

16th Annual Report 2004-2005



GANESH POLYTEX LIMITED



GANESH POLYTEX LTD.

BOARD OF DIRECTORS

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

Shri SHARAD SHARMA, *Joint Managing Director*

Shri V. D. KHANDELWAL

Shri R. K. SAXENA

Shri S. K. KABRA

Shri ANOOP GUPTA

Shri SANDEEP JHAWAR, *Additional Director*

COMPANY SECRETARY

Miss LEENA JAIN

AUDITORS

M/s. MEHROTRA RAKESH KUMAR & CO.

Chartered Accountants

KANPUR

Report Junction.com

BANKERS

STATE BANK OF INDIA

STATE BANK OF BIKANER & JAIPUR

REGISTERED OFFICE AND WORKS

RAIPUR (RANIA),

KALPI ROAD,

DISTT. KANPUR DEHAT.

ADMINISTRATIVE OFFICE

113/216-B, SWAROOP NAGAR,

KANPUR-208 002

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NOTICE

NOTICE is hereby given that the **SIXTEENTH ANNUAL GENERAL MEETING** of the Members of GANESH POLYTEX LIMITED will be held on Saturday, the 17th September, 2005 at 2.15 P.M. at the Registered Office of the Company at Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat to transact the following business :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2005, Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri V.D.Khandelwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Anoop Gupta, 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 next Annual General Meeting of the Company and to fix their remuneration. The retiring Auditors, M/s Mehrotra Rakesh Kumar & Co., Chartered Accountants are eligible for re-appointment.

SPECIAL BUSINESS :

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

"RESOLVED THAT Shri Sandeep Jhawar, 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 forthcoming Annual General Meeting and in respect of whom the Company has received a notice in writing from a member 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."

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

"RESOLVED THAT pursuant to provisions of Section 269, 198, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Shri Shyam S. Sharma as Managing Director of the Company for a period of five years with effect from 18th September, 2005 on the following terms and conditions :-

a) SALARY :

Rs. 50,000/- (Rupees Fifty Thousand only) per month.

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

c) PERQUISITES :

- I. The Managing Director shall be entitled to the perquisites like furnished accommodation or House Rent Allowance in lieu thereof, together with reimbursement of expenses for utilisation of gas, electricity, water, reimbursement of medical expenses, leave travel concession for self and family including dependents, club fees, premium towards personal accident insurance and mediclaim and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors from time to time, subject however that the aggregate monetary value of

the perquisites in any year shall not exceed Rs. 6,00,000/- per annum without restriction to any sub limit on individual perquisite.

EXPLANATION

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

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

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

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

- II. Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.
- III. Gratuity payable as per the Rules of the Company and encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites to the extent the same are not taxable under the Income-Tax Act, 1961.
- IV. The Managing Director shall be entitled to reimbursement of entertainment and other expenses incurred by him in connection with the business of the Company.

The aggregate of the Salary, Commission, Perquisites and allowances, contribution towards Provident Fund and Superannuation Fund in respect of the Managing Director shall always be subject to the overall ceiling laid down in Section 198 and 309 of the Companies Act, 1956."

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

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



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"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 necessary, desirable or expedient to give effect to this resolution."

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 314 read with Director's Relatives (Office or Place of Profit) Rules, 2003, and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such approvals or sanctions as may be necessary, the Company hereby accord its consent to the re-appointment of Shri Rajesh Sharma, a relative of Directors of the Company who holds office as Executive Director, to hold and continue to hold office as such for a further period of five years with effect from 1st October, 2005 on the following terms and conditions :

Basic Salary : Rs 40,000/- per month

Perquisites :

- Children Education Allowance Rs 2,000/- per month
- Leave Travel Allowance and reimbursement of medical expenses for self and family equivalent to 2 months' basic salary in a year or at actuals, whichever is less."

"RESOLVED FURTHER THAT the Board of Directors of the Company may alter, vary and modify the terms and conditions of appointment of Shri Rajesh Sharma from time to time during the tenure of his appointment as Executive Director subject however, to the compliance with the applicable provisions of the Companies Act, 1956 and the Rules made there under."

