shares of ₹ 100/- each	**45,000,000**	**181,700,000**	45,000,000	168,200,000
Paid up				
13,670,000 (Previous Year 12,320,000) Equity Shares of ₹ 10/- each fully paid up		**136,700,000**		123,200,000
400,000 (Previous Year 400,000) 10% Cumulative Redeemable Preference Shares (Series II)of ₹ 100/- each fully paid up (Redeemable at Par on 31.07.2012)		**40,000,000**		40,000,000
50,000 (Previous Year 50,000) 10% Cumulative Redeemable Preference Shares (Series I) of ₹ 100/- each fully paid up (Redeemable at a Premium of ₹ 200/- each on 30.09.2013)		**5,000,000**		5,000,000
TOTAL		**181,700,000**		168,200,000
SCHEDULE 2 : RESERVES AND SURPLUS				
a. Capital Reserve				
1. Central & State Investment Subsidy	**6,500,000**		6,500,000	
2. D. G. Set Subsidy	**210,000**		210,000	
3. Forfeited Shares Amount	**978,028**	**7,688,028**	978,028	7,688,028
b. Share Premium Account				
As per Last Balance Sheet	**36,459,699**		16,444,699	
Add : Received during the year	**19,500,000**	**55,959,699**	20,015,000	36,459,699
c. Debenture Redemption Reserve				
Transferred from Profit & Loss Account		**4,950,000**		-
d. General Reserve				
As per last Balance Sheet	**4,568,688**		4,568,688	
Transferred from Profit & Loss Account	**4,503,832**	**9,072,520**	-	4,568,688
e. Surplus as per Profit & Loss Account		**326,550,796**		181,290,376
TOTAL		**404,221,043**		**230,006,791**

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

		As at 31.03.2011 ₹		As at 31.03.2010 ₹
SCHEDULE 3 : SECURED LOANS				
a. Term Loans:				
Buyers' Credit From Banks (in Foreign Currency)	**89,475,878**		46,063,558	
Rupee Term Loans from Banks & NBFCs	**270,798,470**	**360,274,348**	255,928,309	301,991,867
b. Working Capital Loans from Banks:				
Foreign Currency Loans	**112,321,436**		95,472,555	
Rupee Loans	**125,063,359**		142,511,214	
Buyers' Credit From Banks(in Foreign Currency)	**18,487,203**	**255,871,998**	-	237,983,769
TOTAL		**616,146,346**		539,975,636

(I) Entire Term Loans except Buyers' Credit amounting to ₹ 209.90 lacs (Previous Year ₹ 212.30 lacs) are secured by equitable mortgage & hypothecation of entire fixed and current assets (save and except the assets which are acquired from NBFCs) of the Company, both present & future, ranking pari-passu inter-se. These financial assistance are further secured by personal guarantee of some of the Directors of the Company.

(ii) Entire Working Capital Loans except Buyers' Credit amounting to ₹ 143.15 lacs (Previous Year Nil) are secured by equitable mortgage & hypothecation of entire fixed and current assets (save and except the assets which are acquired from NBFCs) of the Company, both present & future, ranking pari-passu inter-se. These financial assistance are further secured by personal guarantee of some of the Directors of the Company.

(iii) Buyers' Credits amounting to ₹ 353.05 lacs (Previous Year ₹ 212.30 Lacs) are secured against pledge of Fixed Depost Receipts.

(iv) Term Loans taken from NBFCs are secured by way of hypothecation/ exclusive charge of respective assets acquired under that arrangement and are further secured by personal guarantee of some of the Directors of the Company.

		As at 31.03.2011 ₹		As at 31.03.2010 ₹
SCHEDULE 4 : UNSECURED LOANS				
a. Loan from Companies		**20,723,580**		21,311,885
b. Loans from Directors		**12,964,957**		12,176,069
c. Fixed Deposits		**13,973,221**		15,045,499
d. Zero Coupon Optionally Convertible Debentures				
[15,00,000 Debentures of ₹ 90/- each (Previous Year Nil)]		**135,000,000**		-
TOTAL		**182,661,758**		**48,533,453**

SCHEDULE 5 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2010 ₹	Additions during the year ₹	Deductions/ Adjustments ₹	**As at 31.03.2011** ₹	Up to 31.03.2010 ₹	Provided during the year ₹	Deductions/ Adjustments ₹	**Up to 31.03.2011** ₹	**As at 31.03.2011** ₹	As at 31.03.2010 ₹
Tangible Assets (A)										
Land & Site Development	27,181,460	45,629,906	-	**72,811,366**	-	-	-	**-**	**72,811,366**	27,181,460
Leasehold Land	9,817,381	-	-	**9,817,381**	507,455	109,082	-	**616,537**	**9,200,844**	9,309,926
Building	148,671,916	48,075,000	-	**196,746,916**	40,166,482	10,256,111	-	**50,422,593**	**146,324,323**	108,505,434
Plant & Machinery	664,769,224	329,251,288	5,875,516	**988,144,996**	248,657,750	71,320,683	4,626,653	**315,351,780**	**672,793,216**	416,111,474
Furniture & Fixtures	7,832,594	2,872,053	2,169,012	**8,535,635**	4,502,380	1,318,563	1,529,492	**4,291,451**	**4,244,184**	3,330,214
Office Equipments	11,403,475	2,946,555	2,911,485	**11,438,545**	4,118,777	3,823,343	1,433,114	**6,509,006**	**4,929,539**	7,284,698
Vehicles	13,135,858	3,140,281	2,404,405	**13,871,734**	7,987,204	1,678,185	1,472,902	**8,192,487**	**5,679,247**	5,148,654
Sub Total (A)	882,811,908	431,915,083	13,360,418	**1,301,366,573**	305,940,048	88,505,967	9,062,161	**385,383,854**	**915,982,719**	576,871,860
Intangible Assets (B)										
Technical Knowhow	1,462,548	-	-	**1,462,548**	924,812	292,510	-	**1,217,322**	**245,226**	537,736
Computer Software	789,985	411,802	-	**1,201,787**	254,310	194,212	-	**448,522**	**753,265**	535,675
Sub Total (B)	2,252,533	411,802	-	**2,664,335**	1,179,122	486,722	-	**1,665,844**	**998,491**	1,073,411
Total (A + B)	885,064,441	432,326,885	13,360,418	**1,304,030,908**	307,119,170	**88,992,689**	9,062,161	**387,049,698**	**916,981,210**	577,945,271
Previous Year	852,903,542	33,965,558	1,804,659	**885,064,441**	238,658,533	69,182,794	722,157	**307,119,170**	**577,945,271**	614,245,009

