

10th Annual Report

1997-98

AND	✓		BKC	✓
ES	✓		UPY	✓
BO	✓		TV	✓
TRA	✓		AC	✓
CHS	✓	✓	SHI	✓
SE	✓	✓		

Report



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GANESH POLYTEX LTD.



GANESH POLYTEX LTD.

BOARD OF DIRECTORS

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

Shri V. D. KHANDELWAL

Shri SHARAD SHARMA

Shri R. K. SAXENA

Shri S. L. BALUJA

Shri SANDEEP JHAWAR

Shri S. K. KABRA

Shri A. P. SINGH (*PICUP Nominee*).

AUDITORS

M/s. MEHROTRA RAKESH KUMAR & CO.

Chartered Accountants

KANPUR

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BANKERS

STATE BANK OF INDIA

INDUSTRIAL FINANCE BRANCH,

B-13, SARVODAYA NAGAR,

KANPUR-208 005

STATE BANK OF BIKANER & JAIPUR

122/224, SAROJINI NAGAR,

KANPUR-208 012

REGISTERED OFFICE AND WORKS

RAIPUR, RANIA,

KALPI ROAD,

DISTT. KANPUR DEHAT.

ADMINISTRATIVE OFFICE

B-12, SARVODAYA NAGAR,

KANPUR-208 005

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GANESH POLYTEX LTD.

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the Members of GANESH POLYTEX LIMITED will be held on Wednesday, the 24th March, 1999 at 11.30 A.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 Profit and Loss Account for the year ended 30th September, 1998, the Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
- 2) To appoint a Director in place of Shri Sharad Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Shri R. K. Saxena, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) 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

- 5) 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 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 to the mortgaging and/or charging by the Board of Directors in addition to the existing mortgages, charges and hypothecation created on all the movable/immovable properties, wheresoever situate, present and future and the whole of the undertakings of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of any scheduled Commercial Bank(s) and/or any Public Financial Institution(s) and/or Foreign Financial Institution(s) and/or entity/entities and/or authority/authorities, Domestic and/or Overseas to secure the financial assistance either in Rupees or in such other appropriate Foreign Currency as may be permitted by law and deemed appropriate by the Board of an aggregate amount not exceeding Rs. 50.00 Crores or equivalent thereof in foreign exchange by way of Foreign Currency Loan, External Commercial Borrowings or in any other manner together with interest, additional interest, costs, charges, expenses and/or other monies payable by the Company in terms of any agreement entered into/to be entered into by the Company in respect of the above financial assistance."
 "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise the terms and conditions of the above mentioned loans and documents for creating the aforesaid mortgage and/or charges and to do all such acts and things and to execute such documents or writings as may be deemed necessary for giving effect to the above resolution."
- 6) 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 at the Annual General Meeting of the Company held on 17th February, 1995, consent under Section 293(1) (d) and other applicable provisions, if any, of the Companies Act, 1956, be and is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of money from time to time which 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 and free reserves (that is to say, Reserves not set apart for any specific purpose) by a sum not exceeding Rs. 100.00 crores (Rupees one hundred crores only) and that the Directors be and are hereby empowered and authorised to arrange and to fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise, howsoever, as they may deem fit."

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

"RESOLVED THAT in terms of sub-section (1A) of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association and sanctions as may be necessary and subject to the applicable guidelines and/or approval of Securities and Exchange Board of India (SEBI), as may be considered necessary, proper or expedient by the Board of Directors of the Company, or as may be prescribed in granting the said consents or approvals and which are agreed to by the Board, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "The Board.", which term shall be deemed to include any committee, which the Board may hereinafter constitute to exercise its powers including the powers conferred by this Resolution) to issue upto 20,00,000 Equity Shares to the Promoters, their Associates, and/or Corporate Bodies, other Persons/Bodies, on preferential basis of the face value of Rs. 10/- each aggregating to Rs. 2,00,00,000/- (Rupees two crores only) in nominal value at the price computed as per the guidelines including the amendments thereof, issued by SEBI and/or such other authorities in such form, manner and upon such terms and conditions as the Board may in its absolute discretion deem fit.

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to take all such actions and give all such directions or do all such acts, deeds, matters and things as may be necessary or desirable and settle any question or difficulty that may arise in regard to the issue and allotment of the new Equity Shares and further to execute all such deeds, documents and writings as may be necessary in connection with the said issue."

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

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company to get the Equity Shares of the Company delisted from the Ahmedabad Stock Exchange and Jaipur Stock Exchange Ltd."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and matters as may be necessary to give effect to the aforesaid resolution."

Registered Office
 Raipur (Rania) Kalpi Road,
 Distt. Kanpur Dehat
 Place : KANPUR
 Dated : 29th January, 1999

By Order of the Board
 SHYAM S. SHARMA
 Chairman and Managing Director



GANESH POLYTEX LTD.

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 PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business under item Nos. 5 to 8 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, 19th March, 1999 to Wednesday 24th March, 1999, (both days inclusive).