"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 to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the existing Authorized Share Capital of the Company amounting to Rs. 15,00,00,000/- (Rupees Fifteen Crores only) comprising of 1,20,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 12,00,00,000/- (Rupees Twelve Crores only) and 3,00,000 Preference Shares of Rs. 100/- each aggregating to Rs. 3,00,00,000/- (Rupees Three Crores only) be and is hereby re-structured so as to consist of 1,45,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 14,50,00,000/- (Rupees Fourteen Crores and Fifty Lacs only) and 50,000 Preference Shares of Rs. 100/- each aggregating to Rs. 50,00,000/- (Rupees Fifty Lacs only), by cancellation of un-issued 2,50,000 Preference Shares of Rs. 100/- each aggregating to Rs. 2,50,00,000/- (Rupees Two Crores Fifty Lacs only) and creation of 25,00,000 Equity Shares of Rs. 10/- each, aggregating to Rs. 2,50,00,000/- (Rupees Two Crores Fifty Lacs only)."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to complete all necessary formalities in this regard."

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

"RESOLVED THAT the existing Authorised Share Capital of the Company comprising of 1,45,00,000 (One Crore Forty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each and 50,000 (Fifty Thousand) Preference Shares of Rs. 100/- (Rupees One Hundred) each aggregating to Rs.15,00,00,000 (Rupees Fifteen Crores only) be and is hereby increased by creation of further 1,20,00,000 (One Crore Twenty Lacs) Equity Shares of Rs.10/- (Rupees Ten) each thereby raising the total Authorised Share Capital of the Company to Rs. 27,00,00,000/- (Rupees Twenty Seven Crores only) consisting of 2,65,00,000 (Two Crore Sixty Five Lacs) Equity Shares of Rs.10/- (Rupees Ten) each and 50,000 (Fifty Thousand) Preference Shares of Rs. 100/- (Rupees One Hundred) each."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to complete all necessary formalities in this regard."

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 Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing Clause V of the Memorandum of Association of the Company be and is hereby deleted and substituted as under :

V. The Authorised Share Capital of the Company is Rs. 27,00,00,000/- (Rupees Twenty Seven Crores only) divided into 2,65,00,000 (Two Crores Sixty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each and 50,000 (Fifty Thousand) Preference Shares of Rs. 100/- (Rupees One Hundred) each with power to increase or reduce the capital of the Company and to divide the shares in the Capital for the time being into several classes and attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956, or provided by the Articles of Association of the Company for the time being."

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

"RESOLVED THAT pursuant to Section 81, 81(1A) 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 enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange(s) where the Shares of the Company are listed and subject to approval of the Securities and Exchange Board of India (SEBI) and all other appropriate Authorities and Departments, if any, to the extent necessary and such other approvals, permissions or sanctions as may be necessary and subject to such condition(s) and modification(s) as may be prescribed or imposed by any of them while granting such approvals, consents, permissions and sanctions which may be

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agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to issue, offer and allot Equity Shares of the aggregate nominal value not exceeding Rs. 9,00,00,000/- (Rupees Nine Crores only) comprising of 90,00,000 (Ninety Lacs) Equity Shares of the face value of Rs. 10/- each to the existing Shareholders, Domestic and/or Foreign Investors, Institutions, Corporate Bodies, Mutual Funds, Banks, Insurance Companies and to such other persons or entities, whether or not such persons/ entities are Members of the Company, by way of Public Issue, Rights Issue, Private Placement or Preferential issue or by any one or more or a combination of the above methods through Prospectus, Letter of Offer, Circular or other offer document and such issue and allotment to be made at such time/times in one or more tranche or tranches at such price or prices and on such terms and conditions and in such manner as the Board may in its absolute discretion think fit in consultation with Merchant Bankers, Underwriters, Advisors and other Intermediaries which the Board is empowered to engage for the purpose."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to enter into and execute all such arrangements with any Lead Managers, Underwriters, Depositories, Custodians and all such intermediaries as may be involved or concerned in such offering of Equity Shares and to remunerate them including by way of payment of commission, brokerage, fees or the like."