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

		As at 31.03.2011 ₹		As at 31.03.2010 ₹
SCHEDULE 6 : INVENTORIES				
a. Raw-Materials		**113,193,023**		116,942,427
b. Stores and Spares		**47,853,283**		41,959,658
c. Goods under process		**32,996,639**		41,924,012
d. Finished Goods		**131,768,906**		42,882,416
e. Waste and Scrap		**42,240**		278,570
TOTAL		**325,854,091**		**243,987,083**
SCHEDULE 7 : SUNDRY DEBTORS (UNSECURED)				
a. Over Six Months				
Considered Good		**782,515**		5,890,967
Considered Doubtful		**3,297,773**		3,474,823
b. Other Debts (Considered Good)		**252,755,121**		119,630,189
		256,835,409		128,995,979
Less : Provision for Doubtful Debts		**3,297,773**		3,474,823
TOTAL		**253,537,636**		**125,521,156**
SCHEDULE 8 : CASH AND BANK BALANCES				
a. Cash in hand [including Cheques/Drafts in hand of ₹ Nil (Previous year ₹ 42,17,304/-)]		**2,060,536**		6,380,136
b. Balances with Scheduled Banks in Current Accounts		**19,997,004**		10,139,533
c. Fixed Deposits with Scheduled Banks (Receipts pledged with Banks and Government Authorities)		**55,153,368**		26,841,057
TOTAL		**77,210,908**		43,360,726
SCHEDULE 9 : OTHER CURRENT ASSETS				
a. Interest Receivable		1,665,650		1,191,791
b. Unamortised premium on Forward Exchange Contracts		780,072		87,557
TOTAL		**2,445,722**		**1,279,348**
SCHEDULE 10 : LOANS & ADVANCES (Unsecured, Considered good unless otherwise stated)				
a. Advances Recoverable in Cash or in Kind or for Value to be received	**13,589,356**		14,275,246	
Less: Considered Doubtful	**(587,128)**	**13,002,228**	(587,128)	13,688,118
b. Advance Payment of Taxes		**1,169,535**		125,067
c. Security and other Deposits		**12,324,700**		8,141,200
d. Export Incentives Receivable		**19,578,718**		16,910,568
e. MAT Credit Entitlement		**38,477,278**		18,342,319
TOTAL		**84,552,459**		**57,207,272**
SCHEDULE 11 : CURRENT LIABILITIES				
a. Sundry Creditors for Goods, Expenses and Services etc.				
- Due to Micro, Small and Medium Enterprises (Refer Note No. 2)	-		-	
- Others	**150,522,156**	**150,522,156**	103,104,439	103,104,439
b. Deposit from Dealers		**50,000**		50,000
c. Other Liabilities		**6,017,040**		3,412,117
d. Investor Education and Protection Fund - Unclaimed Dividend (not due)		**904,020**		548,801
e. Forward Contracts		**8,233,500**		12,036,500
f. Interest accrued but not due on loans		**1,417,901**		57,858
TOTAL		**167,144,617**		**119,209,715**

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

		As at 31.03.2011 ₹		As at 31.03.2010 ₹
SCHEDULE 12 : PROVISIONS				
a. Provisions for Gratuity & Leave Encashment		**12,590,372**		9,076,351
b. Provision for Income Tax (Net of Advance Tax)		**16,051,996**		1,225,245
c. Provision for Excise Duty		**12,506,904**		-
d. Proposed Dividend		**20,904,000**		7,810,000
e. Provision for Dividend Distribution Tax		**3,391,152**		1,327,310
TOTAL		**65,444,424**		**19,438,906**

		Year ended 31.03.2011 ₹		Year ended 31.03.2010 ₹
SCHEDULE 13 :OTHER INCOME				
OPERATING INCOME				
a. Job Work Receipts	**352,141**		624,406	
b. Insurance Claim	**-**		2,149,120	
c. Miscellaneous Income	**1,706,466**	**2,058,607**	586,925	3,360,451
OTHER INCOME				
Miscellaneous Income	**88,688**	**88,688**	41,952	41,952
TOTAL		**2,147,295**		**3,402,403**
SCHEDULE 14 : INCREASE/(DECREASE) IN STOCK				
Closing Stock :				
Finished Goods	**131,768,906**		42,882,416	
Goods under Process	**32,996,639**		41,924,012	
Waste and Scrap	**42,240**	**164,807,785**	278,570	85,084,998
Less: **Opening Stock (Including Trial Run Stocks)**				
Finished goods	**57,513,941**		134,010,627	
Goods under process	**42,274,012**		45,842,228	
Waste and Scrap	**278,570**	**100,066,523**	806,143	180,658,998
Increase / (Decrease) in Stock		**64,741,262**		(95,574,000)
SCHEDULE 15 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages and Allowances		**88,350,863**		64,372,014
Staff and Labour Welfare Expenses		**5,963,211**		4,116,753
Contribution to Provident Fund & ESI		**5,829,824**		3,899,702
Gratuity(Refer Note No. 10 - Sch. 18)		**3,524,170**		1,229,205
Bonus		**2,668,430**		1,892,731
TOTAL		**106,336,498**		**75,510,405**