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

Item No. 5

The Company is in the process of implementing the debt restructuring programme involving replacement of high cost debts with low cost borrowings through arrangement of funds in the form of External Commercial Borrowings and/or Foreign Currency Loans preferably from sources abroad.

The said financial assistance may be secured by creation of mortgage and/or charge on the immovable and movable properties of the Company. Under Section 293(1) (a) of the Companies Act, 1956, the Board of Directors can not except with the consent of the Company in General Meeting sell, lease or otherwise dispose off, charge the whole or substantially the whole of the undertaking of the Company. The approval of the Members is, therefore, sought by way of the Resolution under reference.

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

Item No. 6

The shareholders at the Annual General Meeting held on 17th Feb., 1995 have authorised the Board of Directors of the Company for borrowing for the purposes of the Company upto an amount not exceeding Rs. 50.00 Crores. The restructuring exercise undertaken by the Company may involve additional low cost borrowings. It is proposed to empower the Board to exercise borrowing powers upto an amount not exceeding Rs. 100.00 Crores.

Under Section 293(1) (d) of the Companies Act, 1956, the Board of Directors of the Company cannot 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 paid up share capital and free reserves of the Company, that is free reserves not set apart for any specific purpose. The directors recommend this enabling resolution for approval.

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

Item No. 7

The Company is presently implementing detailed restructuring programme involving operational and financial reorganization. The

exercise involves expansion of capacities, change in product mix, debt restructuring involving various financing options and reduction of overall cost of capital. Keeping in view the foregoing exercise and also for general corporate purposes including capital expenditure and working capital requirements the Board of Directors considers that it would become necessary to raise financial resources at appropriate time by issue of further capital on preferential/private placement basis to such person and in such manner as stated in the resolution.

The said resolution is an enabling resolution conferring authority on the Board to cover all present and future contingencies and corporate requirements.

The listing agreements with the Stock Exchanges provide inter alia that the Company in the first instance should offer the shares to be issued for subscription pro-rata to the equity shareholders unless the shareholders in a general meeting decide otherwise.

Accordingly, consent of the shareholders is being sought pursuant to the provisions of Sections 80, 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreements executed by the Company with the various Stock Exchanges, where the Company's securities are listed.

The Directors recommend the resolution for approval of the shareholders.

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent the Equity Shares which may be allotted to them, their relatives or the Corporate bodies in which they are interested.

Item No. 8

The Equity Shares of the Company are presently listed at Kanpur. (Regional Stock Exchange), Delhi, Mumbai, Ahmedabad and Jaipur Stock Exchanges.

The Company had to spend substantial amount on account of Annual Listing Fees to the Stock Exchanges whereas the share transactions are almost nil at Ahmedabad and Jaipur Stock Exchanges over the last few years. The Shares of the Company are mostly traded at Mumbai Stock Exchange and expansion of BOLT to other cities offers sufficient trading opportunities to the members based thereat and adjoining areas. In order to economise the Listing cost in strained financial position of the Company, the Board of Directors of the Company is of the view that the Equity Shares of the Company should be delisted from the Ahmedabad and Jaipur Stock Exchanges and the Company should continue listing at Kanpur, Delhi and Mumbai stock exchanges. The delisting of Equity Shares will however be subject to necessary approvals and compliance of relevant guidelines in force. The Board recommends the resolution for approval.

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

Registered Office :
Raipur (Rania) Kalpi Road,
Distt. Kanpur Dehat
Place : KANPUR
Dated : 29th January, 1999

By Order of the Board
SHYAM S. SHARMA
Chairman and Managing Director

TENTH ANNUAL REPORT

DIRECTORS' REPORT

To,
The Members of
Ganesh Polytex Limited,

Your Directors have pleasure in presenting the Tenth Annual Report together with the Audited statement of Accounts of the Company for the year ended 30th September, 1998.

FINANCIAL RESULTS

The summarised Financial performance of the Company for the financial year ended 30th September, 1998, as compared to the previous year is as under :

	(Rs. in Lacs)	
	1997-98	1996-97
Sales and Other Income	4652.81	4301.44
Profit before Interest and Depreciation	578.61	689.88
Less : Interest and Financial Expenses	443.97	425.26
Gross Profit	134.64	264.62
Less : Depreciation	143.04	136.35
Profit before Tax	(8.40)	128.27
Provision for Tax	—	15.01
Profit after Tax	(8.40)	113.26
Prior Year Adjustment (Income Tax)	6.71	—
	(1.69)	113.26
Add : Surplus brought forward from previous year	578.13	464.87
Surplus carried to Balance Sheet	576.44	578.13

DIVIDEND

In view of the unprofitable operations during the year under review, your Directors regret their inability to recommend any dividend for the year.