"RESOLVED FURTHER THAT for the purpose of giving effect to the issue or allotment of Equity Shares as above, the Board be and is hereby authorized on behalf of the Company to make or accept or agree for any modification(s), variation(s) or alteration(s) in respect of any one or more terms of issue including revision / adjustment in total quantum of issue and to do all acts, deeds, matters and things as it may at its absolute discretion deem necessary or desirable for the purpose and to settle any question, difficulties, or doubts that may arise in regard to the issue, allotment, utilization of issue proceeds or otherwise, as it may in its absolute discretion deem fit and proper without any requirement to seek any further consent of members or otherwise to the end or intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

12. 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 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the 'Act') including any statutory modification(s) or re-enactment thereof for the time being in force and enabling provisions of the Memorandum and Articles of Association of the Company and the Regulations / Guidelines/ Clarifications, if any, prescribed/ issued by Securities and Exchange Board of India (SEBI) and any other appropriate Authorities and the Listing Agreement entered into by the Company with the Stock Exchange(s) where the Shares of the Company are listed and subject to all necessary approvals, permissions and sanctions as may be required from any Governmental or regulatory authority and / or all other Institutions and Bodies and

subject to such condition(s) and modification(s) as may be prescribed or imposed by any of them whilst granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution), the consent and approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot 4,65,000 (Four Lacs Sixty Five Thousand) Naked Warrants from time to time in one or more tranche or tranches, each Warrant entitling the holder thereof to apply for and to be allotted one Equity Share per Warrant at any time, during such period as may be decided by the Board in accordance with the applicable guidelines and regulations issued by the concerned Authorities to the 'Promoter Group' (which expression shall mean and include the Promoters and present Management in control of the Company and their Friends, Associates, Companies controlled by them or in which they are Directors or Shareholders, hereinafter referred to as 'Promoter Group') and such Warrants so issued or allotted shall give rise on allotment or upon conversion/ upon exercise of right to Equity Shares of an aggregate face value not exceeding Rs. 46,50,000/- (Rupees Forty Six Lacs Fifty Thousand only) and the issue in exchange of Warrants shall be at a Price to be determined in accordance with the guidelines issued by SEBI or Rs 15/- per Equity Share, whichever is higher and upon such other terms and conditions as may be deemed appropriate by the Board and acceptable to the 'Promoter Group' and permitted under the relevant guidelines in force at the time of issue of such warrants."

"RESOLVED FURTHER THAT the Shares so allotted upon exercise of conversion rights attached to Warrants shall rank pari-passu with the existing Shares of the Company."

"RESOLVED FURTHER THAT the Relevant Date for the purpose of computing the Price for issue and allotment of Equity Shares shall be 18th August, 2005."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to offer, issue and allot requisite number of Equity Shares to the holders of Warrants upon exercise of right to subscribe the Shares."

"RESOLVED FURTHER THAT subject to the SEBI guidelines and other applicable laws, the Board be and is hereby authorized to decide and approve terms and conditions of the issue of above mentioned Warrants and to vary, modify or alter any of the terms and conditions, including size of the issue, as it may deem expedient."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director(s) or to any Committee of Directors or any other officer(s) of the Company to give effect to the aforesaid resolution including execution of any documents on behalf of the Company and to represent the Company before any Governmental Authorities and to appoint any Professional Advisors/ Consultants/ Lawyers."

"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



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into arrangements/ agreements and to settle all questions, difficulties or doubts that may arise in regard to such issue and take all steps which are incidental, consequential, relevant or ancillary in this connection."