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

		Year ended 31.03.2011 ₹		Year ended 31.03.2010 ₹
SCHEDULE 16 : MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES				
A. MANUFACTURING EXPENSES:				
Purchase of goods		26,068,940		15,909,491
Processing Charges		1,775,974		42,087,388
Stores and Spares consumed		83,971,580		74,688,810
Power and Fuel		223,649,132		161,521,035
REPAIRS AND MAINTENANCE:				
Machinery	16,466,454		16,875,301	
Building	12,611,134		4,470,856	
Others	1,994,576	31,072,164	978,608	22,324,765
Excise Duty		17,286,049		-
(Aggregate of provision for excise duty on closing stock of finished goods and provision for excise duty under dispute.)				
TOTAL (A)		383,823,839		316,531,489
B. ADMINISTRATIVE EXPENSES :				
Rent		2,341,765		1,564,736
Insurance		3,684,358		2,761,884
Rates and Taxes		488,019		557,921
Travelling and Conveyance [Including for Directors ₹ 257,823/- (Previous year ₹ 269,998/-)]		5,660,092		4,637,148
Printing and Stationery		2,022,576		1,661,796
Postage and Telephones		3,762,432		3,924,993
Auditors' Remuneration:				
Audit Fee	165,450		137,875	
For Tax/Vat Audit	27,576		44,122	
For Certification	73,078		46,555	
For Expenses	4,412	270,516	4,412	232,964
Managerial Remuneration(Also Refer Note No.3-Sch. 18)		7,458,334		6,782,940
Cost Auditors' Remuneration:				
Audit Fee	16,545		16,545	
For Expenses	3,000	19,545	3,000	19,545
Listing Fees		171,390		30,695
Directors' Sitting Fee		100,000		120,000
Vehicle Running and Maintenance		4,501,058		4,125,943
Legal and Professional Charges		3,729,601		2,005,565
Filing Fees		13,588		8,786
Miscellaneous Expenses		8,170,582		2,786,854
Premium on Forward Exchange Contract amortised		4,924,736		2,296,943
Loss on Fixed Assets Sold / Discarded (Net)		2,213,179		120,685
Prior period items (Net)		201,172		33,210
Bed Debts Written Off		8,481,522		0
Provision for Doubtful Debts / Advances		1,821,839		33,000
Provision for Doubtful Debts Written back		(561,000)		(50,000)
Exchange Rate Differences (Net)		(14,236,977)		(2,431,237)
Lease Rent		84,381		84,381
TOTAL (B)		45,322,708		31,308,752
C. SELLING EXPENSES :				
Commission & Brokerage		12,111,416		10,133,728
Freight and Forwarding charges		110,022,569		88,102,459
Other Selling Expenses		1,088,990		529,738
TOTAL (C)		123,222,975		98,765,925
TOTAL (A+B+C)		552,369,522		446,606,166
SCHEDULE 17 : INTEREST AND FINANCE EXPENSES				
Interest :				
-On Fixed Loans	25,939,510		31,824,892	
-On Others (Net)	37,670,267	63,609,777	39,510,094	71,334,986
Other Financial Expenses		10,134,974		7,201,553
TOTAL		73,744,751		78,536,539

SCHEDULE 18: NOTES FORMING PART OF THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis for Accounting:

The financial statements have been prepared in compliance with all material aspects with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. Financial statements are prepared in accordance with the generally accepted accounting principles, as adopted consistently, and are based on historical cost and items of income and expenditure are recognized on accrual basis except those with significant uncertainties.

b. Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions, based upon the best knowledge of current events and actions that may affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of financial statements and the reported amounts of incomes and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

c. 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, when the significant risks and rewards of ownership of goods have been passed to the buyer, which generally coincides with delivery. Turnover is disclosed inclusive of excise duty and net of sales tax / VAT, discounts and returns.

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

d. Fixed Assets:

Fixed assets are stated at cost, net of Cenvat and VAT input credit availed, less accumulated depreciation, amortization and impairment loss, if any except freehold land which is carried at cost. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use.

Expenditure during construction period (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects/ assets, including trial run expenses (net of revenue) are treated as Pre-operative expenses, pending allocation to the assets, and are included under "Capital work-in-progress." These expenses are apportioned to related fixed assets on commencement of commercial production. Capital work-in-progress is stated at the amount expended up to the date of Balance Sheet.

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

e. Intangible Assets:

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

f. Depreciation/Amortization:

Depreciation on fixed assets is provided on "Straight Line Method (SLM)" at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except in respect of Vehicles, Furniture/ Fixtures and Office Equipments at Kanpur Unit where depreciation is provided on "Written Down Value Method (WDV)"; in respect of fixed assets of Rudrapur and Bilaspur Units where depreciation is provided on "Written Down Value Method (WDV)". In respect of power line payments made to Electricity Authorities, useful life is estimated at five years and expenditure is amortized accordingly on "Straight Line Method". Continuous process plants, as specified in Schedule XIV to the Companies Act, 1956, are identified based on technical assessment and are depreciated at the specified rate. Individual assets, whose actual cost does not exceed Rs. 5,000, are depreciated fully within the year of acquisition. Premium on Leasehold land is amortized over the period of the Lease.

g. Inventories:

Items of Inventories are valued at lower of cost and net realizable value. Cost of inventories is ascertained on the 'weighted average' basis. Finished goods* and Goods under process are valued on full absorption cost in bringing the inventories to their present location and condition. Waste & Scrap are valued at net realizable value.

(*Excise duty, wherever applicable, is included in finished goods inventory valuation.)

h. Lease Rentals:

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

i. Foreign Currency Transactions:

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

Exchange differences arising on foreign exchange transactions settled during the period are recognized in the Profit & Loss account of the period.

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

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

j. Employee Benefits:

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

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

k. Borrowing Costs:

Borrowing costs that are attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss Account.

l. Taxation:

Tax expense comprises Current and Deferred Tax.

Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income tax Act 1961.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred charge or credit resulting from timing difference is measured based on the current tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent there is a reasonable certainty that these assets can be realized in future against future taxable income. Deferred tax assets/liabilities are reviewed at each Balance Sheet date.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing reasons that the company will pay normal income tax during the specified period. MAT credit entitlement is reviewed at each balance sheet date.

m. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources will be required to settle the obligations. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

n. Earnings per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2. There are no dues to Micro, Small and Medium Enterprises as at 31st March 2011 (Previous year Nil). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified based on the information available with the Company.

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

	2010-11 ₹	2009-10 ₹
Salary & Allowances	**5,102,500**	4,620,000
Perquisites	**540,000**	540,000
Performance linked remuneration to Managing Directors	**760,834**	600,000
Commission to Non Executive Directors	**1,055,000**	1,022,940
Total	**7,458,334**	6,782,940

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

	2010-11 ₹	2009-10 ₹
Profit before Taxation	**200,527,231**	95,287,413
Add: Depreciation as per accounts	**88,992,689**	69,182,794
Loss on Fixed Assets sold/ discarded (net)	**2,213,179**	120,685
Managerial Remuneration	**6,403,334**	5,760,000
Commission to Non Executive Directors	**1,055,000**	1,022,940
Directors' Sitting Fees	**100,000**	120,000
Provisions for Doubtful debts & advances	**1,821,839**	33,000
	301,113,272	171,526,832
Less: Depreciation as per Section 350 of Companies Act, 1956	**88,992,689**	69,182,794
Excess Provision for Doubtful Debts written back	**561,000**	50,000
Net Profit for the year	**211,559,583**	102,294,038
Eligible remuneration to the Executive Directors		
@ 10% on above profits	**21,155,958**	10,229,404
Restricted to:		
a) Salary, Allowances & Perquisites paid to		
Executive Directors	**5,642,500**	5,160,000
b) Performance Linked Remuneration as		
determined by the Board of Directors	**760,834**	600,000
Commission payable to Non Executive Directors		
(@ 1% on above Profits)	**2,115,596**	1,022,940
-Restricted to	**1,055,000**	1,022,940

4. FINANCIAL & DERIVATIVES INSTRUMENTS:

Nominal value of Forward Contracts (USD/INR & EURO/INR) entered into by the Company for hedging Currency Risks and outstanding as on 31st March, 2011 amounting to ₹ 2078.95 lacs. (Previous Year ₹ 1239.30 lacs)

Un-hedged Foreign Currency exposure that are not hedged by derivative instruments or Forward Contracts as at 31st March, 2011 amounting to ₹ 1381.66 lacs (Previous Year ₹ 334.16 Lacs).