OPERATIONS

You might be aware that Indian economy is passing through widespread recession in all the Industrial segments. The textile industry in which your Company operates was not an exception to it. During the year, prices of all textile products witnessed steep decline both domestically and globally and the position was further deteriorated by substantial decline in demand and cheaper imports particularly from South East Asian Countries. Although your Company has recorded sufficient growth of 26% in volumes but turnover in value terms recorded a marginal growth of 7% only. On account of the above factors the operations of the Company during the year resulted in marginal loss of Rs. 8.40 Lacs after providing for interest and depreciation amounting to Rs. 587.01 Lacs. In order to tide over the problems caused by unprecedented recession, your Company has chalked out a detailed strategy which includes restructuring of operations for improvement in operational efficiencies, quality improvement, debottlenecking, installation of balancing equipments and debt restructuring. Although the textile industry is still in the deep recessionary phase, with the implementation of the above measures, your directors expect an improved performance of the Company in time ahead.

FINANCE

The unprecedented demand recession coupled with high level of receivables has adversely impacted the Company's liquidity position thereby resulting in some defaults in meeting Company's financial obligations to the financial institutions. With a view to control the mounting interest and financial costs of over Rs. 4.00 Crores a year,

your Company is exercising debt re-structuring plan involving substitution of high cost debt with low cost borrowings. The Company also intends to submit a detailed proposal to the financial institutions in this regard.

DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 read with Articles of Association of the Company Shri R. K. Saxena and Shri Sharad Sharma, Directors of the Company retire from the Board by rotation and being eligible they have offered themselves for re-appointment.

Further during the year the nomination of Shri N. C. Sukumar as the Nominee Director was withdrawn by Industrial Development Bank of India (IDBI). The Board places on record its appreciation of valuable contribution made by Shri N. C. Sukumar during his tenure as Director of the Company.

AUDITORS

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

The observations made in Auditors' Report read with notes to the Accounts are self explanatory and do not call for any further information.

PERSONNEL

Employees and Management relations continued to remain cordial, reflecting mutual trust, goodwill and Management's concern for the employees.

Information as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees Rules) 1975 is set out in Annexure-I, forming part of this report.

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

As required under Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and Outgo are set out in Annexure-II, forming part of this report.

LISTING INFORMATION

The Equity Shares of the Company are presently listed at Kanpur, Mumbai, Delhi, Ahmedabad and Jaipur Stock Exchanges. The Annual Listing fees for the year 1998-99 has been paid to Kanpur, Mumbai and Delhi Stock Exchanges. As the Equity Shares of the Company have not been traded at Ahmedabad and Jaipur Stock Exchanges since long, the Company intends to delist its Equity Shares therefrom.

ACKNOWLEDGMENTS

Your Directors wish to place on record their appreciation of the support and co-operation extended by the various departments of Central and State Government(s), Financial Institutions, Bankers, Business associates and Shareholders at large.

Your Directors also acknowledge the contribution made by the employees of the Company during this testing time.

For and on behalf of the Board

SHYAM S. SHARMA

Place : Kanpur

Dated : 29th January, 1999

Chairman and Managing Director



GANESH POLYTEX LTD.

ANNEXURE-I TO THE DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER, 1998.

Name of Employee	Designation of Employee	Remuneration Received	Nature of Employment	Nature of Duties	Qualification & Experience	Date of Commencement of Employment	Age	Last Employment Held
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
A. Employed throughout the financial year and were in receipt of remuneration not less than Rs. 3,00,000 per annum.								
Shri S. S. Sharma	Chairman & Managing Director	Rs. 7,80,000/-	Contractual	All Ministerial and Administrative	M. Com 32 Years	18.11.90	55 Years	Vardhan Syntex, Khamgaon
B. Employed for part of the Financial year and were in receipt of a remuneration at the rate, in aggregate of Rs. 25,000 or more per month.								
.....NIL.....								

Note :

1. Remuneration comprises of Salary, Allowances, Medical Reimbursement, Company's contribution to Provident Fund and monetary value of perquisites as per the terms of appointment.
2. Shri Shyam S. Sharma, Chairman and Managing Director, is related to Shri V. D. Khandelwal and Shri Sharad Sharma, Directors of the Company.

ANNEXURE - II 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 30TH SEPTEMBER, 1998.

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

- i) Switching off unwanted lights and use of natural light as far as possible.
- ii) Installation of power capacitors and regular monitoring of power factors.
- iii) Humidification Plants not operated during favourable climatic conditions.

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

Efforts are being made to locate the other possible areas where the conservation of energy can be effected. Further investments will be considered after identification of these areas.

c) Impact of the measures taken above :

The adoption of energy conservation measures as mentioned above resulted in substantial saving of energy and to that extent the cost of goods produced has reduced.

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

FORM A

A. Power and Fuel Consumption

1. Electricity

a) Purchased Unit (KWH in lakhs)

Total amount (Rs. in lakhs)

Rate/KWH (in Rs.)

b) Own Generation

Through Diesel Generator

Unit (KWH in lakhs)

Unit per Ltr. of Diesel Oil

Cost/Unit (Rs.)

Current year
(1997-98)

Previous year
(1996-97)

22.57

21.02

104.14

79.43

4.61

3.78

66.61

61.31

3.40

3.40

3.11

2.60