13. 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 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the 'Act') including any statutory modification(s) or re-enactment thereof for the time being in force and enabling provisions of the Memorandum and Articles of Association of the Company and the approval of SEBI under Regulation 4 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and the Listing Agreement entered into by the Company with the Stock Exchange(s) where the Shares of the Company are listed and subject to all necessary approvals, permissions and sanctions as may be required from any Governmental or regulatory authority and / or all other Institutions and Bodies and subject to such condition(s) and modification(s) as may be prescribed or imposed by any of them whilst granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution), the consent and approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot on preferential basis 34,00,000 (Thirty Four Lacs) Equity Shares of Rs. 10/- each aggregating to Rs. 3,40,00,000/- (Rupees Three Crores Forty Lacs only) in accordance with the applicable guidelines and regulations issued by the concerned Authorities to the 'Promoter Group' (which expression shall mean and include the Promoters and present Management in control of the Company and their Friends, Associates, Companies controlled by them or in which they are Directors or Shareholders, hereinafter referred to as 'Promoter Group') and the issue shall be at a price to be determined in accordance with the guidelines issued by SEBI or Rs. 15/- per Equity Share, whichever is higher and upon such other terms and conditions as may be deemed appropriate by the Board and acceptable to the 'Promoter Group' and permitted under the relevant guidelines in force at the time of issue of such warrants."

"RESOLVED FURTHER THAT the Shares so allotted shall rank pari-passu with the existing Shares of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director(s) or to any Committee of Directors or any other officer(s) of the Company to give effect to the aforesaid resolution including execution of any documents on behalf of the Company and to represent the Company before SEBI or any other Governmental Authorities and to appoint any Professional Advisors/ Consultants/ Lawyers."

"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 arrangements/ agreements and to settle all questions, difficulties or doubts that may arise in regard to such issue and take all steps which are incidental, consequential, relevant or ancillary in this connection."

Registered Office :
Raipur, (Rania), Kalpi Road,
Distt. Kanpur Dehat.
Date : 30.07.2005

By Order of the Board

LEENA JAIN
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/ HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy in order to be effective must be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Businesses under Item Nos. 5 to 13 as set out above is annexed hereto.
3. The Register of Members and Share Transfer books of the Company shall remain closed from **Wednesday, the 14th September, 2005 to Saturday, the 17th September, 2005** (both days inclusive).
4. Members holding Shares in identical order of names in more than one folio are requested to write to the Company, enclosing the Share Certificates for consolidation of their holdings into one folio.
5. Members holding Shares in physical form may write to the Company's Registrar & Transfer Agents M/s. Skyline Financial Services Private Limited for any change in their address, if any, under their signatures clearly quoting their folio numbers, old address along with the changed address with Pin Code, and Members holding Shares in electronic form may inform any change in address to their Depository Participants.
6. Members holding Shares in electronic form are requested to provide their Client-ID and DP-ID numbers at the Meeting for easy identification.
7. Members desirous of obtaining any information/clarification concerning the Accounts and operations of the Company are requested to address their queries in writing to the Company Secretary at least seven days before the Annual General Meeting, so that the desired information may be made available at the Annual General Meeting, if the Chairman permits to do so.
8. The Shares of the Company are compulsorily tradable in demat form. The Equity Shares of the Company have been assigned ISIN INE845D01014. Members are requested to get their Shares dematerialized at the earliest to make them tradable.
9. The relevant details in respect of Item nos. 2, 3, 5 and 6 pursuant to Clause 49 of the Listing Agreement are as below :

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BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT:

Particulars	Shri V.D. Khandelwal	Shri Anoop Gupta	Shri Sandeep Jhavar	Shri Shyam S. Sharma
Date of Birth	6th March, 1949	5th January, 1958	29th May, 1939	7th July, 1943
Date of Appointment	30th October, 1987	31st July, 2002	30th July, 2005	28th September, 1989
Qualification	M. Com	Chartered Accountant	B. Com.	M.Com.
Expertise in specific functional area	Having experience of over 32 years in trading of different kinds of Textile Yarns	Corporate Financial Management	Having Over 43 years of experience in different management positions including as Marketing Chief in Birla Group Companies	Textile technocrat having management experience of over 41 years
Chairman/ Director of other companies (excluding foreign Companies)	Sandeep Yarns (P) Ltd.	<ul style="list-style-type: none"> Ajeet Seeds Limited Gangamai Sugar Industries Limited Bharath Infra-Tech Pvt. Ltd. Concept Management Consulting Pvt. Ltd. 	NIL	Sandeep Yarns (P) Ltd.
Chairman/ Member of Committee of the Board of Companies of which he is a Director	NIL	NIL	NIL	NIL

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956****Item No. 5 :**

With a view to broad base the Board of Directors of the Company, Shri Sandeep Jhavar was inducted as an Additional Director on 30th July, 2005 and he holds office up to the date of ensuing 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 Sandeep Jhavar as a Director of the Company. Shri Jhavar has been director of the Company in past also and is a person with rich experience of around 43 years in marketing and consultancy services in Textiles Industry. The Board considers it desirable that his continuance on the Board will be of immense benefit to the Company and accordingly recommends for approval of the members.