5. RELATED PARTY DISCLOSURES:

I. Names of related parties & description of relationship:

A. Key Management Personnel:

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

B. Relatives of Key Management Personnel:

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

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

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

II. SUMMARY OF TRANSACTIONS:

(₹ in Lacs)

PARTICULARS		Key Management Personnel	Relatives of Key Management Personnel	Companies Controlled by Key Management Personnel/ Relatives
i)	**Transactions during the year**			
	Managerial Remuneration	64.03 (57.60)	- (-)	- (-)
	Salary	– (-)	5.67 (5.40)	- (-)
	Reimbursement of Expenses	2.01 (1.98)	3.48 (0.52)	- (-)
	Interest	4.18 (12.95)	0.35 (1.66)	10.13 (0.85)
	Unsecured Loan/Fixed Deposit Accepted	247.04 (276.75)	3.98 (4.52)	232.80 (93.58)
	Unsecured Loan/Fixed Deposit Repaid	238.17 (275.51)	6.92 (19.20)	156.80 (64.55)
	Receipt of Application money on Equity Warrants/ Shares and Allotment money on Equity Share Capital issued	- (52.25)	- (61.00)	- (33.25)
	Share Premium amount received	- (52.25)	- (14.65)	- (33.25)
	Receipt of Equity Share Warrants Money	230.00 (115.50)	- (21.00)	10.00 (73.50)
ii)	**Amount Outstanding at Balance Sheet date**			
	Unsecured Loan/Fixed Deposit Outstanding	128.21 (119.34)	3.03 (5.97)	113.95 (37.95)
	Amounts Payable	7.04 (8.50)	0.53 (0.85)	5.24 (0.07)

Notes:

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

6. DEFERRED TAXATION:

(i) Deferred Tax (net) for the Current Financial Year of ₹ 3.45 Lacs (Previous Year ₹ 17.93 Lacs) has been charged to the Profit & Loss Account.

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

(₹ in Lacs)

			As at 31.03.2011		As at 31.03.2010
a)	**Deferred Tax Liabilities**				
	Related to Fixed Assets		**(531.61)**		(484.36)
b)	**Deferred Tax Assets**				
	-Expenditure allowable on actual payment	**82.92**		37.28	
	-Unabsorbed loss & Depreciation	-		0.93	
	-Others	**12.90**	**95.82**	13.81	52.02
Net Deferred Tax (Liability)/Asset			**(435.79)**		(432.34)

7. SEGMENT INFORMATION:

a) Primary Segment (by Business Segment):

Based on the guiding principles given in the Accounting Standard on Segment Reporting (AS-17), Company is primarily in the business of manufacture and sale of Polyester Staple Fibre and Polyester Yarn which mainly have similar risks and returns. Since Company's business activity falls within a single geographical and business segment (Synthetic textile), hence it has no other primary reportable segments.

b) Secondary Segment (by Geographical demarcation):

(₹. in lacs)

Segment Revenue	2010-11	2009-10
Turnover (Net of Excise Duty)	**29128.96**	19888.34
Domestic (within India)	**24366.75**	16662.05
Export	**4762.21**	3226.29

8. EARNING PER SHARE:

(₹ in Lacs)

	2010-11	2009-10
Profit attributable to Equity Shareholders for Basic & Diluted EPS	**1756.53**	855.30
Less: Tax Adjustments for Earlier Years	**5.91**	(11.65)
MAT credit recognized/(reversal) for earlier years	**(17.35)**	0.45
Tax on Preference Dividend	**(7.30)**	(7.65)
Net profit attributable to Equity Shareholders	**1737.79**	836.45
Weighted average number of Equity Shares for Basic Earning per share (EPS)	**13373288**	9902274
Add: Potential Equity Shares on conversion of Warrants	**1040504***	306637
Weighted average number of Equity Shares for Diluted Earning per share (EPS)	**14413792**	10208911
Nominal Value per Equity Share (₹)	**10.00**	10.00
Earning Per Share (₹):		
- Basic	**12.99**	8.45
- Diluted	**12.06**	8.19

*Potential equity shares that could arise on conversion of Optionally Convertible Debentures are anti-dilutive and hence not considered for diluted earning per share.

9. PREOPERATIVE EXPENSES:

(In respect of Projects up to 31st March, 2011, included under the head Capital Work in Progress)

Particulars		2010-11 (₹)		2009-10 (₹)
Opening Balance		**5,427,548**		32,439
Add: Expenditure during construction period:				
(a) Raw Material Consumed	**197,611,721**		1,485,552	
(b) Payments to & Provision for Employees	**9,853,791**		611,051	
(c) Manufacturing, Administrative & Selling Expenses	**43,489,088**		2,595,971	
(d) Interest & Finance Expenses	**8,885,007**	**259,839,607**	2,610,010	7,302,584
		265,267,155		**7,335,023**
Less:				
(a) Sale of Finished Goods	**217,346,177***		815,631	
(b) Stock of Goods Under Process	**350,000**		-	
(c) Stock of Finished Goods	**14,631,525**	**232,327,702**	1,059,405	1,875,036
		32,939,453		5,459,987
Less: Allocation to Fixed Assets		**32,525,376**		32,439
Closing Balance		**414,077**		**5,427,548**

* include inter-unit transfer of ₹ 1,75,71,242 (Previous Year ₹ Nil).