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

Item No. 6 :

The Members of the Company, at the 12th Annual General Meeting held on 22nd February, 2001, appointed Shri Shyam S. Sharma as

Managing Director of the Company for a period of five years with effect from 18th September, 2000 and his term of appointment would expire on 17th September, 2005. Considering his experience and valuable contribution made to the Company, the Board of Directors of the Company at its meeting held on 17th May, 2005, re-appointed Shri Shyam S. Sharma as Managing Director of the Company for a further period of five years w.e.f. 18th September, 2005 on the terms and conditions as set out in the proposed resolution which are in line with the requirements of Schedule XIII of the Companies Act, 1956 and have been approved by the Remuneration Committee. As there have been some delays in meeting the financial commitments to Financial Institutions, the appointment is subject to final approval of the Central Government. The Board recommends the resolution for acceptance.

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

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

Item No. 7 :

The Members of the Company, at the 12th Annual General Meeting held on 22nd February, 2001, appointed Shri Rajesh Sharma as Executive Director of the Company for a period of five years with effect from 1st October, 2000 and his term of appointment would expire on 30th September, 2005. Having regard to the valuable contribution made by Shri Rajesh Sharma to the affairs of the Company, the Board of Directors of the Company at its Meeting held on 17th May, 2005 re-appointed Shri Rajesh Sharma as Executive Director for a further period of five years w.e.f. 1st October, 2005 on the terms and conditions as set out in the proposed Special Resolution. The Special Resolution as set out in the accompanying notice is intended to obtain the approval of the Members under Section 314 of the Companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2003. The resolution also seeks authority for the Board to grant increments to Shri Rajesh Sharma together with usual allowances and benefits. Shri Rajesh Sharma is not a member of the Board. The Board of Directors of the Company recommends the Special Resolution for approval of the Members.

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

Item Nos. 8, 9 & 10 :

The present Authorised Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,20,00,000 (One Crore Twenty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each and 3,00,000 (Three Lacs) Preference Shares of Rs. 100/- (Rupees One Hundred) each. In order to re-organize the existing Authorised Share Capital of the Company, it has been considered appropriate to cancel the existing un-issued 2,50,000 Preference Shares of Rs. 100/- each and to re-classify the same into 25,00,000 Equity Shares of Rs. 10/- each by passing the resolution at item No. 8 of the notice.

To finance the expansion plan, the Company proposes to raise resources by issue of fresh Capital. In order to accommodate the proposed issue, the existing Authorised Share Capital of the Company



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is being increased from Rs. 15,00,00,000/- to Rs. 27,00,00,000/- by creation of 1,20,00,000 Equity Shares of Rs. 10/- each as mentioned in resolution No. 9 of the notice. As a result of the above, relevant Capital Clause of the Memorandum of Association of the Company is required to be altered which is sought to be effected by passing of resolution at Item No. 10 of the Notice.

None of the Directors of the Company is concerned or interested in the proposed resolution except to the extent the Shares that may be offered and allotted to Directors, their relatives and concerns in which they are directly or indirectly interested.

Item No. 11:

The Company has embarked upon an ambitious expansion program envisaging the setting up a project for manufacture of polyester staple fibre through re-cycling of polyester waste. In order to part finance the cost of the above project, the Company proposes to raise funds by issue of further Capital. The detailed terms and conditions of issue as and when made, will be determined by the Board of Directors in consultation with the Merchant Bankers, Managers, Advisors, Underwriters and other experts in accordance with the law and prevailing guidelines and terms and conditions of approval of the appropriate Authorities. The proposed issue of Equity Shares may be made in one or more tranches by way of Public Issue, Rights Issue, Private placement or on Preferential basis or any combination of the above methods subject however that the increase in Issued and Subscribed Capital of the Company would not be more than 90,00,000 Equity Shares of the face value of Rs. 10/- each of the Company. The mode and manner of issue and the issue price of the Equity Shares in the proposed offerings will be determined by the Board of Directors at the time of the offer in consultation with Merchant Bankers and other Intermediaries.