10. DISCLOSURES IN ACCORDANCE WITH ACCOUNTING STANDARD-15 ON EMPLOYEE BENEFITS

a) **Defined Contribution Plans**

The Company has recognized an expense of ₹ 5829824 (Previous year ₹ 3899702) towards the defined contribution plans.

b) **Defined benefit Plans (all figures are in ₹)**

As per Actuarial Valuation on 31st March, 2011

i. Expenses recognized in Profit & Loss A/c for the year ended 31st March, 2011:

Particulars	Gratuity		Leave Encashment	
	2010-11	2009-10	**2010-11**	2009-10
1. Current Service Cost	**1,754,780**	1,230,349	**422,303**	217,772
2. Past Service Cost	**601,995**	-	-	-
3. Interest cost	**583,262**	496,768	**97,464**	69,087
4. Expected Return on the Plan Assets	-	-	-	-
5. Net Actuarial (Gain)/losses recognized	**767,022**	(497,912)	**47**	102,801
6. Curtailment cost/Settlement Cost	-	-	-	-
7. Total Expense	**3,707,059***	1,229,205	**519,814***	389,660

*Gratuity ₹ 1,82,889 and Leave Encashment ₹ 76,605 transferred to Pre-operative Expenses.

ii. Net Asset/(Liability) recognized in Balance Sheet as at 31st March, 2011:

Particulars	Gratuity		Leave Encashment	
	2010-11	2009-10	**2010-11**	2009-10
1. Present value of Defined Benefit Obligation on 31.03.2011	**10,860,584**	7,776,826	**1,729,788**	1,299,525
2. Fair value of Plan Assets on 31.03.2011	-	-	-	-
3. Funded Status [Surplus/(Deficit)]	**(10,860,584)**	(7,776,826)	**(1,729,788)**	(1,299,525)
4. Net Asset/(Liability) recognized in Balance Sheet on 31.03.2011	**10,860,584**	7,776,826	**1,729,788**	1,299,525

iii. Change in Present value of Obligation during the year ended 31st March, 2011:

Particulars	Gratuity		Leave Encashment	
	2010-11	2009-10	**2010-11**	2009-10
1. Present value of obligation at the beginning of the year	**7,776,826**	6,996,735	**1,299,525**	973,053
2. Interest cost	**583,262**	496,768	**97,464**	69,087
3. Past Service Cost	**601,995**	-	-	-
4. Current Service Cost	**1,754,780**	1,230,349	**422,303**	217,772
5. Curtailment/settlement cost	-	-	-	-
6. Benefit payments	**(623,301)**	(449,114)	**(89,551)**	(63,188)
7. Actuarial (Gain)/Loss on obligation	**767,022**	(497,912)	**47**	10,2801
8. Present value of obligation at the end of the year	**10,860,584**	7,776,826	**1,729,788**	1,299,525

iv. Fair value & changes in fair value of Plan Assets during the year ended 31st March, 2011:

Gratuity & Leave encashment obligations are not funded.

v. **Actuarial Assumption**	**As on 31st March 2011**	As on 31st March 2010
Discount Rate	8.00%	7.50%
Salary Escalation Rate	7%	5%
Expected Rate of Return on Plan Assets	-	-
Mortality	Indian Assured Lives Mortality (1994-96) (modified) ultimate Table	Indian Assured Lives Mortality (1994-96) (modified) ultimate Table
Withdrawal Rate	15% p.a.	15% p.a.

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

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

11. CONTINGENT LIABILITY NOT PROVIDED FOR IN RESPECT OF:

(₹ in Lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
(i) Bills negotiated under Letter of Credit and outstanding	**1125.71**	630.71
(ii) Claims against the company not acknowledged as debts	**20.19**	14.70
(iii) Disputed Tax matters under appeal:		
- Customs Duty demand	**7.79**	7.79
- Sales Tax/ Trade Tax Liabilities	**Nil**	6.06
- Entry Tax Liability	**27.88**	27.88
- RTO Tax liability in respect of company's old vehicle	**5.53**	5.53
(iv) Appeal filed against the Company before Hon'ble Supreme Court by the opposite party in respect of amount received by the Company under an award decided in favour of the Company.	**80.98**	80.98
(v) Service tax refund, once received by the Company under an appeal, disputed by the Service Tax Department in CEGAT	**2.28**	2.28
(vi) Differential amount of custom duty in respect of imports made under EPCG Scheme (net of obligations fulfilled)	**66.45**	253.97

12. During the year, Excise duty was imposed by Excise authorities on one of the company's product through a Circular issued on 29th June, 2010. As per the legal opinion obtained, the Circular is not legally tenable as it is against the legal provisions as well as settled judicial position by CESTAT in company's own case. Company has disputed the imposition of excise duty through the Circular and taken the legal recourse. Pending the legal case, Company has started paying excise duty, under dispute, since December 6, 2010 and also made a provision for ₹ 97.02* lacs for the period from 29th June, 2010 till December 5, 2010. (Previous Year – ₹ Nil)

* Net of Cenvat available.

13. Estimated amount of Contracts remaining to be executed on capital accounts and not provided for ₹ 35.50 lacs (Previous Year ₹ Nil).

14. Additional Security Deposit demand of ₹ 36.51 lacs raised by Electricity Distribution Authority of Uttarakhand, which was stayed by Hon'ble Nainital High Courts against Writ petition filed by the Company (Previous year ₹ 121.58 lacs).

15. The Income Tax assessments of the Company have been completed up to Assessment Year 2008-09 and there are no pending demands (Previous year Nil).

16. During the year, the Company has allotted 30,00,000 Warrants to 'Promoters & Others' on preferential basis convertible into equal number of Equity Shares of ₹ 10/- each at a price of ₹ 40/- per share (pricing determined in accordance with applicable provisions of SEBI (ICDR) Regulations, 2009).

During the year, 13,50,000 Warrants (10,50,000 Warrants, outstanding as at the beginning of the year, and 3,00,000 Warrants out of the aforesaid allotment of 30,00,000 Warrants) have been converted into Equity Shares.

17. Sundry Debtors outstanding for more than six months & considered good include Nil (Previous Year ₹ 11.40 lacs) for which legal action has been taken for recovery.

18. In view of higher wear and tear, Company has reassessed the useful life of Furniture/ Fixtures and Office Equipments at Kanpur Unit and charged depreciation thereon at "Written Down Value method" as against hitherto followed "Straight Line Method". Consequent upon this change, depreciation has been recalculated in accordance with the new method from the date of the asset coming into use and deficiency of ₹ 28,68,009/-. On account of such retrospective recalculation has been provided during the year. As a result, Profits for the year ended March 31, 2011 are understated to that extent.