Section 81 of the Companies Act, 1956, provides, inter-alia, that where it is proposed to increase the Subscribed Share Capital of the Company by allotment of further Shares, such further Shares shall be offered to the persons who at the date of the offer are holders of the Equity Shares of the Company, in proportion to the Capital paid-up on those Shares as on that date unless the Shareholders in a General Meeting decide otherwise. The Listing Agreement executed by the Company with the various Stock Exchange(s) also provide that the Company shall issue or offer in the first instance all Securities to the existing Equity Shareholders of the Company unless the Shareholders in a General Meeting decide otherwise.

The Special Resolution seeks the consent of the Shareholders authorizing the Board of Directors to make the proposed issue of Equity Shares in the event it is decided not to offer the whole or any part of the Equity Shares for subscription to the holders of existing Equity Shares of the Company or in the event where the Company intends to offer the whole or any part of the Equity Shares for subscription on Rights basis to the existing Equity Shareholders of the Company with a right of renunciation.

The Special Resolution gives adequate flexibility to the Board to finalize the mode and manner of Issue, the terms and conditions thereof in consultation with Merchant Bankers, Managers, Underwriters, Legal Advisors and experts or other Intermediaries as need to be consulted including pricing and timing of the issue.

The Directors of the Company may be considered as interested in the concerned special resolution to the extent the Equity Shares which may be offered or allotted to them or to their relatives or

Companies in which they are Directors or Shareholders or interested otherwise.

Item No. 12 :

From the point of stability and achievement of long-term objectives, it has been considered desirable that the shareholding of the Promoter's Group is maintained at a reasonable level. Accordingly, it is proposed that the Promoter's Group be offered the opportunity to subscribe to further new capital on a preferential basis by allotment up to 4,65,000 naked warrants carrying a right to subscribe to equal number of Equity Shares at a price to be determined in accordance with the guidelines issued by SEBI or Rs. 15/- per Equity share, whichever is higher and which may be considered fair and reasonable by the Board and acceptable to the 'Promoter Group'.

The proceeds of the issue shall be utilized for expansion project and general corporate purposes. Consent of the Members is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and also in accordance with the requirements of other applicable guidelines, rules, regulations in force.

The Board proposes to allot up to 4,65,000 Warrants to the promoters, promoter group, directors, their relatives and associates. The information relating to identity of the proposed allottees and the number of warrants to be allotted to them representing 4.97 % of the post issue capital is as under :

Name of the proposed allottees	No. of Warrants to be allotted
Shyam S. Sharma	2,79,000
Sharad Sharma	1,86,000

The salient features of the preferential issue are :

- 4,65,000 Warrants having a right to subscribe equal number of Equity Shares shall be issued and allotted pursuant to the aforesaid resolution. The Equity Shares shall be issued at a price to be determined in accordance with Chapter XIII (Guidelines for Preferential Issues) of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 or Rs. 15/- per Equity share, whichever is higher.
- The Warrants and the resultant Shares shall be locked in for a period of three years from the date of allotment of warrants.
- The right attached to Warrants to subscribe to equal number of Equity Shares of Rs. 10/- each at a price to be determined as per the relevant date representing 4.97% of the diluted Share Capital of the Company shall be exercisable within a period of 18 months.
- An amount equivalent to the 10% of the fixed price is proposed to be called along with the application and the allotment of Warrants shall be made within 15 days of this resolution.
- The Warrants shall have no voting or dividend rights attached to them.
- The present resolution is proposed to be passed, in order to enable the Board to make the above mentioned preferential issue of Warrants subject to receipt of requisite approvals.

Shareholding Pattern of the Company before and after subscription to the Equity Shares consequent to the proposed issue of warrants shall be :

SIXTEENTH ANNUAL REPORT

Sl. No.	Particulars	Pre-allotment holding as on 30.07.2005		Post-Allotment*	
		No. of Shares	% age to Total Capital	No. of Shares	% age to Total Capital
1.	Promoters, Promoter Group, Directors, their associates & Relatives who will not subscribe to the Warrants	17,07,102	19.182	17,07,102	18.227
2.	Promoters, Promoter Group, Directors, their associates & Relatives who will subscribe to the Warrants # :				
	Shyam S. Sharma	7,42,377	8.341	10,21,377	10.905
	Sharad Sharma	2,71,385	3.049	4,57,385	4.883
3.	Mutual Funds	9,000	0.101	9,000	0.096
4.	Banks, FIs, Insurance Companies	2,96,200	3.328	2,96,200	3.168
5.	NRI's/ OCB's/ FII's	19,025	0.214	19,025	0.203
6.	Private Corporate Bodies	12,55,761	14.110	12,55,761	13.409
7.	Indian Public	45,99,150	51.675	45,99,150	49.109
8.	Others (shares in transit etc.)	Nil	0.000	Nil	0.000
	TOTAL	89,00,000	100.000	93,65,000	100.000

The proceeds of the issue shall be utilized for expansion project and general corporate purposes. Consent of the Members is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and also in accordance with the requirements of other applicable guidelines, rules, regulations in force.

The Board proposes to allot upto 34,00,000 Equity Shares to the promoters, promoter group, directors, their relatives and associates. The information relating to identity of the proposed allottees and the number of shares to be allotted to them against such Preferential issue of equity shares representing 27.642 % of the post issue capital is as under :

(Figures in Lacs)

Name of the proposed allottees	No. of Equity Shares to be allotted
Shyam S. Sharma	12.00
Sharad Sharma	3.20
V.D. Khandelwal	0.50
Sandeep Yarns Pvt. Ltd.	10.30
Ashok Tyagi	2.00
D.K. Shukla	0.60
Nisha Sharma	0.70
Abhyudya Industrial Consultants Pvt. Ltd.	0.60
Alok Leasing Pvt. Ltd.	1.00
Pradeep Kumar Goenka/ Sunil Gupta	0.60
Crest International Pvt. Ltd.	0.30
AKG Consultants Ltd.	1.60
Sanjeev Gupta	0.60

The salient features of the preferential issue are :

- The Equity Shares as mentioned above shall be issued at a price to be determined in accordance with Chapter XIII (Guidelines for Preferential Issues) of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 or Rs. 15/- per Equity Share, whichever is higher.
- The Equity Shares so issued shall be locked in as per the provisions of Chapter XIII (Guidelines for Preferential Issues) of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.
- The allotment of the said Equity shares shall be made within 15 days of the approval of the SEBI under Chapter XIII (Guidelines for Preferential Issues) of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 received by the Company.
- The present resolution is proposed to be passed, in order to enable the Board to make the above mentioned preferential issue of Equity Shares subject to receipt of requisite approvals.

Shareholding Pattern of the Company before and after subscription to the Equity Shares consequent to the proposed Preferential issue of Equity Shares and warrants shall be as under :

* The above share holding pattern may change from time to time depending upon the transfer of Shares by the existing Shareholders and interim fresh issue of capital as may be made by the Company.

Assuming the right attached to Warrants is fully exercised.

Due to above preferential allotment of warrants and the resultant issue of Equity Shares, no change in management control is contemplated.

The Auditors' Certificate to the effect that the present preferential allotment of Equity Shares/ Warrants is being made in accordance with the Guidelines for Preferential Issues under the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 shall be placed at the Meeting.

The Directors recommend the above special resolution for approval.

Except Shri Shyam S. Sharma, Shri Sharad Sharma and Shri V.D. Khandelwal, no other director of the Company may be deemed to be concerned or interested in the resolution.

Item No. 13 :

In order to part finance the expansion project undertaken by the Company, the Company intends to raise funds by issue of fresh Capital. As the proposal for raising resources by issue of fresh Equity Shares as proposed at Item No. 11 of Notice is expected to take longer time to meet the immediate requirement of funds, the Board of Directors has decided to raise resources by issue of Equity shares on preferential basis. Accordingly, it is proposed that the Promoter's Group be offered the opportunity to subscribe to further new capital on a preferential basis by allotment upto 34,00,000 Equity Shares subject to the approval of SEBI at a price to be determined in accordance with the guidelines issued by SEBI or Rs. 15/- per Equity Share, whichever is higher and which may be considered fair and reasonable by the Board and acceptable to the 'Promoter Group'.