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

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

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

Class of Goods	Unit	Licenced Capacity	Installed Capacity $ (P.A.)	Opening Stock		Production	Purchase	Turnover		Closing Stock	
				Qty.	Value(₹)	Qty.	Qty.	Qty.	Value(₹)	Qty.	Value(₹)
1. Texturised/ Twisted Grey & Dyed Yarn and Fibre	Kgs.	N.A.	2,400,000 (2,400,000)	65,504 (98,512)	7,294,389 (10,864,282)	2,694,954 (2,141,010)	500 (-)	2,656,617 (2,174,018)	395,343,684 (267,979,474)	104,341 (65,504)	13,225,815 (7,294,389)
2. Spun Yarn	Kgs.	N.A.	N.A. (N.A.)	66,386 (-)	3,068,487 (-)	2,796* (1436863*)	- (-)	40,312 (1,370,477)	3,898,120 (132,561,801)	28,870 (66,386)	1,732,224 (3,068,487)
3. Polyester Staple Fibre	Kgs.	N.A.	57,600,000 (57,600,000)	721,239 (2,724,381)	32,519,540 (122,085,661)	39,554,494 (28,136,833)	405,665 (156,364)	38,497,976 (30,296,339)	2,749,448,118 (1,582,290,031)	2,183,422 (721,239)	116,810,867 (32,519,540)
4. Scrap & Waste	Kgs.	N.A.	N.A. (N.A.)	- (-)	278,570 (806,143)	- (-)	- (-)	- (-)	6,505,058 (3,618,438)	- (-)	42,240 (278,570)
5. Store & Spares		N.A.	N.A.	- (-)	- (-)	- (-)	- (-)	- (-)	- (3,197,349)	- (-)	- (-)
6. Non Woven Fabrics	Mtr.	N.A.	N.A. (N.A.)	- (2,200)	- (1,279)	- (-)	- (-)	- (2,200)	- (1,320)	- (-)	- (-)
7. Pillows/Cushions & Stuffed products	Nos	N.A.	4,500,000 (4,500,000)	- (-)	- (-)	- (50)	- (-)	- (50)	- (1,500)	- (-)	- (-)

Notes:

1. Excludes 11499 Kgs for ₹ 352141/- (Previous Year 25293.510 Kgs. for ₹ 624406/-) 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.* Processed by outside party on Job basis.

B) Raw Material Consumed (including Trial Run Consumption)

Particulars	Qty.(Kgs.)	Value (₹)
1. POY/ Texturised /Twisted Yarn	2,529,652	269,121,249
	(1,895,568)	(176,783,773)
2. Polyester Waste	45,225,013	1,695,957,571
	(30,602,320)	(726,508,640)
3.Fibre & Fibre waste (for Job Spinning)	-	-
	(1,492,040)	(88,594,459)
4. Colour & Chemical	-	158,069,376
	(-)	(114,627,974)
5.Packing Material	-	32,277,232
	(-)	(26,510,074)

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

	Current Year (Value in ₹)	%	Previous Year (Value in ₹)	%
1. Raw Material				
Imported	**37,788,139**	**1.75**	26,505,252	2.34
Indigeneous	**2,117,637,289**	**98.25**	1,106,519,668	97.66
	2,155,425,428	**100.00**	1,133,024,920	100.00
2. Stores & Spares				
Imported	**17,934,017**	**20.91**	5,532,477	7.41
Indigeneous	**67,846,895**	**79.09**	69,156,333	92.59
	85,780,912	**100.00**	74,688,810	100.00
(D) CIF Value of Imports:				
Raw Materials/Traded Goods	**50,729,385**	**N.A.**	25,265,800	N.A.
Stores & Spares	**16,052,677**	**N.A.**	6,266,745	N.A.
Capital Goods	**49,383,461**	**N.A.**	92,084,253	N.A.
(E) Expenditure in Foreign Currency :				
Travelling Expenses	**506,592**	**N.A.**	1,035,103	N.A.
Commission	**471,487**	**N.A.**	654,919	N.A.
Miscellaneous Expenses	**845**	**N.A.**	3,576	N.A.
(F) Earning in Foreign Currency:				
F.O.B. Value of Exports	**502,410,044**	**N.A.**	308,068,732	N.A.

In terms of our annexed report of even date.

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

For and on behalf of the Board

DEEPAK SETH
Partner
Membership No. 073081

GOPAL AGARWAL
Chief Finance Officer

SHYAM S. SHARMA
Chairman and Managing Director

Place : Kanpur
Dated : 28th May, 2011

BHARAT KUMAR SAJNANI
Company Secretary

SHARAD SHARMA
Joint Managing Director

BALANCE SHEET ABSTRACT AND COMPANY'S PROFILE FOR THE YEAR ENDED 31.03.2011

I. Registration Details:

Registration No.	9090	State Code	20
Balance Sheet Date	31.03.2011		

II. Capital Raised During theYear (Amount in ₹ Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	13,500

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

Total Liabilities	1,687,897	Total Assets	1,687,897
Source of Funds:			
Paid-up Capital	1,81,700	Reserves and Surplus	4,04,221
Secured Loans	6,16,146	Unsecured Loans	1,82,662
Equity Share Warrants	27,000	Deferred Tax Liability	43,579
Application of Funds:			
Net Fixed Assets	9,44,296	Investments	Nil
Net Current Assets	5,11,012	Miscellaneous Expenses	Nil
Accumulated Losses	Nil		

IV. Performance of Company (Amount in ₹ Thousands)

Turnover	29,12,896	Total Expenditure	27,12,369
Profit before Tax	2,00,527	Profit after Tax	1,80,153
		Dividend Rate %	12%
Basic EPS (in ₹)	12.99	Diluted EPS (in ₹)	12.06

V. Generic Names of the Products of the Company

Item Code No. (ITC Code)	540233.00, 540252.00
Product Description	Polyester Texturised, Dyed Yarn
Item Code No. (ITC Code)	N.A.
Product Description	Recycled Polyester Staple Fibre

For and on behalf of the Board

GOPAL AGARWAL
Chief Finance Officer

SHYAM S. SHARMA
Chairman and Managing Director

BHARAT KUMAR SAJNANI
Company Secretary

SHARAD SHARMA
Joint Managing Director

Place : Kanpur
Dated : 28th May, 2011

Notice

NOTICE is hereby given that the **TWENTY SECOND ANNUAL GENERAL MEETING** of the Members of GANESH POLYTEX LIMITED will be held on Wednesday, the 28th day of September, 2011 at 5:30 P.M. at the Registered Office of the Company at Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the financial year ended on that date together with the Directors' Report and Auditors' Report thereon.

2. To declare Dividend on Equity Shares and Cumulative Redeemable Preference Shares (Series I and II).

3. To appoint a Director in place of Shri Pradeep Kumar Goenka, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Shri Vishwa Nath Chandak, who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

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

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

"RESOLVED THAT pursuant to the provisions of section 21 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government and such other authorities as may be required, consent of the Company be and is hereby accorded to change the name of the Company from 'GANESH POLYTEX LIMITED' to 'GANESHA ECOSPHERE LIMITED' or to such other name as may be approved by the Registrar of Companies and acceptable to the Board of Directors and immediately upon the said change in the name of the Company becoming complete and effective, the new name be substituted for the existing name, wherever it appears in the Memorandum and Articles of Association of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary for giving effect to the above resolution and the matters incidental, consequential and connected therewith."