GANESH POLYTEX LTD.

S.No.	Particulars	Pre-Allotment holding as on 30.07.2005		Post-Allotment* (34 Lacs Equity Shares)		Post-Allotment* (34 Lacs Equity Shares + 4.65 Lacs Warrants)	
		No. of Shares	% age to Total Capital	No. of Shares	% age to Total Capital	No. of Shares	% age to Total Capital
1.	Promoters, Promoter Group, Directors, their associates & Relatives who will not subscribe to the Preferential issue	10,38,339	11.668	10,38,339	8.446	10,38,339	8.135
2.	Promoters, Promoter Group, Directors, their associates & Relatives who will subscribe to the Preferential issue # :						
	Shyam S. Sharma	7,42,377	8.341	19,42,377	15.792	22,21,377	17.402
	Sharad Sharma	2,71,385	3.049	5,91,385	4.808	7,77,385	6.089
	V.D. Khandelwal	2,67,650	3.007	3,17,650	2.583	3,17,650	2.488
	Sandeep Yarns Pvt. Ltd.	4,01,113	4.507	14,31,113	11.635	14,31,113	11.211
	Ashok Tyagi	Nil	0.000	2,00,000	1.626	2,00,000	1.566
	D.K. Shukla	Nil	0.000	60,000	0.487	60,000	0.470
	Nisha Sharma	Nil	0.000	70,000	0.569	70,000	0.548
	Abhyudya Industrial Consultants Pvt. Ltd.	Nil	0.000	60,000	0.487	60,000	0.470
	Alok Leasing Pvt. Ltd.	Nil	0.000	1,00,000	0.813	1,00,000	0.784
	Pradeep Kumar Goenka/ Sunil Gupta	Nil	0.000	60,000	0.487	60,000	0.470
	Crest International Pvt. Ltd.	Nil	0.000	30,000	0.244	30,000	0.235
	AKG Consultants Ltd.	Nil	0.000	1,60,000	1.301	1,60,000	1.253
	Sanjeev Gupta	Nil	0.000	60,000	0.487	60,000	0.470
3.	Mutual Funds	9,000	0.101	9,000	0.073	9,000	0.071
4.	Banks, FIs, Insurance Companies	2,96,200	3.328	2,96,200	2.408	2,96,200	2.321
5.	NRIs/ OCBs/ FIs	19,025	0.214	19,025	0.155	19,025	0.149
6.	Private Corporate Bodies	12,55,761	14.110	12,55,761	10.208	12,55,761	9.838
7.	Indian Public	45,99,150	51.675	45,99,150	37.391	45,99,150	36.030
8.	Others (shares in transit etc.)	Nil	0.000	Nil	0.000	Nil	0.000
	TOTAL	89,00,000	100.000	1,23,00,000	100.000	1,27,65,000	100.000

* The above share holding pattern may change from time to time depending upon the transfer of Shares by the existing Shareholders and interim fresh issue of capital as may be made by the Company.

Assuming that all the allottees fully exercise their right.

Due to above preferential allotment of Equity Shares, no change in management control is contemplated.

The Auditors' Certificate to the effect that the present preferential allotment of Equity Shares/ Warrants is being made in accordance with the Guidelines for Preferential Issues under the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 shall be placed at the Meeting. The Directors recommend the above special resolution for approval.

Directors of the Company may be considered as concerned or interested in the proposed resolution to the extent the Shares that may be offered and allotted to them, their relatives and concerns in which they are directly or indirectly interested.

A Copy of the Memorandum and Articles of Association of the Company along with the proposed changes and 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 Meeting.

Registered Office :
Raipur, (Rania), Kalpi Road,
Distt. Kanpur Dehat.
Date : 30.07.2005

By Order of the Board

LEENA JAIN
Company Secretary