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

"RESOLVED THAT in supersession of the Resolution passed by the Members at the Nineteenth Annual General Meeting of the Company held on 4th September, 2008 and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any committee thereof which the Board may constitute to exercise its powers conferred by this resolution) to borrow from time to time any sum or sums of money not exceeding ₹ 500.00 crores (Rupees Five Hundred Crores Only) with or without security and on such other terms and conditions as the Board at its sole and absolute discretion may deem fit, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed at any time the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

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

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

"RESOLVED THAT in supersession of the Resolution passed by the Members at the Twenty First Annual General Meeting of the Company held on 18th September, 2010 and pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company for mortgaging, hypothecating and / or charging, on such terms and conditions, at such time or times and in such form and manner as it may think fit, of all or any of the assets or properties of the Company, movable or immovable, both present and future including the whole or substantially the whole of the undertaking(s) of the Company in favour of Banks, Financial Institutions, Corporate Bodies and other entities for securing the Loans or other Borrowings obtained or to be obtained by the Company upto an amount not exceeding in aggregate a sum of ₹ 500.00 Crores together with interest, cost, charges, expenses and any other money payable by the Company to the said Banks, Financial Institutions, Corporate Bodies or entities."

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

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

"RESOLVED THAT pursuant to the provisions of Section 314 read with Director's Relatives (Office or Place of Profit) Rules, 2011 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 re-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 (or with such other designation as the Board of Directors of the Company may, from time to time, decide), for a period of five years with effect from 1st October, 2011 on a remuneration of ₹ 75,000/- p.m. inclusive of perquisites and allowances, as may be decided by the Board."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter, vary and modify the terms and conditions of appointment including upward revision of remuneration of Shri Sandeep Khandelwal from time to time, during his tenure of appointment subject however, to the compliance with the applicable provisions of the Companies Act, 1956 and the Rules made thereunder, for the time being in force."

"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 without being required to seek further approval of the Members and the approval of the Members shall be deemed to have been accorded thereto expressly by the authority of this resolution."

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

Date: 18th August, 2011.

By Order of the Board

BHARAT KUMAR SAJNANI
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE 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. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under Item Nos. 6 to 10 as set out above is annexed hereto.

4. The Register of Members and Share Transfer books of the Company shall remain closed from **Saturday, 24th September, 2011 to Wednesday, 28th September, 2011** (both days inclusive). The Dividend on Equity Shares and Preference Shares, as recommended by Board of Directors, subject to the provisions of Section 206A of the Companies Act, 1956, if approved by the Members at the Annual General Meeting, will be paid to the Members whose names appear on the Company's Register of Members at the close of business hours on 23rd September, 2011 in respect of physical shares. In respect of Equity Shares in Dematerialised Form, the dividend will be payable to the "Beneficial Owners" of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on 23rd September, 2011.

5. Members holding Shares in identical order of names in more than one folio are requested to write to the Company's Registrar & Transfer Agents, M/s Skyline Financial Services Private Limited, enclosing the Share Certificates for consolidation of their holdings into one folio.

6. 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 a valid address proof showing the changed address with Pin Code, and Members holding Shares in electronic form may inform any change in address to their Depository Participants.

7. As per the Circular Nos. MRD/DoP/Cir-05/2009 and SEBI/MRD/DoP/SE/RTA/Cir-03/2010 issued by Securities and Exchange Board of India (SEBI), it is mandatory to quote PAN for transfer/ transposition/ transmission of shares in physical form. Therefore, the transferee(s)/ legal heir(s) are required to furnish a copy of their PAN card to the Registrar & Share Transfer Agent of the Company.

8. Members holding Shares in electronic form are requested to provide their Client-Id and DP-Id numbers at the Meeting for easy identification.

9. Members desirous of obtaining any information/ clarification concerning the Accounts and operations of the Company may send their query so as to reach 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.

10. 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.

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

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

    Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Transfer Agent cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.

13. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amount which remains unpaid/ unclaimed for a period of seven years is required to be transferred to the Investors Education & Protection Fund of the Central Government. After such transfer, there remains no claim of the Members whatsoever on the said amount. Members, who have not encashed their dividend warrants, may write to the Company for revalidation/ issue of duplicate dividend warrant.

14. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The Members may submit their request to the Company's Registrar & Transfer Agents, M/s Skyline Financial Services Private Limited, in the Form 2B of the Companies (Central Government's) General Rules & Forms, 1959 prescribed for the purpose.

15. Non- Resident Indian Members are requested to inform immediately:

    a) Change in their residential status on return to India for permanent settlement.

    b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier,to Company's Registrar & Transfer Agent, M/s Skyline Financial Services Private Limited, in case of shares held in physical form and to respective Depository Participant, in case of shares held in Demat form.

16. The relevant details in respect of Item Nos. 3, 4, and 6 pursuant to Clause 49 of the Listing Agreement are as below:

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT / RE- APPOINTMENT:

Particulars	Shri Pradeep Kumar Goenka	Shri Vishwa Nath Chandak	Shri Satpal Arora
Date of Birth	15th September, 1954	7th September, 1937	1st April, 1958
Date of Appointment	29th July, 2006	28th February, 2009	7th March, 2011
Qualification	Chartered Accountant	M. Com, L.L.B	CS, CWA, M.Com, LL.B
Expertise in specific functional area	Having a rich professional experience of over 35 years in Finance and related services.	Experience of over 37 years as a Senior Executive in Eastern Spinning Mills & Industries Ltd.	Having a rich professional experience of over 29 years.
Chairman/ Director of other Companies (excluding foreign Companies)	• Frontier Springs Ltd. • Kanpur Plastipack Ltd. • Abhyuday Infrastructure Ltd. • Abhyuday Industrial Consultants (P) Ltd. • Hiltech Education (P) Ltd. • Northern Sackplas (P) Ltd. • Motilal Padampat Udyog Pvt. Ltd.	• Dialnet Communications Ltd. • Eastern Textiles (P) Ltd. • Wellman Polyfibre Products (P) Ltd.	• IFCI Venture Capital Funds Ltd. • Palogix Infrastructure Pvt. Ltd. • Nagarjuna Fertilizers & Chemicals Ltd. • Sabarmati Gas Ltd. • Dhampur Sugar Mills Ltd. • Sharon Solutions (India) Pvt. Ltd.
Chairman/ Member of the Committee of the Board of other Companies of which he is a Director	FRONTIER SPRINGS LTD. Audit Committee -Chairman Shareholders and Investors Grievance Committee -Member Remuneration Committee -Member KANPUR PLASTIPACK LTD. Audit Committee -Member Shareholders and Investors Grievance Committee -Chairman Remuneration Committee -Chairman	Nil	DHAMPUR SUGAR MILLS LTD. Shareholder's Grievance Committee – Member SABARMATI GAS LTD. Audit Committee – Member
Shareholding in Ganesh Polytex Ltd.	Nil	Nil	Nil

ANNEXURE TO NOTICE

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

Item No. 6:

With a view to broad base the Board and ensuring better Governance, the Board of Directors on 7th March, 2011, inducted Shri Satpal Arora, as an Additional Director and nominee of IFCI Venture Capital Funds Ltd. and he holds office up to the date of this Annual General Meeting of the Company. As required under Section 257 of the Companies Act, 1956, the Company has received notice from a member along with requisite deposit proposing for the candidature of Shri Satpal Arora as a Director of the Company.

Shri Satpal Arora, is M.Com., LL.B., an Associate Member of the Institute of Company Secretaries of India, an Associate Member of the Institute of Cost and Works Accountants of India, a Certified Associate of Indian Institute of Bankers and having Diploma in Labour Laws. He is presently holding the position of Managing Director of IFCI Venture Capital Funds Ltd.

None of the Directors of the Company except Shri Satpal Arora himself may be considered as concerned or interested in the resolution.

Item No. 7:

The Company was incorporated with the immediate object of carrying on the business of manufacturing and dealing in yarn and other textile products. However, on account of changed business scenario, the Company has subsequently diversified its activities and forayed in the business of Recycling of post consumer PET bottle waste into 'Regenerated Polyester Staple Fibre' (RPSF), an eco-friendly activity which has now become dominant business activity of the Company generating substantial revenues. The Board of Directors of the Company after careful consideration, found that the existing name of the Company was too restrictive and with a view to bring the name of the Company in consonance and reflective of its main activities, decided to change the name of the Company from GANESH POLYTEX LIMITED to GANESHA ECOSPHERE LIMITED which has been made available by the Registrar of Companies, U.P. & Uttarakhand. The proposed change in name is subject to approval of the Central Government in terms of Section 21 of the Companies Act, 1956.

The Board recommends the proposed Special resolution for Members' approval.

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

Item No. 8:

The Members at the Nineteenth Annual General Meeting of the Company held on 4th September, 2008 authorized the Board of Directors of the Company to exercise borrowings for the purposes of the Company upto an amount not exceeding ₹ 200.00 Crores. Keeping in view the Company's future plans, it has been considered desirable to increase the said borrowing limits from ₹ 200.00 Crores to ₹ 500.00 Crores.

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

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

Item No. 9:

The Members at the Twenty First Annual General Meeting of the Company held on 18th September, 2010, authorized the Board of Directors of the Company for creation of security on the Assets of the Company upto an amount not exceeding ₹ 200.00 Crores. With a view to empower the Board of Directors of the Company to raise additional resources to match the business plans and for the purpose to provide such securities by creation of charge and/ or mortgage on the movable / immovable assets / properties and undertaking(s) of the Company, it is proposed to increase such limit upto an amount not exceeding ₹ 500.00 Crores in terms of the provisions of Section 293(1)(a) of the Companies Act, 1956. The Board recommends the proposed enabling resolution for acceptance by the Members.

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

Item No. 10:

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

In view of ongoing and future projects/ expansion plans of the Company and considering the valuable contribution made by Shri Sandeep Khandelwal and the enhanced responsibilities he has to shoulder, it is proposed to restrict his existing term of appointment and to re-appoint him on revised terms and conditions for a further period of five years w.e.f. 1st October, 2011 as set out in the resolution which is in accordance with the provisions of Section 314 of the Companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2011. The Special resolution as set out in the accompanying Notice is intended to obtain the approval of the Members as required under the law. The resolution also seeks authority for the Board to alter, vary and modify the terms and conditions of appointment including upward revision of Remuneration of Shri Sandeep Khandelwal subject to the compliance of necessary provisions of law, applicable for the time being in force. The Board recommends the Special Resolution for approval of the Members.

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

A copy of the Memorandum and Articles of Association of the Company along with the proposed changes and all other 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: By Order of the Board
Raipur, (Rania), Kalpi Road,
Distt. Kanpur Dehat.

BHARAT KUMAR SAJNANI
Company Secretary

Date: 18th August, 2011.

NOTES

Important Message

MCA's Green Initiative for paperless communication

Dear Shareholder,

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the recent circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011 issued by the Ministry, Companies can now send various notices and documents, including annual report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a Greener Environment. This is a golden opportunity for every shareholder of Ganesh Polytex to contribute to the Corporate Social Responsibility initiative of the Company.

To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of Demat holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill in the Registration form given below and register the same with the Registrar and Share Transfer Agent of the Company, Skyline Financial Services Pvt. Ltd., D-153/A, First Floor, Okhla Industrial Area, Phase-I, New Delhi-110020.

Let's be part of this 'Green Initiative'!

Please note that as a member of the Company you will also be entitled to receive all such communication in physical form, upon request.

Best Regards,
BHARAT KUMAR SAJNANI
Company Secretary

E-COMMUNICATION REGISTRATION FORM

(In terms of circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011issued by the Ministry of Corporate Affairs)

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

Name of 1st Registered Holder : ....

Name of Joint Holder(s) : ....

....

Registered Address : ....

....

....

E-mail ID (to be registered) : ....

I/we shareholder(s) of Ganesh Polytex Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail id in your records for sending communication through e-mail.

Date: ....

Signature : ....

(First Holder)

Note: Shareholder(s) are requested to keep the Company's Registrar – Skyline Financial Services Private Limited informed as and when there is any change in the e-mail address.

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 22nd Annual General Meeting of the Company on Wednesday, 28th September, 2011 at 5:30 P.M. at the Registered Office of the Company at Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.

SIGNATURE OF THE SHAREHOLDER/PROXY**

*Applicable for members holding Shares in Electronic form.
**Strike out whichever is not applicable.

PROXY

GANESH POLYTEX LTD.

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

Folio No. DP ID No.* Client ID No.*

I/We..

R/o..

being a member/ members of **GANESH POLYTEX LIMITED** hereby appoint ....

....R/o...

or failing him...

R/o..

as my/our proxy to vote for me/us on my/our behalf at the 22nd Annual General Meeting of the Company to be held on Wednesday, 28th September, 2011 at 5:30 P.M. at the Registered Office of the Company, or at any adjournment thereof.

Signed this..day of ....2011.

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.

"We do not inherit earth from our Ancestors,
..we borrow it from our children"

...Antoine de Saint - Exupery

Concept & designed by :
TORCH
adit.torch@gmail.com

Printed by: **MODERN;** modernsyscorp@gmail.com

If undelivered please return to :

GANESH POLYTEX LTD.
113/216 - B, Swaroop Nagar,
Kanpur - 208 002